

# Pathways by Lloyds Living

## When can I start to buy my home?\*

You can start to buy your home after 3 months, however this will be subject to you having no rent arrears in the period, complied with the good neighbour agreement and kept your home in good condition (a check by a member of the Lloyds Living team will take place before the buying process can start).

## How much will I pay for my home?

If you are a Rent to Buy customer, once you have decided that you would like to start buying shares in your home we will arrange for a RICS valuation to be carried out to determine the market value. Please be aware this price could be higher or lower than when first advertised.

If you are buying a Shared Ownership home not on the Rent to Buy scheme, the purchase price will be as advertised on our price list.

## How much can I buy as an initial share?

The minimum you can buy is 20% of the full market value and the maximum initial share is 75%. The share amount you can buy will be determined by your mortgage lender who will take into account various factors including the amount of deposit.

You can buy in increments of 5% (for example, 25%, 30% or 35%) at initial purchase.

## Do I have to go through an independent mortgage advisor to arrange my mortgage?

An independent mortgage advisor will provide you with mortgage advice and help guide you through the process. However they may charge you a fee for this.

You can also apply for a mortgage directly to the lender who will not charge you a fee.

Please be aware that at this time the only lender available to use with this scheme is Lloyds and Halifax.

## How is rent calculated? Can it go up?

Rent will be payable to Lloyds Living on the share of the property that you do not own. This is currently set at 4% on the unsold equity (the part that you do not own)

when you buy your initial share. It then increases yearly by CPI + 1%.

The yearly rent increase is from each April 1st.

Additionally, until Dec 2024, we will be capping the rent increase at 3% - even if RPI is more than that.

## Will I have to pay Stamp Duty Land Tax when I buy my initial share of the property??

Stamp Duty Land Tax (SDLT) is payable on all property purchases and the rates charged are on a sliding scale applied to the value of the property.

The current sliding scale is as follows:

Value of property being acquired	Rate
£125,000 and below	0%
£125,001 to £250,000	2%
Over £250,001 to £925,000	5%
Over £925,001 to £1.5 Million	10%
Over £1.5 million	12%

These rates are subject to change by the Government, so it is important to seek your own financial, tax or legal advice.

The amount of SDLT that you initially pay will be linked to the value of the share in the property that you are buying.

For example, if the property is worth £250,000 and you are buying 50%, this means the value for calculating any SDLT would be £125,000.

As such, under the current rates, you would not need to pay any SDLT.

Please note, even if you do not need to pay any SDLT, an SDLT return must still be completed to meet HMRC requirements. Your solicitor will be able to provide advice and support this process.

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\*On some schemes you are able to buy your home without the initial rental period.

## Is First Time Buyer Relief available on the Shared Ownership purchase?

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Over £1.5 million	12%

These rates are subject to change by the Government, so it is important to seek your own financial, tax or legal advice.

The amount of SDLT that you initially pay will be linked to the value of the share in the property that you are buying.

For example, if the property is worth £240,000 and you are buying 50%, this means the value for calculating any SDLT would be £120,000.

As such, under the current rates, you would not need to pay any SDLT.

Please note, even if you do not need to pay any SDLT, an SDLT return must still be completed to meet HMRC requirements. Your solicitor will be able to provide advice and support this process.

After buying the initial share of the property if you then want to buy more shares in your home (known as staircasing) additional SDLT may become payable. For example, if you wanted to buy 100% of your home and the market value of the property has increased to £350,000 at this point, you would pay £175,000 (being 50% of the current market value). At this time you would pay standard rates of SDLT on the total sum that you have paid for the property, which in this case would be £295,000. This is made up of £120,000 from the first purchase and £175 from the second purchase. As such, you would pay 2% on the value from £125,000 to £250,000 (which is £2,500) and 5% on the remaining £45,000 between £250,000 and £295,000 (which is £2,250). Therefore, the total stamp duty payable would be £4,750.

## Is First Time Buyer Relief available on the Shared Ownership purchase?

To help support First Time Buyers meet the upfront costs of buying a home the Government introduced first-time buyer stamp duty relief in 2017.

If you meet the Government's definition of a first time buyer, then higher SDLT exemption thresholds apply.

If you are buying with someone else, then both of you need to meet that.

Currently, for first time buyers, there is no SDLT to pay if the price of the home you are buying is £300,000 or below.

For purchases priced between £300,000 and £500,000 the rate payable is 5%.

As per the above example, the SDLT calculation is based on the purchase price of your initial share not the full value of the property.

By way of another example, if the property price is £500,000 and you are buying a 50% share at £250,000, if you are a first-time buyer, you may be able to claim first time buyer relief and not pay any SDLT on the initial purchase.

If you are not a first time buyer, under the current requirements, you would pay 2% SDLT on the £3,500 above the £125,000 threshold.

If you are eligible for SDLT first time buyer relief it will only be for the initial share you purchase.

As above, if you later want to buy 100% of the property but the market value has now increased to £600,000 you would pay £300,000 (being 50% of the current market value). As this transaction will be linked to the initial purchase of 50%, even though First Time Buyer Relief may have been available on the initial purchase, SDLT will now be payable on the combined sum of £550,000 at standard rates, as follows:

£125,000 and below	0%	£0
£125,001 to £250,000	2%	£3,500
£250,001 to £600,000	5%	£17,500
Total		£21,000

## **Where can I get further help and support on SDLT?**

We are happy to discuss your questions and help where we can, but we are not able to provide financial, legal or tax advice and the information provided here is generic guidance.

It is important that you talk everything through with your Independent Financial Adviser and Solicitor to ensure that you understand and are happy with the process.

'Pathways' by Lloyds Living is a private offer. We are not a Housing Association or a Charity. There are different rules for SDLT for Shared Ownership homes sold through these providers. Please inform your IFA and Solicitor that Lloyds Living is 'not a qualifying body within paragraph 5(2) of Schedule 9 to the Finance Act 2009'. They will then be able to calculate the SDLT return relevant to your circumstances and share being acquired.

## **How long is the lease?**

The length of your lease will depend on the property you are buying. If you are buying a house then the lease will be 999 years. If you are buying a flat then your lease length will be determined by who owns the freehold of the block.

If Lloyds Living own the freehold of the block then the lease will be 999 years.

Where Lloyds Living do not own the freehold then the lease term you receive will be a few days shorter than the lease term we hold. This will usually range from 125 to 250 years. Your solicitor will be able to tell you the details in your case.

## **Can I extend the lease?**

If you have been granted a 999 year lease then there will be no option to extend beyond this at present. If the lease length is less than 999 years then there will not be an option to extend beyond this until we extend the headlease.

Please note- if you are buying a resale home, your lease will be the remaining term on the existing lease.

## **What is an engrossment fee?**

An engrossment fee is the charge for creating the legal documents that form the property purchase contract. The charge for this is £150 (£180 inclusive of VAT).

## **What if my circumstances change and I can no longer buy can I extend my tenancy?**

If after your initial tenancy agreement ends you have not started the buying process then we can arrange a

new tenancy agreement with you. This may be subject to further checks.

## **What is the minimum amount you can staircase by?**

At the moment you can staircase by a minimum of 10% at a time and you must buy in 5% increments. This means that you can buy 10%, 15%, 20%, 25% etc. but you will not be able to buy shares that fall in between the 5% increments (such as 28%).

How much you can staircase by will be identified as part of your assessment with your mortgage provider.

## **Is there a minimum period between staircasing?**

There is no minimum period between staircasing it will very much depend on your circumstances.

## **How is the purchase price for each staircasing sale calculated? Can the price fluctuate over time?**

Once you have decided you would like to buy more shares in your home, you will need to arrange for a RICS valuation to take place and this will determine the full market value of your home. You will then pay a percentage of that value being the percentage you are acquiring.

Prices can fluctuate with market conditions.

## **What happens to my rent once I have bought more shares in my home?**

As you buy more shares in your home the rent will be calculated on a smaller share and so your rent will go down.

If you initially purchased a 20% share then the rent would have been calculated on the 75% owned by Lloyds Living.

If you increase your share to 50% you will only pay rent on the 50% that you do not own.

Please note that while your rent will decrease when you buy more shares your mortgage will increase.

## **What if I want to sell my share?**

If you wish to sell your share Lloyds Living should be offered first refusal to buy back from you or nominate a buyer.

If we do not buy back or nominate you are free to sell your share on the open market via an estate agent. As with staircasing a RICS valuation will need to be carried out at your cost and you will need to engage the services of a conveyancing solicitor/firm.

You will be responsible for the cost of conveyancing along with the Lloyds Living legal fees occurred as a part of the transaction. You will also need to take into account any estate agent fees.

Your dedicated Customer Journey Manager will guide you through the process.

### **Can I take payment holidays?**

You may be able to take mortgage holidays on your mortgage but you will need to check this with your mortgage lender.

You will not be able to take payment holidays for your rent or service charges.

If you are experiencing financial difficulty please speak with us at the earliest opportunity so that we can offer help and support.

### **Can I transfer to another shared ownership property?**

Once you have purchased shares in your home you cannot transfer to another home. If you wish to move home you will need to sell your share.

### **Can I purchase if I am on a Visa?**

In most cases you can purchase whilst on a visa, it is recommended to seek financial and legal advice in this circumstance.

### **Can I keep pets?**

You can usually keep domestic pets but this will vary between properties. It will also depend on what type of animal you would like to keep and if your home is suitable. You will need to request permission from Lloyds Living.

Permission may be withdrawn if a pet's behaviour becomes problematic.

### **Can I have a lodger?**

You can have a lodger provided you have first obtained consent from Lloyds Living to do so. You cannot usually sublet your property so your lodger must be living in your home with you.

There are also tax implications with renting out rooms so please seek further advice before doing so.

### **Can I decorate?**

Yes it is your home so you can usually decorate (e.g. painting) as you wish. However if your home is a new build property then you will not be able to decorate in the first year of it being built as the property needs to settle.

### **Can I make alternations to my home?**

Yes you can make alterations to your home provided you obtain consent from Lloyds Living first. For more information please speak with your Customer Journey Manager.

### **If I alter my property and increase the value, will the cost of my staircasing increase?**

No. If you make alterations to your property, in accordance with the terms of the lease and this increases the value then the cost of staircasing will ignore the value you had added.

### **Who can I speak to for advice?**

Should you have any queries at all please contact your dedicated Customer Journey Manager.