



Obtaining a mortgage

For a Shared Ownership property

Costs

You will need a deposit for your property, as you will probably only be able to borrow a maximum of 95% of the purchase price. When calculating whether or not you could obtain a mortgage on a shared ownership property, calculate 2.5 times joint income or 3 times main annual income. But it is best to ask a lender how much they will lend you.

You **MUST** tell the lender that the mortgage is for a **fixed equity** shared ownership purchase with **NO** rental element.

You must then find out the repayment costs and satisfy yourself that you can afford it, together with the other costs associated with purchasing and owning a home, including:

Legal fees: Your solicitor will charge you a fee for the conveyancing and you will have to pay search fees.

Tax: You will have to pay 1% stamp duty land tax if the purchase price is greater than £175,000.

Connection charges: for telephone, electricity etc.

Before any exchange of contracts, you will be required to pay *up to* 10% of the purchase price as a deposit to your solicitor. This is not an additional fee but part of the purchase price. Please contact RHT for further information on how this will affect your finances.

Lenders

You can approach any lender you choose to obtain a mortgage* (see important notes over.)

Currently there are three lenders which have recently provided mortgages for properties like these. These are:

The Nationwide

If you approach Nationwide please make sure that you tell them that the mortgage is for a property provided by RHT Developments Ltd, using the RHTD standard model fixed equity share lease. All the legal documents have to be approved by Nationwide's Head Office before they will agree to lend on each of our schemes. (If they have any queries please refer them to RHT– details over page).

The Newbury Building Society

You can approach any branch of the Newbury Building Society. If you are not sure how to apply to them, please telephone Nick Croxford, on 07900 058585 or 01189 785945 and he will be able to help you.

Halifax plc

If you approach the Halifax please tell them that this type of shared ownership is what they call a '**shared equity under declaration of trust guidelines**' scheme. It is NOT a traditional type of shared ownership. Again, if they have any queries please ask them to contact RHT.

Important Notes:

- * Not all lenders understand shared ownership. Those who do not are probably unwilling to consider such applications.
- The Abbey, the Leeds and the Woolwich will probably NOT lend to you on this type of shared ownership and you can waste valuable time in finding this out.
- Another person (such as a parent) can act as guarantor for you although they cannot take out the mortgage jointly with you. (Not all lenders will allow another person to be a guarantor).
- All mortgages are subject to your own financial status.
- All properties are *provisionally* subject to a nominal weekly service charge.
- All dwellings will be sold on 999-year fixed equity leases with £300 a year ground rent on the lease.
- You will not be interviewed unless you obtain a mortgage certificate stating how much a lender would be prepared to lend you.
- Remember, if you are in employment and your earnings fall, for whatever reason, you cannot get immediate help with your mortgage repayments through Housing Benefit. However, if you are renting and you lose your job, you maybe eligible for Housing Benefit.

Home Ownership Consultant contact detail:

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