

SAMPLE AGREEMENT

Shared Ownership Protection

happy living together

for friends, family & couples

**Jason, Michelle, Andy &
Joanne**



share a mortgage

Why do you need it?

When buying with a friend, family member, flat-mate or with an unmarried partner, you hold the property as **Tenants in Common**. This means that your share of the property is yours; this differs from married couples who buy as Joint Tenants and they own the property together jointly (50:50).

Problems can arise between joint owners if there is not a legal agreement in place such as what happens if someone wants to sell, what if you fall out, what if you argue over how much you invested or if someone stops paying their share of the mortgage repayments/bills.

The Shared Ownership Protection is a declaration of trust **tailored to your specific needs** which protects the legal interests of all parties with a financial interest in the property. It goes into more detail than standard agreements to ensure you are covered whatever the eventuality.



How to leave

The process of leaving the property is simple; you can either:

- ✓ Sell together;
- ✓ Buy a share from the leaving party; or
- ✓ Transfer your share to another party.

It even covers how to leave if one person wants to stay and one wants to leave.



What your share on sale is

You agree at the outset how to calculate your share of any gain on sale will be using our formula that includes if you paid for:

- ✓ improving the property (extensions);
- ✓ different amounts for the initial deposit; or
- ✓ covering each other's mortgage repayments if any were missed.



What happens if?

The devil is in the detail and by agreeing all the potential issues at the outset you can be protected if anything does go wrong. It covers:

- ✓ If someone stops paying their share of mortgage/bills;
- ✓ If someone dies, disappears, has a child, gets married;
- ✓ House Rules (Gold version only); &
- ✓ Inventory of who owns what (Gold version only).

Example:

Parent investing in child's property

- ✓ If child gets married
- ✓ What you are repaid on sale

Unmarried couple buying together

- ✓ Exact share you own
- ✓ What you are repaid on sale
- ✓ How to sell or buy out each other
- ✓ Protection if you 'fall out'

Friends buying together

- ✓ Exact share you own
- ✓ What you are repaid on sale
- ✓ How to sell or buy out each other
- ✓ Protection if you 'fall out'

Things to cover:

...Now read a few sample pages of the Shared Ownership Protection.

EXAMPLE

1. DETAILS OF THE ARRANGEMENT:

Property:	Old Kent Road, 12 Example Hill, NE1 4BN
Land Registry Number:	XXX
Purchase Price:	£300,000
Original Mortgage Value:	£220,000
Balance paid by deposit:	£80,000
Effective Date:	XXX
Initial Mortgage Term Expires:	XXX
Minimum Period Expires:	XXX

Parties	Party 1	Party 2
Party's Full Name	Michelle Jamieson	Jason Big
Owner or Beneficiary	Owner	Beneficiary
Current address	1-4 Charlton Heston Road, Ascot, SL5 0TZ	12 The Old Farm House, Lon- don, W12 6PF
Children Full names and dates of birth for any dependants under the age of 18 (list only once if Parties are both parents)	None	None
Non-owner Residents Full names and dates of birth for anyone living in the property who is not a Beneficial Owner (List only once if Parties are both parents)	Andy Small 24th December 19XX 1-4 Charlton Heston Road, Ascot, SL5 0NN	Joanne Endover 24th December 19XX 1-4 Charlton Heston Road, Ascot, SL5 0NN
Allergies, illness or medication	N/a	N/a
Pets	N/a	N/a
Will stored at:	1-4 Charlton Heston Road, Ascot, SL5 0NN	1-4 Charlton Heston Road, Ascot, SL5 0NN
Original Deposit	£32,000	£48,000
Initial Share of Property	40%	60%
Share of Mortgage Repayments	50%	50%
Share of Bills	50%	0%
Share of Costs of Sale	50%	50%

2. BACKGROUND

- 2.1 The Parties wish to enter into the purchase of **Share a Mortgage House, Churchfield, Bedford Lane, SL5 0NN (the Property)** until the **Minimum Period** expires as set out in **clause 1**.
- 2.2 The Parties agree to pool their resources to buy and own the Property in accordance with the terms of this Agreement.
- 2.3 The Owners and Beneficiaries are as stated in **clause 1**.
- 2.4 An Owner for the purposes of this Agreement is a Party whose name is registered as a Legal Owner on the Land Registry Title in respect of the Property. A Beneficiary, for the purposes of this Agreement, also owns the Property but in a different way, as a Beneficial Owner (see definition) because of his/her financial contribution in respect of the Property with the Parties intention that he/she will acquire a corresponding beneficial interest in the Property. A Beneficial Owner of the land will have a right to the income from the property or a share in it, and a right to the proceeds of sale of the property or part of the proceeds, in proportion to their contribution.
- 2.5 The Owner holds the Legal Ownership of the Property and she holds the Beneficial Ownership of the Property on trust for herself and the Beneficiaries as tenants in common in the shares set out in this Agreement.
- 2.6 The Property shall be owned by the Parties strictly as **an investment asset** although the Owner/s may make use of the Property as a home during the term of the Agreement.
- 2.7 The primary purpose of the Mortgage Share is to enable the Parties to invest in property for a finite period of time with the primary aim of making a financial gain.
- 2.8 Before signing this Agreement, the Parties have either each received full advice related to **Section A (clause 1 to clause 34)** about the nature, effect and implications of entering into the Agreement; or decided not to obtain advice and confirm they are aware of their rights and obligations as a result of entering into the Agreement.

**...find out more by going to
www.shareamortgage.com**

Order your Shared Ownership Protection today

Call 0207 112 5388 or go to

www.shareamortgage.com

Order your bespoke tailored Agreement today!

Shared Ownership Protection **Silver**

Includes:

- ✓ Declaration of Trust stating your share of the property
- ✓ Protection if someone stops paying their mortgage
- ✓ Simple formulae for calculating your share on sale
- ✓ How to sell your share
- ✓ Dealing with shock events e.g. death
- ✓ Advice on property development (if required)
- ✓ How to sub-let your share of the property (if required)
- ✓ How to leave if relations break down
- ✓ All terms explained in simple English

Shared Ownership Protection **Gold**

Includes:

- ✓ Declaration of Trust stating your share of the property
- ✓ Protection if someone stops paying their mortgage
- ✓ Simple formulae for calculating your share on sale
- ✓ How to sell your share
- ✓ Dealing with shock events e.g. death
- ✓ Advice on property development (if required)
- ✓ How to sub-let your share of the property (if required)
- ✓ How to leave if relations break down
- ✓ All terms explained in simple English

PLUS

- ✓ Household bills apportioned
- ✓ Cohabitation house rules
- ✓ Inventory lists

Best suited for couples or family members

Best suited for friends

We recommend each person speaks to a solicitor to ensure they understand their obligations under the agreement before they sign it, however you can choose not to do this if you are happy to sign without legal advice.

Your home may be repossessed if you do not keep up repayments on your mortgage.

