



Shared Ownership Guidance Notes

The purpose of this guide is to outline the principles of shared ownership and to help you to decide whether it's the right choice for you

For your assistance this document can also be made available in another language, in Braille, in large print, or on audio cassette.

Please ask any member of staff and the necessary arrangements will be made.

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About Loreburn

Our vision and purpose is to create GREAT places to live

Loreburn Housing Association was formed in 1982 and is a Registered Social Landlord (RSL) and a Registered Scottish Charity. To date, we have over 2,800 properties located throughout Dumfries & Galloway.

We believe that everyone has the right to live in a safe, warm and affordable home. We want to enable people to thrive through the provision of high quality homes and excellent customer-centred housing and community services.

Whether you're a Loreburn tenant or simply live in Dumfries & Galloway and have an interest in housing, you can become a member of Loreburn. By paying £1 for a share, each shareholder is entitled to vote at our Annual General Meeting and stand for election to our Management Committee. The Management Committee meets on a regular basis to make decisions on the running of our affairs.

We work alongside local and national agencies: Councils, health services, MSPs and the Scottish Government to make our ambitions a reality. We are regulated by Communities Scotland, who also provide our funding for new-build developments - along with other lenders.

Our Shared Ownership Policy sets the standards, guidelines and procedures used in accepting applicants for shared ownership. A copy of the Shared Ownership Policy is available on request.



General principles of shared ownership

Shared ownership is the term given to a form of home ownership

It allows you to purchase shares in a property, which you would not be able to afford to buy outright. The scheme allows for a share to be purchased in a property, which is then owned by you while Loreburn retain ownership of the remaining percentage.

Your initial investment can be, depending on the share being sold, 25%, 50% or 75% of the value of the property. An occupancy payment is paid on the remaining value of the property, which Loreburn retain ownership of.

Shared ownership is one of the many low-cost home ownership options which the Scottish Government supports through grant funding.

After you've lived in the property for a year or more, you may be able to increase the share that you own. Shares are purchased in multiples of 25% and can lead to outright purchase - this is called "staircasing" and is explained further on.

Who can apply for shared ownership housing?

Our shared ownership properties are for those who wish to own their home but are financially unable to purchase a property outright. A prospective sharing owner should, however, be able to afford to pay a small mortgage and occupancy payment.

We will always give priority to the following:

- First time buyers (particularly young single people), couples and small families on Loreburn's and/or other Registered Social Landlords (RSLs)/local authority housing lists who are unable to purchase outright on the open market.
- Existing tenants of a Loreburn or other RSL/local authority home who wish to take the first step into home ownership.
- People with medical conditions that require alternative accommodation but are unable to purchase on the open market
- Existing or past owners facing difficulties and unable to sustain or move into full owner occupation.



Assessing shared ownership applications

After we've established whether you fall into one of our priority categories, we will then assess your housing needs

This will be done in accordance with our Allocations Policy to determine who gets priority where the demand for housing exceeds supply. A copy of the full Allocations Policy is available upon request.

If you choose to apply to become a sharing owner, we will need proof of your financial circumstances. This could include evidence of your salary (payslips), proof of savings, proof of mortgage payments or satisfactory references from your previous landlords.

We assess your financial situation based on the fact that sharing owners cannot support occupancy and mortgage payments which exceed 30% of their net household income. If this is the case, unfortunately you will not be eligible for shared ownership.

If your income and/or savings show that you can afford to purchase a suitable property outright on the open market, you will not be considered for shared ownership.

Likewise, you will not be considered eligible if you are considering buying a shared ownership property for another family member to live in e.g., dependents or parents.

Prior to an offer being made, a home visit will normally be carried out to verify the accuracy of your application details. It is your responsibility to advise us of any change in circumstances which may affect your application for shared ownership housing.



Charges & costs

Occupancy payments

For the proportion of the property not purchased (i.e. the percentage that we own), you'll be required to pay an occupancy payment. A total occupancy payment is set for the property, as if it were being let on a rent-only basis, then reduced to consider the share you're buying and your repairs responsibilities. The higher the share you own, the lower the occupancy charge will be.

Charges are reviewed annually and you'll be given at least 4 weeks notice of any proposed changes. It's our policy to maintain all charges at an affordable rate.

Charges are set in accordance with our Rental Policy, at levels which represent value for money and are comparable with those set by other housing providers in the area.

Service charges

A Service Charge is an additional payment towards the cost of providing and maintaining communal areas and services outside your home.

You only pay for the services you receive. For example, if you live in a block of flats with a communal garden, the cost of maintaining that garden is covered by a service charge because it is available to all residents and is outside of your home. We do not make any profit from service charges.

Each year the service charge is reviewed in accordance with our Service Charge Policy - charges can decrease as well as increase. You will be given at least 4 weeks notice of any change to your service charge.

If you are interested in a particular property or development, we are more than happy to tell you what the current service charge costs are.

Building insurance

We will insure the property on your behalf, and you will be required to pay the annual premium to us. All new sharing owners will receive a copy of the insurance certificate from their Solicitor.



Repairs & maintenance

As a sharing owner, you're responsible for organising and paying for all repairs and maintenance inside of your home. Your occupancy payment will have been adjusted to take account of this.

This includes fixtures, fittings and any goods or appliances you own, as well as looking after any garden, garage and driveway you may have within your property boundary.

You have a mutual responsibility for repairs and maintenance common to you and your neighbours, such as communal grounds maintenance. We will arrange for the maintenance of some communal items, and you will be notified of these in advance.

Legal fees

In buying a house through shared ownership you will, as in any other form of house purchase, incur legal costs associated with buying a share and finalising the purchase.

Your solicitor will be able to give you advice on the level of legal fees and expenses involved.

Fees can vary so it is best to ask for an estimate and get quotations from different firms to compare costs. We are not responsible for giving out legal or financial advice to applicants, or for covering the costs.

Mortgage & valuation fees

In order to purchase a share you must make financial arrangements, such as a mortgage with a bank or building society. Your bank/building society will advise what your monthly repayments will be, based on the amount of money you intend to borrow.

You may also be required to pay for your own independent valuation survey of the property you wish to buy. We are unable to refer you to any mortgage lenders.

Removal costs

You may need to consider the costs of removal. These can be quite large if you are moving away from the area in which you currently live.



Staircasing

Once you have lived in your shared ownership home for a year or more, you can choose to buy further shares in your property

For example, if you initially purchased a 25% share in your home and went on to buy an additional 25% down the line, you would then own 50% of the property.

Known as staircasing, this process allows you to build the percentage share that you own in your home. You should bear in mind that you can only carry out one additional purchase in any 12 month period.

At each increase, the price you pay for the additional share is set by an independent valuation. This costs £84 and is something that you will have to pay for. It remains valid for 6 months.

Each time you purchase another share in your property, your occupancy payment will be reduced accordingly. Legal fees and survey fees will need to be paid each time you purchase a further share.

It is not possible to reduce your share.

Moving on

If you decide to move home, you'll have to pay for a home report, at a cost of £300, plus your own legal fees

If your home has increased in value by the time you sell, you'll receive a share of its increased value after selling costs have been deducted.

Just as you would benefit from any increase in the value of the property according to your share, you should be aware that you might be affected by any fall in value.



Legalities

Occupancy Agreement & Deed of Conditions

If you become a sharing owner, you must sign legal documents. The rights and responsibilities of sharing owners and Loreburn Housing Association are contained in these documents: The Occupancy Agreement and the Deeds of Conditions.

These are formal documents which set out the contractual conditions and obligations of all proprietors. They control the arrangements for dealing with payment of occupancy charges, responsibility for communal repairs, individual property maintenance and other related matters.

Although you do not buy the property outright, as a sharing owner you will have the normal rights and responsibilities of a full owner-occupier. If there is any question or dispute between sharing owners and Loreburn Housing Association about rights and responsibilities, then you and your solicitor will need to refer to these documents.

Prior to purchasing a shared ownership property, you should seek appropriate guidance on these documents from your solicitor. A model Occupancy Agreement is available on request.

Co-operation Agreements with Banks & Building Societies

The rules, under which we can provide shared ownership housing, require us to enter into Co-operation Agreements with your lender. This will usually be the building society/bank that gives you your mortgage or loan for your share of the property.

The Co-operation Agreement obliges both Loreburn and your lender to act together if there are serious arrears of your occupancy payment, mortgage, or loan. If, for instance, a sharing owner keeps up to date with mortgage payments but allows occupancy arrears to build up, we would, as a last resort, inform the lender of the situation. Even if there were no mortgage arrears, they would be compelled to act with us in taking action, including legal action, to force a sale or repossess the property.

If you have financial difficulties, it is important to contact both your lender and Loreburn straight away for advice.



Complaints & appeals

All applicants and sharing owners have the right to complain if they are unhappy with any aspect of the shared ownership process

We will do everything we can to resolve your complaints to your satisfaction. If you are still unhappy, you have the right to invoke our formal complaints procedure. A copy of the Complaints Policy will be made available on request.

Further information

Please Note: The information contained in this guidance does not constitute any part of an offer or a contract. Details provided are for information only and may be subject to change.

As a first step to becoming a sharing owner, please complete the application for shared ownership and return it to customerservice@loreburn.org.uk. Your application will be assessed based on the information detailed in this guide.

After completing the application and being accepted on the shared ownership housing list, you'll find all of our shared ownership properties [advertised on our website](#).

If you wish to have your name removed from the shared ownership housing list, please notify us via email.

If you wish to discuss any of the above or need assistance in completing the your application, please do not hesitate to contact a member of staff on 01387 321300.

