

Always ask your Adviser if they are charging you a fee for arranging your mortgage. They are obliged to disclose this information to you and it should be noted in their key facts information. Ash-Ridge Private Finance does NOT charge a broker fee for advising on and arranging Shared Ownership Mortgages. *

*We do occasionally charge a £199 administration fee for meetings where the mortgage amount is under £100,000 and/or is outside of our normal operating area. We do advise you of this in advance and this is only paid after the mortgage offer has been issued.

PURCHASING YOUR SHARED OWNERSHIP PROPERTY

If you wish to purchase a shared ownership property you will need to meet two sets of affordability criteria. One to obtain the approval of the Housing Association and another to obtain a mortgage if this is required.

HOUSING ASSOCIATION CRITERIA

Every Housing Association will have slightly different criteria but their financial and residency requirements are broadly as follows:

Residency	<ul style="list-style-type: none"> You must be eligible to live and work in the UK and may need indefinite rights to remain if you are not a British or EEA Citizen.
Current living arrangements	<ul style="list-style-type: none"> You must not currently hold a mortgage or have your name on the deeds to a property unless your property is under offer and will be sold before the purchase of the shared ownership property
Income and affordability	<ul style="list-style-type: none"> Total household income must not exceed £80,000 (£90,000 London Boroughs) You must have approximately 55% of your net income (single or joint) available after the payment of your mortgage, rent, service charge and any other financial commitments you may have. Commitments include bank, car and personal loans, childcare costs, child maintenance and credit cards. The property must be purchased by the same applicants who apply for the mortgage. In the case of joint applicants, if one party cannot obtain a mortgage then their income will be taken into account to ensure the maximum limits above are not exceeded however it cannot be taken into account for affordability and so the application must meet criteria based on the remaining applicant's income only.
Property Type	<ul style="list-style-type: none"> The Housing Association will advise you of what type of property you are eligible for and the percentage share you can purchase.

MORTGAGE CRITERIA

Shared Ownership Mortgages are specialised and only offered by a small number of lenders. There are general points to bear in mind – every lender will vary slightly on their individual requirements. All applicants should note the following criteria

Residency	<ul style="list-style-type: none"> • Be eligible to live and work in the UK. • UK, EEA Citizens and Foreign Nationals with permanent rights to remain in the UK are eligible to apply for mortgage finance. • Foreign Nationals without rights to remain who have legally lived and worked the UK continually for a minimum of 12 months may be eligible but must be able to provide a minimum 10% deposit (resales) or 20% deposit (New build) from their own resources. In addition there must be no employment or access to public funds restrictions. <i>This area is very complex and subject to constant revision by lenders. Your Adviser will have up to date information.</i>
Current living arrangements	<ul style="list-style-type: none"> • Have 3 years residence history in the UK. If this is not the case then mortgage finance will be difficult to obtain. • Married couples will be expected to apply in joint names unless there is an acceptable reason for not doing so. • Whether an owner occupier who is selling or a tenant, there must be no rent or mortgage arrears. • Should be on the electoral roll
Income	<ul style="list-style-type: none"> • Have paid employment and 1 year's employment history or minimum 1 year's self-employment accounts and/or SA302 forms. All employment should be remunerated in sterling into a UK Bank account. (Recent periods of unemployment may be an issue and will depend on individual circumstances. • Fixed/rolling term contracts may be acceptable but rules are complex and subject to change. Check with your Adviser for current position. Please check with your Adviser). And / Or • Have income from other sources (pension) • Have up to date award letter confirming any state benefits or allowances which need to be for the benefit of all parties to the purchase. • Maintenance must be evidenced via bank statements or CSA / court orders
Affordability	<ul style="list-style-type: none"> • Have sufficient income to service the mortgage, rent, service charge and any other financial commitments as mentioned above. • The mortgage must be affordable on a capital and repayment basis – interest only mortgages are not accepted for shared ownership.
Deposit	<ul style="list-style-type: none"> • Have access to a minimum 5% mortgage deposit of the share you wish to purchase for a new build property or resale property. The amount of deposit required will depend on overall affordability and this can be discussed when carrying out the affordability check. <i>There may be special low deposit loans available for selected developments so please check with your Mortgage Adviser.</i> • Deposits must be evidenced – if gifted then a letter and/or documentary evidence from the donor must be available. Savings can be evidenced by bank or investment account statement. • Deposits cannot be borrowed or acquired by a loan – lenders will not accept borrowed deposits. • Deposits provided by family members must be outright gifts and no financial interest in the property is permitted.
General	<ul style="list-style-type: none"> • Have a clean credit history for the past 3 years. If in doubt you can obtain a copy of your credit file online or by post. • Unsatisfied Arrears, CCJ's, Bankruptcy, IVA's and Arrangements to Pay will not be accepted by any lenders. Satisfied defaults and late payments settled more than 3 years from date of application may be accepted depending on the lender. • Consistent and recent use of payday loans and/or overdrafts may result in an application being declined by some lenders. • Evidence of regular online gambling may result in an application being declined by some lenders • <i>It is essential that any adverse credit is declared and discussed from outset.</i>

Assuming all documentation is to hand and can be provided promptly, the process from application to offer should be completed in 3 – 4 weeks.

Other costs to Consider:

- Legal Fees
- Mortgage Product Fees
- Mortgage Valuation Fee
- Stamp Duty (only due in certain circumstances – you should check with your Conveyancer).
- Removal Fees
- “Improvements”. These cannot form part of the mortgage and must be paid from applicants own resources.

ASH-RIDGE PRIVATE FINANCE – are independent Financial and Mortgage Advisers based in the City of London and cover greater London and the South East. We are familiar with shared ownership Mortgages and will research the entire market to identify the most suitable and appropriate loan. In addition we offer the following benefits.

- Independence – we have access to the entire market
- We are regulated by the FCA giving you full access to the protection that provides. Further information is on our website www.ash-ridge.com
- Our Advisers hold the full Financial Planning Certificate and are not just mortgage qualified.
- We do not charge broker fees for affordable home loans. We are remunerated by the lender so will not charge you any additional fees except as mentioned above.
- We represent your interests, not the lenders – unlike bank and buildings society staff who represent the interests of their institution and often have to meet sales targets.
- We have Housing Association affordability calculators meaning we can advise you of affordability when you have found a property you would like to purchase.
- We do not use premium rate phone numbers or complex options. You call will be answered directly by our mortgage administrator.
- You will have direct access to your Adviser by phone or email who can answer any queries or questions you may have.
- All administration is carried out by us on your behalf from initial advice to completion, This will include liaising with the Housing Association, your lender and your Conveyancers
- We can arrange appointments at your home or workplace and can offer evening and weekend meetings. You are, of course, welcome to come to our offices if you would prefer.

In light of the Chancellors Autumn statement there will be significant changes to the rules on shared ownership and shared equity schemes together with two new schemes. We will be keeping all clients up to date on any new mortgages as there may be new lenders coming into this area of the market. You can check our website http://ash-ridge.com/private_finance/affordable_housing_schemes. You can also call or email us for further information.

I hope this guide has been helpful however please do call if you have any questions specific to your own circumstances, or if you have seen a property and would like to discuss the affordability in greater detail.

Jane King, our Senior Mortgage Adviser, writes on the subject of mortgages and protection and appears regularly on Channel 4 News, Sky News Business Show, LBC Radio, Share Radio BBC News Channel, BBC Breakfast, “Your Money” and Radio 4’s “Moneybox”. Find her articles in the following publications or search Jane King Mortgage

www.channel4.com

www.prudentminds.com

www.reuters.co.uk

www.bbc.co.uk

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Independent on Sunday

Daily Express

www.unbiased.co.uk