

Shared Ownership Schemes Guide

This guide sets out useful information to help you when dealing with your clients who want to buy a property under a Shared Ownership Housing Scheme. It sets out our basic scheme requirements.

Basic scheme requirements

- The Shared Ownership Scheme Provider must be a Registered Provider/Registered Social Landlord.
- May also be known as the New Build HomeBuy – relates to new, refurbished or existing properties purchased under a shared ownership basis.
- Minimum acceptable initial percentage ownership is 25% in England, Scotland and Wales.
- Minimum acceptable initial percentage ownership is 50% in Northern Ireland.
- Cannot be combined with any other form of housing scheme.
- Must be able to staircase (i.e. purchase further shares) to 100% ownership. Minimum tranches can be specified, but they must be no greater than 25% tranches.
- No minimum for final staircasing.
- The lease (see note 1) must contain forfeiture provisions i.e. landlord to serve notice on Santander if they take action for non-compliance with the terms of the lease.
- Nomination Rights/Period – if the Scheme Provider reserves a right to nominate assignees or itself to acquire the property, this must be subject to:
 - purchase price to be based on a sum no greater than the market value of the share held currently by the borrower;
 - the scheme provider must nominate a purchaser within three months of being notified of the owner wishing to sell the property.
- any nominee must exchange contracts within three months of nomination (this can be subject to timely receipt of contract papers); and
- any nominee must complete the purchase within one month of exchange of contracts.
- Restrictions on resale must not be binding on Santander as mortgagee in possession.
- Leases should normally contain a mortgagee protection clause but it is not an essential requirement.

Lending requirements

- Rent must be included as a financial commitment when considering affordability.
- Minimum 10% deposit required, i.e. maximum 90% LTV of borrower's share of the property.
- Until the property is owned 100% by the borrower, additional lending is only available for staircasing. Additional loans for other purposes, e.g. home improvement or personal expenditure will not be available until 100% of the property is owned.
- Cannot be used with Flexible Offset products.

Note 1: Scotland this is a Co-Operation Agreement and Northern Ireland this is a Co-Ownership Agreement.

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