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DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 7601

MINISTER FOR HOUSING AND CONSTRUCTION

Prime Minister

JK

24/1

Willie Rickett Esq
PS/Prime Minister
No 10 Downing Street

24 January 1983

Dear Willie

Mr Stanley thought that the Prime Minister might find it helpful to have the attached details of a new shared-ownership scheme that he has launched today called 'Do-it-Yourself Shared-ownership' (DIYSO).

What the scheme will do is to ensure that job-movers and first-time buyers moving to any part of England will have the opportunity of arranging a shared-ownership purchase for themselves of either a new or second-hand house or flat. A housing association has been designated for every area in England to hold the balance of the equity in the homes bought under this scheme. Mr Stanley feels that the DIYSO scheme represents a positive and practical response by the Government to the problems of those who find it difficult or impossible to move to where new jobs are being created.

Welsh Ministers will be launching a similar scheme in Wales.

Yours sincerely

Pamela Szmigin

MRS P SZMIGIN
Private Secretary

MFJ

Housing

Lee

31 January 1983

This is just to record that the Prime Minister has seen and noted your letter of 24 January about the new shared-ownership scheme which Mr. Stanley has announced.

TIM FLESHER

Mrs. P. Szmigin
Department of the Environment

Press Notice 21

24 January 1983

HOUSING MINISTER ANNOUNCES NEW SHARED OWNERSHIP SCHEME

A new 'Do-it-Yourself' shared ownership scheme (DIYSO) was launched today which will enable job movers, tenants of local authorities or housing associations, people on their waiting lists or other first time buyers to select their own properties for purchase on a shared ownership basis.

Launching the scheme John Stanley, Minister for Housing and Construction, made the following statement today:

"The 'Do-it-Yourself Shared Ownership (DIYSO) Scheme' will for the first time give people who need to move, and who can't quickly obtain rented accommodation in the area concerned, the opportunity of creating the possibility of a shared ownership purchase for themselves.

"Up to now, someone in this position has been entirely dependent on whether there happens to be a local authority, new town, or housing association doing a shared ownership scheme in the area to which they want to move. Though shared ownership is steadily expanding, there are still many areas where at any moment there are few, if any opportunities for shared ownership available.

"The new scheme ensures that in every part of the country there will now be the option of a shared ownership purchase with the additional flexibility that the schemes extend to second hand as well as new homes below the maximum price limits which have been set for each region. The balance of the equity not purchased initially by the shared owner will be held by a designated housing association, one of which will be designated for every area of England for this purpose.

"The funding of the scheme will be for 1982-83 from the increase in the Housing Corporation's cash limit by £150m announced on 18 November and for 1983-4 from the Housing Corporation's Approved Development Programme announced on 22 December 1982. The funding is based on an initial programme of some 3,000 dwellings to be purchased. I am sure that the DIYSO scheme will make an important contribution both to helping mobility and to widening home ownership opportunities".

NOTE TO EDITORS

DIYSO is a variant of the shared ownership schemes initiated by the Government in the Housing Act 1980 and taken up enthusiastically by a number of housing associations in recent years. To be eligible for the scheme, applicants will have to show that they have insufficient income to obtain a mortgage for outright purchase

of a property and that at least one of the following applies: they are moving to a new area to take up employment; they are tenants of a housing association, local authority or other public body (or on a waiting list to become one), or are first time buyers - for example a young couple living at home with parents.

Applicants need to establish their eligibility with the housing association designated to run this scheme in the area to which they want to move. They may choose a new or a sound secondhand house or flat within a specified price limit. The limit is £40,000 in Greater London, £35,000 in the home counties and £30,000 elsewhere. They need to obtain a mortgage offer from a building society or bank for the share (at least 25%) that they wish to purchase. The housing association then buys the property and simultaneously resells a shared ownership lease to the purchasers. Shared owners may increase their share of the property by subsequent purchases ("staircasing") as in other shared ownership schemes until they have achieved 100% home ownership.

Further details of DIYSO can be obtained from regional office of the Housing Corporation (addresses attached) or from the Corporation's headquarters at 149 Tottenham Court Road, London W1P 0BN.

Press Enquiries: 01-212 3492/6; or
Ian Brown, Housing Association
Press Office: 387 9466
Night Calls (6.30pm-8.00am)
Weekends and Holidays: 01-212 7071
Public Enquiries: 01-212 3434; ask
for Public Enquiry Unit

HOUSING CORPORATION OFFICES

in

ENGLAND and WALES

Head Office:

149 Tottenham Court Road
London W1P 0BN
01-387 9466

Regional Offices and the areas they cover:

London and Home Counties (North)
Bedfordshire, Buckinghamshire, Essex,
Hertfordshire, City of London
and all London Boroughs north of the Thames

Waverley House
7-12 Noel Street
London W1V 3PD
01-434 2161

London and Home Counties (South)
Kent, Surrey, E. Sussex, W. Sussex
and all London Boroughs south of the Thames
including the London Borough of Richmond

Pembroke House
Wellesley Road
Croydon
Surrey CR9 2BR
01-681 3771

West
Avon, Berkshire, Cornwall, Devon, Dorset,
Gloucestershire, Oxfordshire, Hampshire,
Isle of Wight, Somerset, Wiltshire

35a Guildhall Centre
Exeter EX4 3HL
0392 - 51052/4

West Midlands
Hereford and Worcester, Salop, Staffordshire,
Warwickshire, West Midlands

Norwich Union House
Waterloo Road
Wolverhampton WV1 4EP
0902 - 24654

East Midlands
Derbyshire, Leicestershire, Cambridgeshire,
Lincolnshire, Norfolk, Northamptonshire,
Nottinghamshire, Suffolk

Phoenix House
16 New Walk
Leicester LE1 6TF
0533 - 546762

North East
Cleveland, Durham, Humberside, Northumberland,
Tyne and Wear, Yorkshire

St. Pauls House
23 Park Square South
Leeds LS1 2ND
0532 - 46960

North West
Cheshire, Cumbria, Lancashire,
Greater Manchester

Elisabeth House
16 St Peter's Square
Manchester M2 3DF
061 - 228 2951

Merseyside
Merseyside

6th Floor
Corn Exchange Building
Fenwick Street
Liverpool L2 7RD
051 - 236 6406

Wales

24 Cathedral Road
Cardiff CF1 9LJ
0222 - 384611

The Housing Corporation

Do-it-Yourself Shared Ownership

WHAT IS DO-IT-YOURSELF SHARED OWNERSHIP?

Do-it-Yourself Shared Ownership, DIYSO for short, is a scheme whereby you can look for a suitable house or flat to purchase on a shared ownership basis, which means that you buy it in stages by purchasing a share of the property and renting the remainder from a housing association. The housing association must be nominated to operate DIYSO in the area in which you wish to buy a home.

HOW DOES SHARED OWNERSHIP WORK?

Depending on your savings and the amount of mortgage you can repay, you may purchase a quarter, a half, or three quarters of the value of the property on a long lease (usually 99 years). Many people find that they can afford to buy a half share from the outset.

If you choose to buy a quarter you will pay rent on the remaining three quarters to the housing association which sold the house to you. Any time you wish you can increase your mortgage and buy another quarter, which means that you will own half and your rent will decrease correspondingly. So you can continue until you own the whole house. There is no obligation on you to increase your share at any time.

The following example illustrates the costs per week involved in shared ownership, compared with full owner occupation and renting. The example assumes that the value of the property would be £20,000, the Fair Rent for the property would be £18 per week, and the mortgage required would be a 25 year repayment mortgage at an interest rate of 10%.

Renting	Shared Ownership (mortgage + rent)			Owner Occupation
	25%	50%	75%	
£18.00	£20.79	£26.29	£31.77	£37.27

CAN YOU APPLY FOR DIYSO?

The housing association will consider an application from you if:

- (a) you have an income which does not qualify for a mortgage for the home you require. As a general rule your income should be at or below the average level of incomes in the area in which you wish to buy.
- (b) you are :
 - (i) moving to a new area to take up employment, particularly where the move is to an area of high housing cost. Job movers will be given priority.



- (ii) currently a tenant or on the waiting list of a housing association, local authority, or other public authority.
- (iii) a first time buyer.

The housing association will also take into account all other relevant circumstances before reaching a decision.

WHAT PROPERTY CAN YOU BUY?

You can buy:

- (a) new property which must have a National House-Builders Council guarantee otherwise the housing association cannot purchase on your behalf.

or

- (b) older property of a satisfactory standard on which a building society will advance you a mortgage. A survey must be carried out before you purchase to ensure that the property is structurally sound, in a state of good repair, and has all the basic amenities.

The housing association will consider whether the property is appropriate to your needs and whether there is other property in the area which may be more suitable for you.

ARE THERE PRICE LIMITS?

The full purchase price must not exceed:

- £40,000 in the Greater London area
- £35,000 in the Home Counties
- £30,000 in the rest of the country

The purchase price must not exceed the valuation placed on the property by the building society providing the mortgage.

WHAT ABOUT A MORTGAGE?

Generally you will be expected to arrange your own mortgage through a building society or bank, although some housing associations do have arrangements with building societies for shared ownership schemes. The building society or bank will need to be sure that you can pay the mortgage and the rent, some also require a deposit of up to 10% of the value of the share you wish to purchase.

WHERE CAN YOU FIND OUT MORE?

If you want to find out more about this way to buy a new home, you should contact the Regional Office of the Housing Corporation which covers the area in which you would like to buy. The addresses of the Regional Offices are attached. The Regional Offices can also provide a booklet entitled "Have You Heard About Shared Ownership?" which will give you greater detail, and they can put you in touch with the housing association operating in the area in which you are interested.

The Housing Corporation Regional Offices

East Midlands
Phoenix House
16 New Walk
Leicester LE1 6TF
Tel 0533-546762

Cambridgeshire, Derbyshire, Leicestershire,
Lincolnshire, Norfolk, Northamptonshire
Nottinghamshire, Suffolk

London and Home Counties (North)
Waverley House
7-12 Noel Street
London W1V 3PB
Tel 01-434 2161

Bedfordshire, Buckinghamshire, Essex,
Hertfordshire, City of London and London boroughs
north of the Thames (excluding
the London Borough of Richmond)

London & Home Counties (South)
Pembroke House
Wellesley Road
Croydon
Surrey CR9 2BR
Tel 01-681 3771

Kent, Surrey, East Sussex, West Sussex, London
Borough of Richmond and all
London boroughs south of the Thames

Merseyside
6th Floor
Corn Exchange Buildings
Fenwick Street
Liverpool L2 7RD
Tel 051 236 0406

Merseyside and West Lancashire,
Warrington, Halton, Ellesmere Port
and Neston District Councils

North East
St Pauls House
23 Park Square South
Leeds LS1 2ND
Tel 0532 469601

Cleveland, Durham, Humberside, Northumberland
Tyne and Wear, Yorkshire

North West
Elisabeth House
16 St Peters Square
Manchester M2 3DF
Tel 061-228 2951

Cheshire, Cumbria, Greater Manchester, Lancashire

Wales
24 Cathedral Road
Cardiff CF1 9LJ
Tel 0222-384611

Wales

West
35a Guildhall Centre
Exeter EX4 3HL
Tel 0392 51052/4

Avon, Berkshire, Cornwall, Devon, Dorset,
Gloucestershire, Hampshire, Isle of Wight,
Oxfordshire, Somerset, Wiltshire

West Midlands
Norwich Union House
Waterloo Road
Wolverhampton WV1 4BP
Tel 0902-24654

Hereford and Worcester, Salop, Staffordshire,
Warwickshire, West Midlands

Headquarters
Housing Corporation
149 Tottenham Court Road
London W1P 0BN
Tel 01 387 9466

The Housing Corporation is the government body which finances, controls and supervises registered housing associations. There are some 3,000 housing associations in England, Scotland and Wales which provide homes for sale and to rent.

Housing Act '80

Have you heard about
Shared Ownership?



Introduction

There are two main choices in the way in which you can be housed. You can be an owner-occupier and, when you want to move, you can sell your home at its new value. Alternatively you can be the tenant of a local authority, a housing association or a private landlord and pay a rent, in which case you cannot benefit from any increase in the value of your home and the landlord remains the owner.

However, some people would like to own their own home and could afford to pay more than their existing rent, but they still cannot afford to buy outright, either because they cannot meet the full mortgage repayments or because they cannot raise the necessary deposit — or both. This problem has been recognised for some time and various forms of shared ownership schemes have been pioneered successfully by housing associations and local authorities. However, because these forms did not allow occupiers to own the whole of the property, the Government, through the Housing Act 1980, now wishes to encourage a new form of shared ownership which allows occupiers both to increase the share they own and purchase outright. This is called "Stair-casing".

Some housing associations are now offering properties on this basis. Your local Citizens Advice Bureau or Housing Aid Centre should know the names of associations in your area.

What is shared ownership?

You can buy your home by way of a long lease (usually 99 years) but only pay for a quarter or half or three-quarters of its value at the outset, depending on your savings and the amount of mortgage you can repay. If you choose to buy a quarter you will pay rent on the remaining three-quarters to the housing association which sold to you. At a later date (there is no time limit), you can if you wish, increase your mortgage and buy another quarter which will mean that you will own half and the association's stake is reduced to half. Your rent at that point decreases correspondingly. Similarly you can then buy a third quarter and ultimately the whole property, though you don't have to if you don't want to. If you live in a house you will then be able to acquire the freehold.

While you are buying your home you would start paying much less than the mortgage repayments that a full owner-occupier would pay; and in addition a rent that is less than the full rent which is payable as an ordinary housing association tenant (i.e. 75%, 50% or 25% of the equivalent rent, less any service element). Your outgoings would be less than if you bought the whole property but more than for renting.

However even though you only have to pay part of the cost of the property you will legally be the owner of your home.

Who is shared ownership for?

This is a particularly appropriate way of taking steps towards full owner-occupation for young people with the hope and expectation that in future years their income will rise. There are no hard and fast rules concerning who is eligible and there is no "points" system. However, each association will have its own ideas concerning who should be eligible for their schemes and generally will favour people who are unable to find a home by any other means.

What do I do to get one of these homes?

First you will have to fill in an application form which will be provided by a housing association which is undertaking shared ownership. If you are successful in your application you will be invited to view the available property and will be told the purchase price valued by the District Valuer. If you decide to buy you should then arrange the finance of the purchase.

How do I get a mortgage?

Depending on any savings you have you may need to borrow the whole or part of the cost from a building society or a bank. If you already save with a building society it would be well worth approaching them first. If not, you should start saving with one now (and, if you have not already taken advantage of it, ask them for the leaflet on the Government scheme of Special Help to

First Time Buyers). It is possible that the housing association may be able to arrange a mortgage for you.

If your building society would like a copy of the proposed lease let the association know and one will be forwarded to them.

If a building society offers you a mortgage you will need to decide whether to choose an option mortgage subsidy equivalent to tax relief. If you pay little income tax a mortgage with option mortgage subsidy will usually be the better choice.

Once a building society has formally offered to advance you a mortgage or after they have indicated that such an offer will be forthcoming, you should let the association have the name and address of your solicitor. They will then let your solicitor have the draft lease. After your solicitor has advised you on this and your building society has made a formal offer of a loan, the sale can be formally completed and the house or flat will be yours.

When you approach a solicitor or a building society you may find it useful to take along this leaflet. If you do not know a solicitor, lists are available at your local Citizens Advice Bureau.

Do I sign a lease?

Yes. The shared ownership lease entitles you to live in your home for a specified period or term. For the first owner this is 99 years. It also specifies

the method of calculating the rent and service charge (if any) you have to pay monthly, quarterly or annually and lays down the things you and the association can and cannot do.

Can I share the ownership of the lease with someone else?

Up to four people can become joint owners. We would suggest you take advice from your solicitor on this point.

How much will I have to pay at the outset?

Stamp duty — when you buy the lease you may have to pay stamp duty on it. The association will be able to give you some idea on how much this will be when you choose your new home.

Other costs — you will have to pay your own solicitor to advise you and to approve the lease on your behalf and, following completion of the lease, to have it stamped and registered (if appropriate) at HM Land Registry. Your solicitors will charge you for the fee payable to the Land Registry and to a local authority to make a Local Authority Search. You should ask him for an estimate. If you need a mortgage from a building society you will have to pay for their valuation of the property and the legal fees relating to the mortgage. Your building society should be able to estimate how much this will be.

Mortgage — you will have to pay off

your mortgage by regular payments to the building society. The actual amount that you will have to pay, of course, depends on the amount that you borrow and will vary from time to time if interest rates change.

Rent — you will pay a rent each month to the association based on the “fair rent” which will be assessed by the Rent Officer. The rent will take into account the fact that you are the owner of your home and therefore have to pay for its maintenance and repair. Accordingly it will be less than the normal “fair rent” which would be payable if you were a tenant. Remember you will only have to pay the appropriate percentage of this amount. The “fair rent” will be reassessed every two years and you will then have to pay the appropriate percentage of the new amount. The rent which is paid to the association goes towards repaying the Government who put up the money in the first place to meet that part of the cost of providing your home that you have not paid for.

What about rates?

Like any other occupier, you will have to pay rates independently to your local authority. You may be eligible for a rate rebate.

What about repairs and insurance?

If your home is a house — you will be wholly responsible for all repairs. You

will be expected to pay a small service charge to cover the costs of insuring the structure of your house and help meet the cost of rent collection.

If your home is a flat — you will be responsible for the repair and redecoration of the inside of your home. Under the terms of the lease the association will undertake to keep the building in which your flat is situated in good structural repair, to keep the structure insured and to keep any common parts such as the staircase and corridors cleaned and lighted. In return for these services you will be called upon to meet your share of the costs by way of a service charge. The association will be accountable to you as to how the service charge was spent and you will be consulted before any major repair or maintenance work is put in hand.

Any damage or defect that you spot should be reported to the association immediately.

Regardless of whether your home is a house or a flat you would be wise to insure your contents and fittings because these will not be insured by the association.

How much do I pay when I exercise my right to staircase?

If you want to buy a further share of your home you must first of all ask the association to obtain a current valuation. They will ask the District Valuer to do this and will let you know the valuation as soon as it is received.

You will then usually have two or three months to decide:—

- 1 to buy a further share
- 2 to buy outright
- 3 to do nothing.

Whatever you decide to do the association will ask you to pay for the appropriate percentage of the District Valuer's valuation fee in advance but will not ask you to pay any other costs and expenses. The association will be able to tell you approximately how much a valuation would cost, before approaching the District Valuer. You may have to instruct a solicitor if you exercise your right to staircase — for example where you take an additional mortgage to enable you to exercise your right. (Your solicitor's fees however should be considerably less than the original fees).

Can I make improvements or alterations to my home?

If you wish to carry out improvements or make structural alterations to your home, then you should obtain the association's written agreement to your proposal.

What if I fall behind on my mortgage repayments?

The mortgage contract is between you and your building society. If you fall behind on the repayments due to temporary financial difficulties then

you should seek the help of the building society. If these difficulties cannot be overcome, then after due warning and certain legal proceedings, the building society will be able to take possession of your home and re-sell it to recover their losses. In the event of such a sale however you would be entitled to any of the proceeds of sale as appropriate to your share which exceeded your debt to the building society.

What if I fall behind on my rent or service charge?

Under the lease you will be obliged to pay the rent and in the case of a flat, a service charge. If you fall behind on these payments due to temporary financial difficulties, get in touch with the association to see if they can help you. If, however, you are not going to be able subsequently to make these payments up, then after certain legal proceedings, your home can be taken away from you and the lease forfeited. Once again you would be entitled to the balance of any sales proceeds left after the building society and the association have been repaid in full.

What if I die after buying a staircasing lease?

If you die then your home will pass in the normal way under the terms of your will or if you have not made a will under the rules for intestacy.

What do I do when I want to move?

If you want to move you can do so at any time. When you decide to sell you can either sell the percentage you own or exercise your option to staircase and sell the property outright. This is known as a 'simultaneous completion'. You would buy the remaining stake (in this case as assessed by the District Valuer) in your home at the same time that it was sold by you with vacant possession. This would be a paper transaction only since the money you would use to pay the association would come from the person who had bought the whole of your home for full owner-occupation.

If you haven't bought the whole of your home, or you wish to have a 'simultaneous completion' you must notify the association in writing that you want to move.

Whatever a purchaser pays for your lease is yours subject of course to your repaying any mortgage which you have taken out on the property or any additional share you purchase if you choose to have a 'simultaneous completion'.

Finally, some associations may include a clause in the lease to enable them to nominate one or more prospective purchasers.

Further information is available from the following Housing Corporation offices:

Scottish Head Office
19 Coates Crescent
Edinburgh EH3 7AF
Tel 031-226 3153

East North & South Scotland
Forth House
13-17 Forth Street
Edinburgh EH1 3LE
Tel 031-557 2300

Strathclyde
5th Floor
Mercantile Chambers
53 Bothwell Street
Glasgow G2 6TS
Tel 041-226 4611

North West
Elisabeth House
16 St Peters Square
Manchester M2 3DF
Tel 061-228 2951

Merseyside
6th Floor
Corn Exchange Buildings
Fenwick Street
Liverpool L2 7RD
Tel 051-236 0406

North East
St Pauls House
23 Park Square South
Leeds LS1 2ND
Tel 0532-469601

West Midlands

Norwich Union House
Waterloo Road
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West

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Pembroke House
Wellesley Road
Croydon
Surrey CR9 2BR
Tel 01-681 3771

Wales

24 Cathedral Road
Cardiff CF1 9LJ
Tel 0222-384611

The Housing Corporation is the government body which finances, controls and supervises registered housing associations, non-profit making bodies of which there are some 3,000 in England, Scotland and Wales. Set up in 1964, The Housing Corporation has a London headquarters and regional offices, working with associations to provide homes for sale and to rent by different methods.

Do-it-
Yourself
Shared
Ownership

A guide
for applicants



The Housing
Corporation

1. WHAT IS SHARED OWNERSHIP?

Shared ownership enables you to buy your own home in stages by purchasing a share of the property and renting the remainder from a housing association. Purchase is by way of a long lease (usually 99 years) and you may purchase a quarter, a half, or three quarters of the value of the property, depending on your savings and the amount of mortgage you can repay. Many people who have already purchased a home on shared ownership terms, find they can afford to buy half of the property's value at the outset.

If you choose to buy a half you can pay rent on the remaining half to the housing association which sold to you. At a later date (there is no time limit) you can, if you wish, increase your mortgage and buy another quarter, which means that you will own three-quarters and the association's stake is reduced to a quarter. Your rent at that point decreases correspondingly. Similarly, you can then buy the remaining quarter and become the owner of the whole property, but this is entirely up to you.

The following example illustrates the costs per week involved in shared ownership compared with full owner occupation and renting. The example assumes that the value of the property purchased is £20,000, the Fair Rent for the property is £18 per week, and the mortgage required is a 25 year repayment mortgage at an interest rate of 10%.

Renting	Shared Ownership (mortgage + rent)			Owner Occupation
	25%	50%	75%	
£18.00	£20.79	£26.29	£31.77	£37.27

2. WHAT IS DO-IT-YOURSELF SHARED OWNERSHIP?

Do-it-Yourself Shared Ownership, DIYSO for short, enables you to choose a property and acquire it on a shared ownership basis, through the housing association which is operating DIYSO in your area.

3. CAN YOU APPLY?

The housing association will consider an application if:

(a) you have an income which does not qualify for a mortgage for the home you require. As a general rule your income should be at or below the average level of incomes in the area in which you wish to buy.

and

(b) you are:

(i) moving to a new area to take up employment, particularly where the move is to an area of high housing cost. (If you are a job mover you will be given priority).

(ii) currently on the waiting list of a housing association, local authority or other public authority;

(iii) a tenant of a housing association, local authority, or other public authority;

(iv) a first time buyer, for example a young couple living in a parental home.

The housing association will also take into account all other relevant circumstances before reaching a decision.

4. WHAT PROPERTY CAN YOU BUY?

Property which may be purchased under this scheme are:

(a) a new property which is either available for immediate occupancy, or in the course of construction. These must attract a National House-Building Council (NHBC) guarantee in order to be purchased on your behalf by the housing association. The NHBC operate an insurance scheme which provides for certain repairs to be undertaken on new property, when defects arise during the first ten years of the property's life. The association is unable to purchase a property where such a guarantee cannot be provided.

(b) existing property of a satisfactory standard on which a building society will advance a mortgage. A survey must be carried out prior to purchase to ensure that the property is structurally sound, in a good state of repair, and has all the basic amenities. (If the property requires repair works as a condition of the mortgage you should discuss the position with the housing association.)

The property must be of a size which is appropriate to your housing needs. The association handling your application will take account of your household needs together with the availability of alternative property in the location required, when assessing your application.

5. ARE THERE PRICE LIMITS?

Yes. The full purchase price (that is before the shared ownership transaction takes place) must not exceed:

£40,000 in the Greater London area

£35,000 in the Home Counties

£30,000 elsewhere.

The purchase price must not exceed the valuation placed on the property by the building society providing the mortgage. (When considering a mortgage application the building society will always value a property to ensure that it can recover the money loaned to you by selling the property, should you default on your mortgage).

6. WHAT ABOUT A MORTGAGE?

In general you will be expected to make your own mortgage arrangements. Usually this will be with a building society or bank. Some housing associations have made arrangements with building societies for the provision of mortgages for shared ownership schemes, and you should discuss this with the association when making your application.

All the major building societies are familiar with the special type of lease which is used in these schemes and are willing to advance mortgages on this basis.

The building society will need to be wholly satisfied that you have sufficient income to repay both the mortgage and the rent. Some building societies may not be prepared to advance the full amount necessary to purchase the share required. In these circumstances you may be required to pay up to 10% of the value of the share to be purchased.

7. WHAT DO YOU NEED TO DO?

Contact the housing association which you have been advised to approach. This association is undertaking DIYSO in the area in which you wish to buy, and will provide you with an application form. This should be completed and returned to the Association, which may wish to discuss it with you. You may be asked to pay a returnable deposit of £100.

If you are accepted by the association you should begin to look for the property which is suitable for your requirements and within your means. The association may be able to advise you of the location of new developments of suitable property, or of areas of existing properties which are likely to be eligible for the scheme, but you may also need to approach local estate agents.

When you have located the property you require you should commission a qualified surveyor to carry out a survey and formally apply for a mortgage. You may be able to employ the Building Society's Surveyor to carry out your survey at a reduced rate at the same time as the property is valued. If the results of the survey are satisfactory, the price agreed with the vendor does not exceed the Building Society's valuation and the Housing Corporation has approved the application the association will purchase the property on your behalf. It will then sell the agreed proportion of the property to you on a shared ownership basis. The two main transactions will be interdependent and simultaneous.

When the sale is completed you will become a shared owner. This means that you pay rent to the housing association which sold you your home, and mortgage repayments to the building society which advanced you your mortgage. A full discussion of the responsibilities you will assume when you become a shared owner is contained in the booklet "Have you heard about Shared Ownership".