



# Your pathway from renting to home ownership



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Who are Lloyds Living?

# Hello



**We provide quality rental homes in places where people want to live and work, with a focus on new homes for families and professionals.**

We also realise it can be difficult to get your foot on the property ladder and we want to help you own your home.

Our Pathways scheme lets you try before you buy. You can choose to rent for as long as it suits you, and then later you can buy your home through shared ownership. In most cases, you'll only need a deposit of 5% of the share you're buying.



# Start here

At selected Lloyds Living locations, you'll find homes on offer under our Pathways scheme. Our homes are available through our Estate Agent partners.

When you enquire, we'll put you in touch with an independent mortgage advisor who will take you through a few questions to see that you qualify for the scheme.

**Joining the Pathways scheme only has two simple requirements:**



You don't own another property



You have the right to live in the UK

## Get moving

Once you've found a home you love and we've carried out all the usual rental checks and procedures, you're ready to move in.

You can rent from one to three years and, unlike with some rental or shared ownership agreements, you can even keep a pet.

If you decide you want to buy your home, you can start the shared ownership buying process any time after the first three months of your agreement.

For any other questions you might have, see our FAQs on pages 8 and 9.



# Make it yours

Once you've decided that you'd like to buy your home, we'll help you get there.

Shared ownership lets you buy your home in stages. You buy a share of your home with a mortgage and rent is charged on the rest.

You can buy from 25% to 75% and keep increasing that share until you own your home outright.



## The buying process

1

We'll arrange for an independent mortgage advisor to contact you. They'll do some financial checks and can help you choose a mortgage.

2

You'll need a solicitor to deal with the legal side. It's best to use a company that has experience of shared ownership. We can help you find one from our solicitors' panel if you like.

3

Once your solicitor is holding your mortgage offer and signed contract, you'll need to pay your deposit (usually 5% of the price of the share of your home you're buying).

4

The next step is exchanging contracts. This takes about a month and means that you're committed to buying the property and we're committed to selling it to you.

5

The final step is completion, which should happen within ten days of contracts being exchanged.

6

Congratulations! You're now a homeowner.

How much does it cost?

# The costs

To give you an idea of the costs involved in buying your home through shared ownership, we've put together this estimate:



Cost of home  
(full market value)  
**£300,000**



Your 40% share  
**£120,000**



Your deposit  
(Minimum 5%)  
**£6,000**



Mortgage required  
(Based on 95% loan to value)  
**£114,000**

Legal fees  
**£600**

Legal disbursements, such  
as Land Registry searches  
**£600**

Independent mortgage advisor  
**£300**

Mortgage valuation fee  
**£0 - £400**

Mortgage arrangement  
**£0 - £1,000**

Buying a home does  
have other costs.  
Here's what they might  
include:

If your home is valued  
at more than £250,000,  
you'll need to pay  
Stamp Duty. Your  
solicitor will give you  
advice on this.





# Moving up

**Once you've bought your first share in your home, you can buy more equity. This is known as 'staircasing'.**

You can buy all the shares and own your home outright. This means that you won't pay rent any more, just your mortgage payments.

When you buy the final share of your home, we'll transfer the freehold to you. You'll need a solicitor to request

this from us, who will charge a fee.

You'll also need to arrange your own building insurance, as this will no longer be provided by us.

If you're buying an apartment, you'll have to keep paying your service charge. If building insurance is part of your service charge, this will remain the same and you won't need to get your own cover.

**As you buy more shares, your mortgage payments will go up but the rent you pay will go down.**



Mortgage  
goes up



Rent  
goes down



# FAQs

## **How do I start the rental process?**

Once you've received approval to proceed in terms of financial qualification, you can view the property. If after viewing you'd like to proceed, we'd share your information with a tenancy reference company who'll contact you to start the reference procedure. This reference procedure will include identification and credit checks, which might ask for a previous landlord reference.

You'll also be required to pay a deposit and, in most cases, this is five weeks' rent. This deposit is held in a tenancy deposit scheme, which is an independent protected holding scheme. This deposit will be returned to you once you've completed your shared ownership purchase.

## **When can I start to buy shares in my home?**

You can start buying shares in your home after three months of renting. If, after your initial tenancy agreement ends, you're

not ready or don't want to buy a share in your home, you can choose whether to extend your tenancy or not.

## **How much can I buy?**

You can buy between a 25% and 75% share in your home depending on your financial circumstances. This is assessed as part of your mortgage application process. You can buy more shares in your home later.

## **How much mortgage deposit will I need?**

You'll need a minimum 5% of the share you're buying. For example, if the full market value is £350,000 and you're buying a 25% share (£87,500), a 5% deposit will be £4,375. For further information, please talk to your mortgage advisor or your mortgage lender. Some lenders may have slightly different deposit requirements.

## **Are there any fees?**

The only fee charged by Lloyds Living during the buying process is the engrossment fee for the creation of the legal contracts. This is £150 (£180 inclusive of VAT).

There are other costs associated with buying your home - these include legal fees, mortgage arrangement fee (if applicable), mortgage valuation fee, mortgage product fee (if applicable) and Stamp Duty. You may have to pay a deposit for your tenancy agreement.

## **Can I own another property?**

No. You can't own another property when you're buying a home through Pathways. If you have a property that you need to sell to buy your home with us, you'll have to complete on the sale before your purchase with us can complete.

## **Am I buying a leasehold or freehold property?**

All shared ownership properties, both flats and houses, are sold as leasehold. For houses, once you own 100% of your home, your property will become freehold and the title will be transferred to you. Flats will remain leasehold.

## **What are the income requirements to take part?**

There's no upper income limit as there is with traditional shared ownership. What you can buy and how big a share will be worked out as part of your financial assessment for your mortgage application.

## **Are there limits to the size or rooms in a shared ownership property?**

No. You will be assessed on your financial circumstances and this will then indicate what size property you can purchase.

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

No. You can choose to apply for your mortgage directly with the lender.

An independent mortgage advisor can provide mortgage advice and guide you through the process; however, they'll charge you a fee for this. You'll pay this on completion of your mortgage application. There's no fee for the financial assessment.



**Do I need to be a UK citizen to take part in the scheme?**

You don't have to be a UK citizen, but you do need the right to live in the UK.

**Can I buy more shares in my home?**

Yes. Buying more shares is known as 'staircasing' and you can buy a minimum of 10% at a time until you own 100% of your home. You'll need to instruct a solicitor to prepare the legal documents for you and there'll be an engrossment fee to pay each time you staircase. (This is for the creation of the legal contracts and is £180 inclusive of VAT.)

**What happens to my rent when I staircase?**

As you buy more shares in your home, the rent will go down. Once you've bought all the shares in your home, there'll be no rent to pay.

**What is a service charge?**

Service charges are payments collected for the upkeep of the communal areas, both internal and external. This usually covers things like lift maintenance, commercial window cleaning and maintaining communal gardens. Sometimes it includes a sinking

fund collected to help with the future cost of major repairs.

If you've bought a house, this will cover the estate management costs, which can include landscaping, play areas, street lighting and drainage.

You'll have a full breakdown of your service charge at the beginning of the buying process.

**What extra costs will there be?**

As a leaseholder, you'll be responsible for paying both your mortgage and your rent. You'll also continue to pay for any utilities bills that were previously included in your rent, including Wi-Fi and service charges.

**Is building insurance included in the service charge?**

Yes. Your buildings insurance will be included in the service charge until you staircase to 100% ownership.

YOUR HOME IS AT RISK  
IF YOU DO NOT KEEP  
UP REPAYMENTS ON A  
MORTGAGE OR OTHER  
LOAN SECURED ON IT.

To find out more about buying your own home through Pathways by Lloyds Living, contact our Pathways team:

**[pathways@lloydsliving.co.uk](mailto:pathways@lloydsliving.co.uk)**

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