

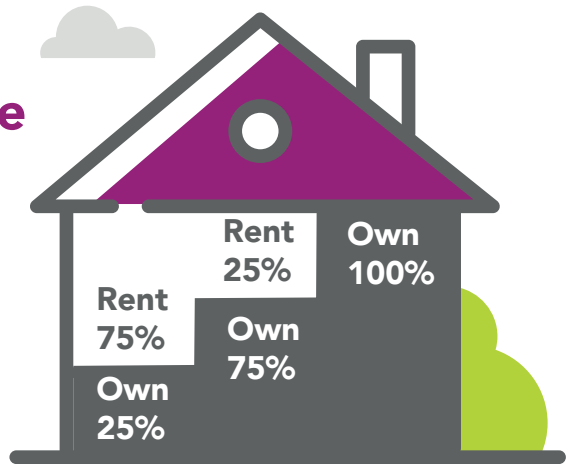
Understanding shared ownership

Shared ownership is a great way to get on the property ladder, and gives you the opportunity to increase your share of ownership in your home as and when you can afford it.

How does it work?

With shared ownership, you can purchase between 10 – 75% of your property to start with. This means you'll need a smaller mortgage and a smaller deposit. Say you initially purchase 25% of your property, this means that we still own 75% of the property. You'll have to pay us rent for that percentage of the property.

**You'd buy a share
of between
25-75%**



As your house price increases over time, so does your equity in the property.

As you buy more shares of the property, the amount of the property we own will reduce and so will the rent you pay us. You can staircase all the way up to 100%*, at which point you will own the property completely.

*Your lease will say what the maximum share you can own in your home.

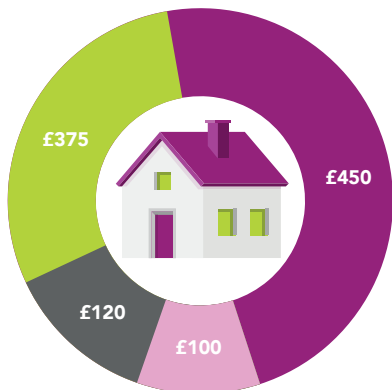


What charges will I pay?

The charges you'll pay each month will vary depending on your property and your personal situation. Generally you'll pay:

- Your monthly rent payment to us. This will be a percentage of the value of the part of the home that we own.
- A monthly management fee and building insurance – this cost is set each year and isn't a percentage of the part of the home you own.
- Your monthly mortgage payment, to pay back your mortgage loan.
- If you live in a property with communal areas, you'll also pay a service charge to us for the upkeep and maintenance. We'll manage the estate or, in some instances, the developer will appoint a managing agent of their choice.
- Council tax to your council to support their services in the local area.
- Utility bills for electricity, gas and water.

Shared Ownership Costs*



Mortgage



Rent



Service Charge



Council Tax

*this is just an example breakdown of costs. Actual costs will vary.



What do I pay rent for and how much is it?

The rent you pay us is simply to cover the shares of your home that we still own. When you bought your home, we too will have taken a loan to cover the percentage you do not own. The rent you pay goes towards paying that loan off as well.

Other than that, because you're a home owner, you're responsible for the home and so you won't really have much to do with us.

For shared ownership homes, rent is capped at 3% of the value of the shares that we still own. Your rent is reviewed each year and will be increased in line with the terms of your lease. Normally it will increase by applying the Retail Price Index (RPI) + a defined percent (your lease will have this information). For example, if the defined percentage in your lease is 0.5% and RPI was 8.9% then your rent would increase by 9.4% (0.5% + 8.9%). This means that the rent you pay is affected by what is going on in the external environment, such as inflation and interest rates.

The government has announced their intention to change how rent increases are calculated and have committed to replacing Retail Price Index with Consumer Prices Index. We'll update you with more information once we have it.

The more shares you buy, the lower the rent you pay will be.



Who is responsible for the repairs and maintenance?

When you purchase the initial shares of your home, you become the Leaseholder. This means you're responsible for all the repairs and maintenance apart from in communal areas, if you have them.



There have been some recent changes to Shared Ownership announced by the government. This includes introducing a £500 a year allowance for certain repairs in your home. This only applies to certain leases. You would have been told when you bought your home if your lease qualified for this allowance.



If you have more questions about Shared Ownership, head over to the FAQs on our website by **scanning the QR code**.

www.midlandheart.org.uk/homeownership