Santander

Shared Ownership

What you need to know and things to think about

What you need to know

- Shared Ownership is a scheme that lets you buy a share of between 25% and 75% of your home's value. You pay rent for the rest. A housing association (HA) usually offers the scheme.
- This means you make separate monthly payments to:
  - a lender for the mortgage you take to buy the share of the home you own
  - your HA for the rent on the share you don't own, plus all service charges and ground rent under the lease.
- The amount you can borrow for your mortgage is based on the value of the share you own or will own. It's not based on your home's value.

Example based on buying a 40% share

Property value	£200,000
Housing association share (60%)	£120,000
Your share (40%)	£80,000
Your mortgage deposit (10% of your share)	£8,000
Mortgage amount (90% of your share)	£72,000

Things to think about

- When buying your home, ask your solicitor to explain the Shared Ownership lease to you.
- If your home falls in value, it could end up being worth less than you owe on the mortgage. This is called being in 'negative equity.'
- You must keep to the terms of your HA lease. For example, you must pay your rent. If you don't, the HA might get a court order to take possession of your home. This might mean you lose your home and the share of its value you've built up.
- From the HA, you can buy more shares worth up to 100% of your home's value. This is known as 'staircasing'. The cost of any extra shares are based on your home's market value at the time. So you can buy extra shares, we might lend you more money - up to 90% of your home's value.
- You can pay off your mortgage at any time. You might have to pay an early repayment charge. You must pay off your whole mortgage before we release our legal charge over your home.
- If you want to sell your home, the HA usually has the right to buy your share back from you first. Speak to them for further help.
- At the end of your mortgage term, if you don't own 100% of your home, you'll still need to pay rent to the HA. You might want to think about this when planning for your retirement.
- If there's anything in this factsheet you're unsure about, or if you have any questions, please speak to us.
- We know that talking about your finances can be difficult. If you need support with day-to-day budgeting or you're worried about money, we'll be flexible to help you get back on track. Go to **santander.co.uk** and search 'if finances are a struggle'.

Put simply

- Shared Ownership is a scheme that lets you buy a share of your home with a mortgage, and pay rent for the rest. A housing association (HA) usually offers the scheme.
- You must ask your solicitor to show you the details of the Shared Ownership lease.
- If your home falls in value, there's a risk it could be worth less than the amount left to pay on your mortgage. This is called 'negative equity'.
- If you don't keep to the terms of your HA lease, you may lose your home.
- You can buy more shares from the HA, up to 100% of your home's value. This is known as 'staircasing'.
- If you want to sell the share in your home, speak to the HA for more help.
- At the end of your mortgage term, if you don't own 100% of your home, you'll still need to pay rent to the HA.

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YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.