

## Shared Ownership schemes guide

This guide will help you with clients who want to buy their home through a Shared Ownership scheme.

### Basic scheme requirements

- The Shared Ownership scheme provider must be a registered provider/registered social landlord.
- It could also be known as the New Build HomeBuy. This relates to new, refurbished or existing properties purchased under a shared ownership basis.
- The minimum acceptable initial percentage ownership is:
  - 25% in England, Scotland and Wales.
  - 50% in Northern Ireland.
- It can't be combined with any other form of housing scheme.
- They must be able to purchase further shares up to 100% ownership. This is known as 'staircasing'. A minimum percentage can be specified. This must not be greater than 25%.
- There's no minimum limit for final staircasing.
- The lease must contain forfeiture provisions. This means the landlord will serve notice on Santander if they take action for non-compliance with the terms of the lease. In Scotland, this lease is known as a 'Co-operation agreement'. In Northern Ireland, it's known as a 'Co-ownership agreement'.
- The scheme provider reserves a right to nominate assignees or itself to acquire the property. This is known as the nomination rights/period and is subject to the below conditions.
  - The purchase price is less than the market value of the share held currently by the borrower.
  - The scheme provider must nominate a purchaser within 3 months of being told the owner wants to sell the property.
- The nominee must exchange contracts within 3 months of nomination. This can be subject to timely receipt of contract papers.
- The nominee must complete the purchase within 1 month of exchange of contracts.
- The restrictions on resale must not be binding on Santander as mortgagee in possession.
- The lease should normally contain a mortgage protection clause.

### Lending requirements

- The rent must be included as a financial commitment when assessing affordability.
- There's a minimum 10% deposit required.
- The maximum LTV for standard Shared Ownership applications is 90%. This may be subject to LTV restrictions. E.g. mortgages on interest only.
- Additional lending is only available for staircasing when the property isn't 100% owned by the borrower. Additional loans for other purposes like home improvement won't be available until 100% of the property is owned.
- The scheme can't be used with Flexible Offset products.