



MORTGAGE MATES

CO-OWNERSHIP MANUAL

*the "**Bumble**" of home ownership, turning
strangers into Mates...*

www.mortgagemates.co.uk

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CONTENTS:

INTRODUCTION

Welcome	1
About Us	3
Who we are	3

OWNING A HOME

Why does home ownership matter?	4
How unaffordable is it?	4

CO-OWNERSHIP

What is co-ownership	5
How co-ownership works	6
Co-ownership agreements	6
Where we fit in	7
Benefits of Mortgage Mates	8
Considerations	9

MORTGAGE MATES

How Mortgage Mates works	11
Sharing Economy	12
How to get a Match	13
After we Match	14
We've matched, now what?	15
Where to go next	16
FAQs	17
Contact Us	18



Welcome to Mortgage Mates!

Mortgage Mates is like a dating website for home ownership.

The 'Bumble' of home ownership, we match you with other individuals (Mates) who have the same housing preferences as you, to own a home together.

Mortgage Mates can match you with Mates based on housing preferences and motivators including location, cost, property use, property type and reason for buying.

Our platform allows you to choose the security of home ownership over rental properties and share houses in a safe and secure way.

How does it work?

Using a unique algorithm Mortgage Mates matches you to Mates to search for, apply for and purchase housing together. By matching with Mates who share your housing aspirations, you can afford to purchase a home to live in, land to build on or an investment property to invest in, with less financial risks and increased legal protection.

By incorporating support from third parties in the areas of Finance, Estate Agent and Legal support you will be able to co-own a property safely, securely and most importantly, happily! Did you know you can use almost all providers in these industries to co-own a home, and you should take time to research and utilise the best providers that work for you.

After matching on Mortgage Mates, and locating the third parties that are right for you, we suggest drafting a co-ownership agreement to set out the rules and regulations each individual has to adhere to when co-owning a property. Mortgage Mates provides some basic information on third parties as part of our website, however, our users can choose to obtain Financial, Real Estate or Legal advice from **any** provider that operates in the co-ownership/homeownership space including providers **not listed** on our website.

You can find out more information on the above by going to the **What to do Next** page on our website.

We have created this Co-Ownership Manual to provide you with tips and tricks to help you on your co-ownership journey. While we have endeavoured to provide you the most up to date information, please note this manual is only a guide and proper financial, real estate and legal advice should always be sought prior to making decisions.

Thank you for jumping on board this new and exciting approach to home ownership in the UK!

Daisy

ABOUT US:

Mortgage Mates was developed initially in response to the growing number of Australians being priced out of the property market. With both original co-founders coming from a community development background, we saw the significant negative impact unstable housing can have on an individual, leading to financial and emotional stress. We believed that all individuals should have the opportunity to own their own home and therefore started to think outside the box and look for innovative solutions to the housing market here in Australia.

Over a few beers, the idea for Mortgage Mates was born and from there we juggled full time work, time differences and a pandemic to develop Mortgage Mates into what it is today. We ultimately want to see the housing continuum shift, with more individuals moving into the home ownership space, freeing up the rental market and hopefully contributing to a decrease in individuals experiencing housing stress and homelessness.

In March 2021 Jess left Mortgage Mates, with Daisy continuing to champion co-ownership in the UK moving forward!

WHO WE ARE:



DAISY ASHWORTH
FOUNDER

Ideas, passion and housing.

Throughout her 15 years experience working within the legal, housing and welfare space Daisy began to identify a growing gap in the housing market, noting individuals were finding themselves without a long term place to call home.

Following her work in the housing space, Daisy saw that many individuals were being priced out of the property market due to expensive rental properties, limited deposits and lower incomes.

It was because of her experience in this field, and her understanding that this lack of affordable home ownership has long term impacts on people, that she decided to do something about it. Using the 'stranger' economy to establish affordable housing, she developed the idea of connecting individuals together to enable them to co-own a home.

OWNING A HOME:

Why does home ownership matter?

Mortgage Mates come from a community development mindset, and these values are what drives us. Thinking back to our high school psychology lessons, Maslow's hierarchy of needs show us that having a safe and secure home is a basic essential need and vital to our wellbeing. While owning a home may not be essential, with the right purchase made, it is shown to greatly increase your psychological, financial and emotional wellbeing.

By supporting individuals currently priced out of the market into homeownership we aim to increase mental, physical and financial wellbeing for all individuals. Housing is an essential part of everyone's life, and owning a home is shown to have positive impacts throughout your life time.

How unaffordable is it?

Entering the property market is incredibly challenging in the United Kingdom so if you feel like you are struggling, you are certainly not alone. The UK has one of the most expensive housing markets in the world and has seen a significant decline in the number of young people purchasing their own home over the last decade, whilst also seeing an increase in the number of older adults falling into homelessness later in life.

Here are some facts and figures:



8 million young people impacted by the housing crisis in the United Kingdom.



London is one of the top ten **most expensive** cities in the world.



One in three individuals are unlikely to ever own a home.



21% reduction in home ownership in the last 10 years for young adults*



1 in 5 experience **loneliness** due to **limited social connection**

CO-OWNERSHIP:

With the rising costs of housing in the United Kingdom, many people are looking to alternative solutions such as co-ownership, as a means to enter the property market. The concept of co-ownership is when two or more people pool their resources to buy a property where they share the ownership. This means that each owner will own a proportion of the property (usually split evenly but not always) and collectively pay off the mortgage. It can also be known as a Deed of Trust or Cohabitation Agreement in the UK.

The concept of co-ownership has been around for many years with couples, partners, family and friends regularly buying property together. Often these purchases are without a legal co-ownership agreement in place and come with their own challenges. For all our Mates we highly, highly recommend drawing up this agreement to ensure you are covered and are both on the same page with how the property will be managed.

You can apply co-ownership to all forms of property including rural properties, land, metropolitan houses, apartments and town houses, and at any point of the price continuum. It can also be used to live in or as an investment, so whatever your situation is, Mortgage Mates can work for you.

There are many key benefits to co-ownership which is resulting in a growing number of young buyers turning to this option to enter the property market. These include:

BENEFITS OF CO-OWNERSHIP:

- 1 Enter the market quicker at a fraction of the cost
- 2 Larger borrowing power
- 3 Increased buying options
- 4 Reduced cost of bills and maintenance
- 5 Increased social connection
- 6 Reduced carbon footprint



HOW CO-OWNERSHIP WORKS:

There are a number of legal ways to look at co-ownership, with the most common way being "Tenants in Common". Other forms of ownership have different legal requirements and should be considered independently. When making a choice as to which home-ownership model you choose, we advise that you seek legal advice from a company that specialises in co-ownership agreements such as Net Lawman.

In regards to Tenants in Common, this allows two or more people shared ownership rights in the same property or piece of land. In this arrangement, each owner or Mate may control an equal or different percentage of the total property - i.e. you could split the property 50/50 or 30/30/40 or any number of ways. These percentages, however, are defined shares that must be agreed upon prior to sale and each owner can dispose of these shares as they wish. This is agreed upon prior to the sale of the property and will be outlined in your Co-ownership agreement.

In a Tenants in Common agreement, all areas of the property are owned equally by each of the owners. This means that each individual owner cannot claim a specific part of the property as their own. In this model, if one owner wishes to sell the property the other owners may buy out another to dissolve the tenancy in common or if they wish to own the entire property. When the property is eventually sold, all proceeds are divided among the co-owners according to their agreed interest in the property.

CO-OWNERSHIP AGREEMENT:

Mortgage Mates highly, highly recommends drawing up a co-ownership agreement (also known as a Deed of Trust or Cohabitation Agreement) prior to purchasing a property with a Mate. This is a legal document that may only cost a few hundred dollars but prevents future arguments and disagreements, and protects in the instance something doesn't go to plan. We recommend speaking to a legal firm like Pod Property to assist you in drawing up an agreement.

A co-ownership agreement is a legal document that includes points such as, but not limited to:

- The rights and obligations of each owner;
- The percentage each owner has in the property;
- Who is entitled to reside at the property or whether the property will be rented out;
- The responsibility of each owner in regards to mortgage repayments;
- How maintenance will be divided;
- What happens if one owner wishes to sell the property; and
- What occurs in the case of bankruptcy or death.

By drawing up this agreement it provides each owner with a clear and legal understanding of how the property is to be managed and what each person's rights and responsibilities are.

WHERE WE FIT IN:

We believe affordable housing is important whether you rent, own, live in private housing or social or government housing. We also believe that home ownership should be available for every individual in the United Kingdom.

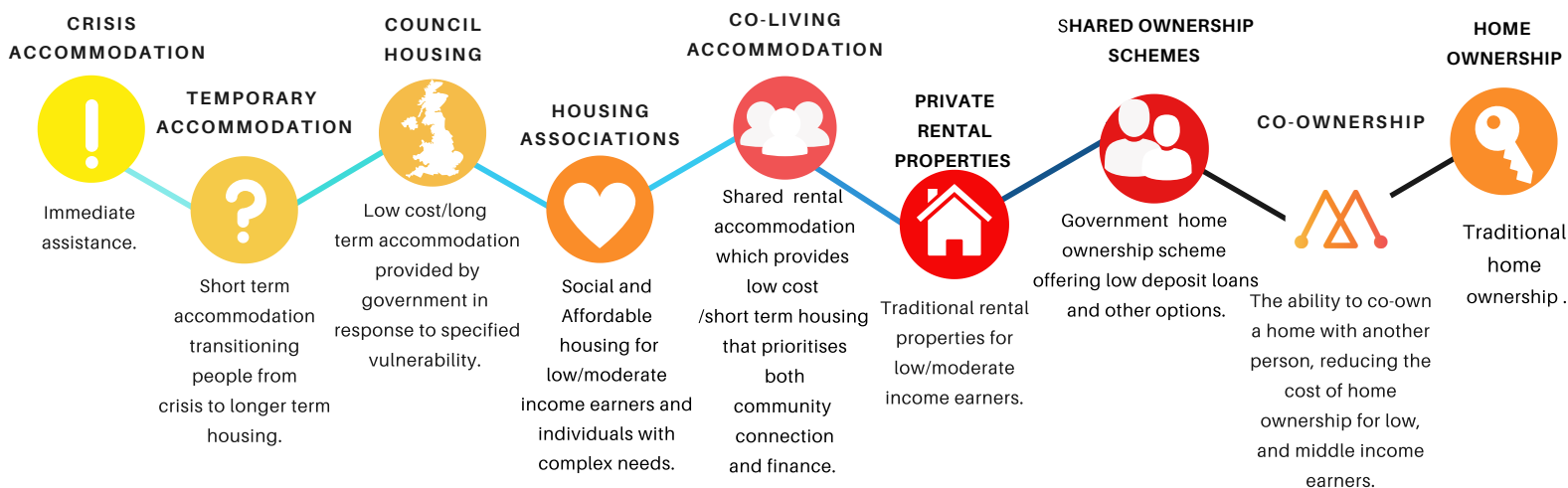
Over recent years there has been an increase in rental and home ownership affordability challenges and we believe Mortgage Mates is one way to mitigate against this re-occurring in the future.

Building on a growing movement that looks to promote innovation in housing, Mortgage Mates fits alongside co-living, co-operative and co-housing opportunities.

We recognise this option is not for everyone, however it opens the door to ownership for many people who would otherwise be priced out of the market.

The diagram below demonstrates just how co-ownership can assist and support our UK housing continuum in the future.

BRITAIN'S HOUSING CONTINUUM



BENEFITS OF MORTGAGE MATES:

1 Enter the property market quicker at a fraction of the cost and time

By far the biggest benefit of co-ownership is the ability to enter the property ladder quicker due to requiring significantly less savings. By buying with another person, instead of requiring the full deposit, stamp duty and other costs associated with buying a property you only need half of this. With the current gap between yearly wages and housing prices, saving a 20% deposit alone can be extremely challenging and can take many years. By buying with another person, this will significantly reduce the amount you need to save and you will be able to enter the property market quicker. The quicker you enter the market, the earlier you can stop paying off someone else's mortgage and start paying off your own, have an asset you can leverage and stable housing.

2 Larger borrowing power

Next is your borrowing power. By partnering up with another person to co-own your combined income and assets allow for you to access a mortgage value far greater than what you could by yourself. With a greater borrowing power your housing options greatly increase.

3 Increased buying options

As we said above, co-ownership increases your borrowing power so you are able to afford a more expensive property. This will enable you to make less sacrifices in what you want to buy. Often first home buyers are pushed to the fringes of cities, into small apartments that may be a riskier investment or into houses that need a significant amount of work that you don't have the time or money to do. By increasing your borrowing amount, you can purchase a property in an area closer to your dream location, whether that is driven by it being a great investment suburb, a location near your social supports including family and friends or near to employment opportunities and infrastructure.

4 Reduced cost of bills and maintenance

Further to this, you will have someone to share both the initial costs including stamp duty, housing appraisal and set up costs but also the ongoing costs of owning home. This includes council rates, body corporation fees, maintenance and bills. By co-owning these costs are split between two or more of you, greatly reducing the ongoing costs of owning a home on top of a mortgage.

5 Increased social connection

Another benefit that you might not have considered is an increase in social connection. By using Mortgage Mates we match you with like-minded individuals who share common aspirations and values. By co-owning a home together you may find someone you have a strong social connection to and can share existing social networks with each other. Currently it is stated that 1 in 5 individuals experience loneliness, by purchasing and potentially living together, you are opening yourself up to new connections, opportunities and experiences.

6 Reduced carbon footprint

It is estimated that the UK population will grow from 66 to 69 million by 2028, requiring millions more properties. By sharing a home with someone else we can greatly reduce our carbon footprint by sharing resources including powering one home instead of two and reducing the number of houses required.

CONSIDERATIONS:

1 Type of agreement and liability

The first consideration is establishing which form of co-ownership works for you. For our Mates, when we talk about co-ownership we are only talking about Tenants in Common*. For anyone considering a Joint Tenancy we would strongly recommend you seeking additional, specific advice as the legal implications are more significant. The co-ownership agreements we will talk about below are unlikely to support a Joint Tenancy sufficiently for this information to be relevant in this instance. A co-ownership agreement is a legally binding contract which can be used to specify how you own your home together. It can be used to set out your repayments schedules, which insurances you require to own a home together and even when you would be able to sell the property. We have a variety of contracts available from third parties through our 'What's Next Page' that can go into as much or as little detail as you require. Co-ownership agreements can be used by new Mates or individuals with existing relationships, to safely own a home together.

**The space of fractional/co/shared ownership is increasing on a daily basis in the United Kingdom. Some options for ownership may look like they fall under the co-ownership bracket but each of these options vary slightly. Again, the co-ownership agreements we talk about here may not be suitable in these instances.*

2 Selling the property

The most obvious concern for our Mates comes at the point of sale of the home. What happens when one co-owner wants to sell but the other doesn't want to? This should all be clearly defined in your co-ownership agreement and discussed at the beginning of the journey.

Selling and buying a home and the associated move is expensive and disruptive. One of the first conversations our Mates should have, is how long they are planning to own this property for. Is the intention to live in the property for the duration of the ownership and will it be kept on as an investment in the future? By understanding these needs early on you can prevent issues or misunderstandings later on.

Understanding how to sell a proportion of a home in the future is also something to consider as part of your agreement. Will you enable your Mate be offered first refusal if and when one of you decides to sell and if not, which platforms can you use to sell a part of a property? There are lots of options out there- but knowing which you will use from the beginning will alleviate any concerns this may cause.

3 Mortgage repayments

Understanding your financial liability as co-owner is extremely important. Buying as Tenants in Common will mean you are jointly and severally liable for the debt on the property. To mitigate this risk, you may request in the co-ownership agreement to have income protection insurance as part of your financial packages, or that a savings amount for a number of months mortgage payments are kept in a joint account. This will enable both Mates a level of relief if one or both owners are out of work for a period of time.

Being honest and open from the beginning about what you are looking for and about your hopes for the future, will ensure you have a smooth relationship with your Mate. Asking the hard questions, such as what if I find a partner, or what if I want to start my own business from the property will ensure you can both plan for the future. If you would like further independent advice on which Mortgage you should undertake and what the financial impact of this particular mortgage may be, reach out to the financial providers to obtain advice on which Mortgage works best for your co-owning needs.

4 Maintenance and bills

When co-owning a home together (either to co-live or co-invest), it is important to consider the every day costs of owning a home, not just the cost of purchasing the property. This means that whilst it is important to make the right choice for your mortgage, it is equally as important to understand how bills will be paid and who will complete any maintenance requests.

These questions will vary based on whether the house is an investment home or a property you co-live in. For example, if you are buying as part of an investment property, you may decide to put the responsibility of bills and maintenance with the Estate Agent. This enables you and your co-owner to place the management of the property with a third party and simply receive your return on investment moving forward.

However, if you are co-living together, it is worth discussing the inclusion of this information in the co-ownership agreement. You may decide to pay a set amount in addition to the mortgage, to cover any costs in the property. You may also agree to pay for a maintenance person to manage any repairs on the property, so it is clear from the outset that this will be the process. If you are detailed focused, you may agree to do three quotes per repair before committing to a tradesperson to manage the process moving forward.

If you want to split the bills as part of a co-living arrangement, there are apps and companies who can assist you to manage these effectively. To find out more, reach out to support@mortgagemates.com.au for more information.

5 Renting out the property

The decision of whether to rent out the property can apply both in the beginning, if co-owning as an investment property or, in the future, when buying as a co-living property and then wanting to shift to an investment.

It is important to know how and when you want to rent a property out when you start your co-ownership journey. It is one of the 'motivators' now available on our website and allows you to determine, very quickly, whether your matches have the same housing needs as you.

Mortgage Mates is flexible and enables a range of options including for both parties to live in the home, one person to live in the home alongside an investor, or for both people to own as an investment. Depending on the needs of both co-owners you will need to determine and set out in the co-ownership agreement whether it will be a traditional rental property and if so, will it be rented via a real estate agent, or will it be a temporary rental via an Airbnb style website? If it is the latter, will this option be managed by the investors or a real estate agent, and how often will it need to be rented to ensure it meets any financial requirements?

Whilst we know a Mortgage Mates house won't be a forever home for most Mates, it can be a stepping stone into your forever home. If you and your Mate buy to co-live at first, you may end up moving out of the property and considering owning this home as an investment property. This means you continue to gain equity and build wealth, whilst also going on to live in your first solo home.

Again we suggest having these conversations early on with your Mate, perhaps agree on a five year plan, one which talks about how you co-live, and then how you hold the property after this, perhaps renting out for a further five years and then selling the house to raise funds for the forever home.

There is no right answer to how you chose to take your journey, but having clear steps will definitely make it easier to manage long term.

HOW DOES MORTGAGE MATES WORK?



COMPLETE YOUR DASHBOARD

1

Sign up to create your account. Once verified, log in to create your user dashboard including the Member Profile, My Profile and What am I looking for sections.

Make sure you put up a photo and fill in your details - this will increase your chances of a successful match.



USE THE MEET MATES PAGE TO LOCATE MATES

2

Compatible Mates will be available to view either from your dashboard, or, from the Meet Mates tab. You will be able to connect with Mates you wish to speak with using the connect button.



MATCH AND CONNECT WITH SIMILAR MATES

3

Once you both approve of the match, you can chat via email. Once it seems like it might be a good match, head out for a coffee or meet up to chat to check you're on the same page.



GET LOANS APPROVED, DRAW UP AN AGREEMENT

4

Once you've figured out your a great match - make sure you get organised with pre-approval for your loan and any check and balances you'd like to do. Have open and honest conversations about your expectations and draw up a co-ownership agreement.



CO-PURCHASE A HOME TOGETHER!

5

Now you've got your match, have checked you're on the same page and have agreed on the terms on the co-ownership agreement. It's time to start looking for a house. For further tips and tricks, head to our "What's Next" page.

THE SHARING ECONOMY:

We know that buying a house with a stranger might seem odd at first. But with the growing need and popularity of the "sharing economy" you probably already do lot's of things with strangers, many of which you never would have done a few years ago either!

Just think back to 5 years ago would you have...



...**hired** a stranger?

...**got in a car** with a stranger?

...**stayed in house** with a stranger?

Now platforms like AirTasker, Uber and AirBnB are a way of life. The term "community" changes, the way we connect and work together as a society changes too. These platforms are part of the sharing or "gig" economy, where peer to peer transactions occur. It is a revolution, a new way of connecting and sharing resources with each other. As it grows in popularity the space continues to evolve and reach into new markets. Mortgage Mates is the first of its kind, matching individuals to buy a house together and share the ownership of a home.

Did you know that thanks to Strangers you can now, hire some one to build your IKEA furniture online? Rent out your driveway whilst you are at work or a garden area for family parties as and when you need them?

While buying with another person may not be the way you thought you would own a home, it does mean you can do it faster, and safer, than waiting to buy on your own or with a partner. If you sign up to our subscription service, we will provide you with tips and tricks to buying a home and give you the time and information to feel safe and comfortable buying a home this way.

so why not **buy a house** with one?



FINDING YOUR MATCH: YOUR MATES PROFILE



Once you have signed up to the website, the next step is to set up your profile page.

This is going to be the first step in your journey to owning a home- so doing it well is really important!

This is the first time your potential Mates will have an opportunity to see who they can Match with and will support them in understanding your motivation for owning a home.

Another key component in getting interest from other Mates, is your profile picture! Something bright, and clear- and representative of you, is going to help engage the interest of other Mates after you match.

If you have a pet and come as a package deal, include them in your profile so your Mate can see that they get two for the price of one! Or, if you are a huge music or sports fan- have a profile that represents you so you find a Mate with similar interests.

Once you have picked your profile picture it's time to consider the other information you want to include.

This is the information that will further engage your Mates, but more importantly will be used by our algorithm to match you together!

In particular you should consider:

- The location you want to buy in
- The type of property you want to buy
- How much you want to spend in total
- What your deposit amount is

Include in your profile, some written information about who you are, what your interests are and why you would make a good Mortgage Mate. To make the most of your profile, think about what you want to know when meeting your co-owner, and include it in YOUR profile. You may even inspire others on what to include! If you have a creative mindset, you may even think of a quirky tag line too... **'Two owners for Twickenham'** or **'Shared owner in Sheffield'** as examples.



WE'VE MATCHED, NOW WHAT?

Once you've got a match on Mortgage Mates, you might be wondering what to do next. We provide a number of tips, tricks and recommendations but every relationship is unique so do what suits you both best. If you have any questions or concerns, check out our blog and social media or reach out to us at support@mortgagemates.com.au. Below is also a quick 5 step suggestion to get you started:

5 STEPS FROM MATCH TO MATE:



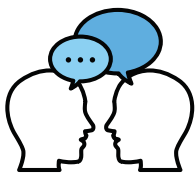
Once you have matched on Mortgage Mates, send your Mate an email suggesting you get to know each other. Tell them a bit about yourself, and what you are looking for from your Mortgage Mate!



After you have been in contact for a few days, and feel comfortable doing so, look to organise catching up with your Mate so you can learn more about each other and your housing needs.



Catch up with your Mate for coffee (or Tea) and get to know each other. Check that your housing needs match up and that you get along well. Once you have got to know your Mate, the exciting part starts!



Start the serious conversations early. Make sure you both feel comfortable answering the hard questions and providing the same documentation. Have a look at our co-ownership agreements, and decide what legal and financial information you want to share.



Start looking for your house and ensure you have your loan pre-approval! Mortgage Mates has some great relationships with relevant third parties who can help you with this. We also have a 5 step plan for first time buyers to understand the buying process.

Head back to www.mortgagemates.co.uk to find out more!

AFTER YOU MATCH:

Just like a dating website, Mortgage Mates is the connector for you and your Mate.

Our area of specialty is helping **you** find the best person to **own a home with** and whilst we can help you link in with other providers, we do not provide any Financial, Real Estate or Legal advice ourselves. You can also reach out to other providers not listed on our website.

Once matched we suggest you follow some simple steps to safely co-own your home. This could include:

- Financial checks.
- Police checks.
- Legal agreements.
- Personal checks.

We would suggest taking these steps (and any others you feel are necessary in your circumstances) after discussion and agreement between you and your Mate.

Once you have matched with a Mate that you want to consider owning a home with it is time to start the difficult questions. Verifying each other's situation will enable a smoother and happier housing hunting experience.



1 Ask your Mate to provide evidence of their financial circumstances. This could include, but is not limited to: Credit Score, Savings Account and Pre-approval from the bank. **Make sure when you share personal information that you do so safely- perhaps through the use of a bank, mortgage broker or lawyer.**

2 Ask your Mate to provide evidence of their legal situation. This may involve requesting an up to date police clearance and where children are present a DBS check. This assists to validate their character and capabilities to co-own a home. You may also ask for references from your Mate- employment and personal, to validate their character further.

3 Consider which co-ownership agreement you want to use, who will draft the agreement and what clauses you want to include in the agreement.

4 Approach relevant third parties (Real Estate Agent and Mortgage Broker) to assist you with finding and securing your home.

5 Enjoy owning a home together!

WHO AND WHERE TO GO NEXT:

Mortgage Mates has been designed as the pathway to co-ownership.

We have a fully supportive website which can assist you to not only find your Mate, but also provides information on Finance, Estate Agent and Legal advisors to consider, alongside any other providers you may have a relationship with, or are interest in contacting.

Whether you know exactly what kind of property you want to buy, or you need some guidance to find the right location, there are many third parties that can support you in your housing journey.

By going to our **What to do Next** page you can pull together relevant information for buying or co-owning a home. The selection of providers available on the website are not exhaustive, and can be used in conjunction with other companies you may already have a relationship with.

Below are some of the providers we have handpicked because of their interest in co-ownership. If you have any questions about how they can support you- reach out to them directly using the link provided on the website.

Not all third parties highlighted on the Mortgage Mates website are affiliated with us, some have been included to highlight the varying options available to you when co-owning or buying a home.

THIRD PARTIES COMING SOON!

FAQS:

Where is Mortgage Mates based?

Mortgage Mates is an UK website covering matches across the country.

How can I search?

To use Mortgage Mates you will need to set up your Mates profile, which includes a section where you can write about yourself, interests and current employment. Other users will be able to see this information when you have matched with them. It should include details about who you are and what you are looking for in the property market. You can edit and delete your profile at any time through the **Meet Mates** tab.

What can I search?

You can modify your profile to search a number of criteria for your prospective Mates. This includes UK wide location options, housing choices (apartment, unit, house or land packages), price, age and gender. Mortgage Mates will continue to develop these search options to incorporate a number of personal choices to increase matching capacity.

What happens next?

Once you match with your Mate you will be provided with a number of contact options. Mortgage Mates suggests connecting with your Mate online, before safely arranging to meet in person. If you and your Mate want to continue on the co-ownership journey after meeting, Mortgage Mates can provide information on Finance, Real Estate and Legal providers who may be able to assist (actual assistance will be determined by each provider in line with their terms and conditions). However, you can also utilise providers you have located independently- whichever options provide the best support to you.

Have more questions?

Contact us on daisy@mortgagemates.co.uk.





MORTGAGE MATES

www.mortgagemates.co.uk

CONTACT US:



DAISY ASHWORTH

Ideas, passion, people and housing.

daisy@www.mortgagemates.co.uk