



Mission Housing

## SHARED OWNERSHIP PROCEDURES

The principle of shared ownership with Mission Housing (MH) is that the applicant and MH each own a percentage of the property at a ratio, e.g. 75% (applicant) and 25% (MH). Once the property is purchased, rent will be paid on any MH capital involved with the purchase at 2.5% (increased annually in accordance with CPI levels).

An applicant should initially submit the online enquiry form, which will be assessed to see if it meets the Criteria for Selection, after which a more detailed application form may be sent, followed by an interview. A summary of the application and interview will be presented to the Allocations Committee for a decision on whether to pursue a shared ownership purchase and the amount of capital MH would like to commit, subject to availability:

### **Stage I: The Financial Implications**

- a. the property value envisaged, to be appropriate to the circumstances of the applicant and one which could be considered for total ownership in due course;
- b. the amount of mortgage offered and the ability to service this;
- c. the amount of deposit available;
- d. an assessment on the basis of these figures of the amount of shared ownership which the applicant and MH may each have in the property;
- e. a realistic budget for all commitments, to include both the rent payable to MH and the cost of the ongoing maintenance of the property (the latter to be borne completely by the applicant).
- f. The applicant needs to meet their purchase costs which will include:- solicitors fees, surveyors fees, mortgage application/adviser fees and Land Registry Stamp Duty.

### **Stage II: MH's Financial Commitment**

Each scheme is dependent upon the funding available at the time. Donations, equity loans and the circulation of funds allow some flexibility but there may be delay if MH has a prior commitment to other schemes. It would be expected that the applicant will work with MH to secure additional funding for the property purchase. Equity loan agreements will be between the lender and MH, not with the applicant. Equity loans at 0% will not be included in any rent payable.

### **Stage III: Property Selection and Survey**

The applicant chooses the property, which is initially inspected by MH's surveyor. If it seems suitable, he/she will recommend to MH that the purchase can proceed. If not, the applicant will be told the reasons why and will need to choose again.

MH will meet the cost of its own surveyor, primarily to protect the Association's interest in the property. The applicant's mortgage lender will carry out its own valuation and survey and their fee must be met by the applicant. It is expected that the minimum survey to be undertaken should be a Home Buyer's survey and the results should be made known to MH. Price negotiation should involve both the applicant and MH.

### **Stage IV: Conveyance and Legalities**

MH's solicitor works with the applicant's solicitor to produce the shared ownership lease and contract. The applicant and MH each pay their own legal fees.

### **Stage V: Total Ownership**

Additional shares (staircases) in the property may be purchased by the applicant/resident although there is no pressure to do so. These are purchased in accordance with the formula set down in the shared ownership lease. Any Leasehold or Freehold interest will be signed over to the resident three months after staircasing to 100%.