# Guidance for shared ownership providers when completing 'Summary of costs'

The information in this document is for an **Older Persons Shared Ownership** (**OPSO)** home on the **new shared ownership model**. These homes will conform to the requirements of the Affordable Homes Programme (AHP) 2021 to 2026.

This document is intended for initial sales and resales.

It's for prospective homebuyers:

* after they have gone through a financial assessment
* before they pay the reservation fee to secure a shared ownership home

Use it to give the homebuyer a personalised summary of all the costs involved in buying, owning and selling a shared ownership home. Providers may brand the document but must not alter the content or order of information.

The document should be explained to the customer and they should be given the opportunity to ask questions.

This document should be provided to the homebuyer at the same time as the ‘Key information about shared ownership’.

To complete the document:

1. Follow the instructions highlighted in yellow.
2. Enter the costs and fees in the highlighted fields.
3. Delete the statements that do not apply to the home.
4. Delete the instructions about how to complete the document.

Feedback

If you have any feedback about this document, contact:

Affordable Housing Products team   
Homes England   
Email: [sharedownership@homesengland.gov.uk](mailto:sharedownership@homesengland.gov.uk)

# Summary of costs

The information in this document is for an **Older Persons Shared Ownership** home on the **new shared ownership model**. There are variations of shared ownership which have different features. For more information on the variations, see the ‘Key information about the home’ document.

When you are looking for shared ownership homes, you should always check the Key Information Document to see which model covers that specific home.

When you buy a home through shared ownership, you enter into a shared ownership lease. The lease is a legal agreement between you (the ‘leaseholder’) and the landlord. It sets out the rights and responsibilities of both parties.

Before committing to buy a shared ownership property, you should take independent legal and financial advice.

This summary of costs document is to help you decide if Older Persons Shared Ownership is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

It does not form part of the lease. You should carefully consider the information and the accompanying lease, and discuss any issues with your legal adviser before signing the lease.

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| Failure to pay your rent, service charge or mortgage could mean your home is at risk of repossession.  The costs in this document are the costs as at the date issued. These will increase (typically on an annual basis) and you should take financial advice on whether this will be sustainable for you. |

## Purchase costs

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| **Full market value** | £\_\_\_\_\_\_ |
| **Share purchase price and percentage share offered** | *Enter the share price and percentage share offered based on the financial assessment.*  £\_\_\_\_\_\_ (\_\_% share)  The share purchase price is calculated using the full market value and the percentage share purchased. |
| **Deposit** | *Enter the deposit amount and % of sale purchase price*  £\_\_\_\_ (\_\_\_ % of the sale purchase price)  The deposit is payable when you exchange contracts to buy the home. It will be taken off of the final amount you pay on completion. For more information, speak to your legal adviser. |
| **Reservation fee** | *Enter the reservation fee. If you do not charge a fee, for example on a resale home, enter £0.*  £\_\_\_  You’ll need to pay a reservation fee to secure your home. When you pay the fee, no one else will be able to reserve the home.  *Edit the following statement to reflect your policy on how long you'll reserve the home for and refunds.*  The reservation fee secures the home for \_\_ days. If you buy the home, the fee will be taken off the final amount you pay on completion. If you do not buy the home, the fee is/is not refundable. |
| **Your legal adviser’s fees** | Legal adviser’s fees can vary. You can expect to pay fees including:   * legal services fee * search costs * banking charges * Land Registry fee * document pack fee * management agent consent fee - subject to development and terms of the management company   You'll need to ask your legal adviser what the fees cover and the cost for your purchase. |
| **Stamp Duty Land Tax (SDLT)** | You may have to pay Stamp Duty Land Tax (SDLT) depending on your circumstances and the home's market value. Discuss this with your legal adviser. There is more guidance on the GOV.UK website:   * [Stamp Duty Land Tax: shared ownership property](https://www.gov.uk/guidance/sdlt-shared-ownership-property) * [Calculate Stamp Duty Land Tax (SDLT)](https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/) |

## Your monthly payments to the landlord

If the home is put on the market to sell, these costs will need to be met until the new buyer completes on the sale (even if you aren’t living in the home).

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| **Rent** | *Enter the percentage share and the monthly rent based on the financial assessment. Delete the following statement if initial share is 75%.*  If you buy a \_\_% share, the rent will be £\_\_\_ a month.  When you reach 75% ownership, there is no rent payable on the remaining 25% share.  *If a 75% share is being purchased use the following statement. If not delete the following statement.*  As you are buying 75%, no rent is payable. |
| **Service charge** | *If there is a service charge, enter the amount. If this does not apply, enter "There is no service charge to pay." Delete as applicable.*  £\_\_\_ a month / There is no service charge to pay.  *Specify what the service charge covers. If there is no service charge, delete the following statement.*  The service charge is for \_\_\_\_\_\_\_\_\_\_\_. |
| **Warden services/Person centred services** | *Add in costs and details of services*  £\_\_\_ a month / There is no charge to pay.  *Specify what the charge covers. If there is no charge, delete the following statement.*  The charge is for \_\_\_\_\_\_\_\_\_\_\_. |
| **Estate charge** | *If there is an estate charge, enter the amount. If this does not apply, enter "There is no estate charge to pay." instead. Delete as applicable.*  £\_\_\_ a month / There is no estate charge to pay.  *Specify what the estate charge covers. If there is no estate charge, delete the following statement.*  The estate charge is for \_\_\_\_\_\_\_\_\_\_\_. |
| **Buildings insurance** | £\_\_\_ a month |
| **Management fee** | *If there is a management fee, enter the amount and who it's payable to. If this does not apply, enter "There is no management fee to pay." Delete as applicable.*  £\_\_\_ a month / There is no management fee to pay.  The management fee is payable to \_\_\_\_\_\_\_\_\_.  *Specify what the management fee covers. If there is no management fee, delete the following sentence.*  The management fee is for \_\_\_\_\_\_\_\_\_. |
| **Reserve (sinking) fund payment** | *If there is a reserve fund payment, enter the amount. If this does not apply, enter "There is no reserve fund payment." Delete as applicable.*  £\_\_ a month / There is no reserve fund payment.  *If there is no reserve fund payment, delete the following sentence.*  For more information, see section 5.7, 'Repairs reserve fund', in the ‘Key information about shared ownership’ document. |
| **Total monthly payment to the landlord** | Your total monthly payment for the rent and other charges described above will be:  £\_\_\_\_ a month  You'll need to budget for your other costs of owning a home, which are not included in the monthly payment to the landlord. For example, mortgage repayment, contents insurance, Council Tax, gas and electricity, and water. |

## Rent review

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| **Rent review period** | *Enter the date when the rent will be reviewed.*  Your rent will be reviewed every year on *\_\_\_\_\_\_ (the Review Date*) commencing from [*date including year]* |
| **Rent review** | *State your additional percentage increase on top of the RPI increase (*maximum *0.5%) or CPI (maximum 1%).*  The maximum amount your rent can go up by is the same as the percentage increase in [the Retail Prices Index (RPI) / Consumer Price Index (CPI)] for the previous 12 months plus \_\_%.  Your landlord will notify you each year what this amount will be and tell you the date from which the new rent will be payable.  You should expect your rent to go up by the maximum amount possible each year when it is reviewed. |
|  | **Example rent increases**  The example below illustrates how the Rent shown in this document (£[600] per month) would rise during the first five Review Dates based on an example percentage increase each year of [6%\*/5%\*\*].  *\*If using RPI, insert the total of 5.5% + the Additional Percentage above (maximum 6%).*  *\*\*If using CPI, insert the total of 4% + the Additional Percentage above (Max 5% total).*  Please note that the below table is for illustration purposes only, using an example rate increase and the actual [RPI/CPI] for the relevant period will be used to calculate your new rent which may be more or less than the percentage shown.   |  |  |  |  |  | | --- | --- | --- | --- | --- | | New rent at Year 1 Review Date (applying an example percentage increase of [6% ]) | New rent at Year 2 Review Date (applying an example percentage increase of [6% ]) | New rent at Year 3 Review Date (applying an example percentage increase of [6% ]) | New rent at Year 4 Review Date (applying an example percentage increase of [6% ]) | New rent at Year 5 Review Date (applying an example percentage increase of [6% ]) | | [£636.00] per month | [£674.16] per month | [£714.61] per month | [£757.49] per month | [£802.94] per month | |

## Future costs if you buy more shares

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| **Home valuation** | If you want to buy more shares of 5% or more, you'll need to pay for a valuation by a surveyor who is registered with the Royal Institution of Chartered Surveyors (RICS). The estimated current cost is £\_\_\_.  *State who needs to arrange the valuation (please refer to the Capital Funding Guide for more information on shared ownership valuation requirements).*  You/the landlord will need to arrange the valuation.  If you need to arrange the valuation, you can find a registered surveyor on the RICS website.  The price of a 1% share is based on the original full market value adjusted up or down each year in line with the House Price Index (HPI). You'll receive an HPI valuation at least once a year. You or the landlord can choose to use a RICS valuation instead of HPI. The party who chooses to instruct a RICS surveyor pays for the cost of the valuation.  For more information, see section 6, ‘Buying more shares’, in the ‘Key information about shared ownership’ document. |
| **Share purchase administration fees** | *Enter your administration fee for staircasing transactions. If you do not charge a fee, state this. For example:*  Buy shares of 1% - no administration fee.  Buy shares of 5% or more - £\_\_\_  You cannot buy shares of 2%, 3% or 4%. |
| **Your legal adviser’s fees** | If you require legal advice when buying more shares, you are responsible for paying your own legal fees.  Regardless of whether you require legal advice, it is likely that your mortgage lender will require you to instruct a suitably qualified legal adviser if you are borrowing money to fund any purchase of additional shares.  The landlord is responsible for paying their own legal fees related to share purchase transactions. |

## Future costs if you sell your home

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| **Landlord's current selling fee** | *Enter your resales administration fee. Delete as appropriate.*  £\_\_\_  \_\_\_% of the share/market value(*Delete as applicable)*  This will be subject to change in the future. (*Delete if the fee will remain fixed)*  Your landlord may charge a fee for marketing and finding a buyer for your home when you sell. If they do not find a buyer, this will not apply. |
| **Estate agent's fee** | You will only pay this if you use an estate agent. You can usually negotiate their fee. You can normally only choose to use an estate agent when the Landlord’s nomination period has ended.See the ‘Landlord’s nomination period’ section of the ‘Key information about your home’ document for more information. |
| **Your legal adviser’s fees** | You are responsible for seeking legal advice when you sell your home. You will need to pay your legal fees. |
| **Home valuation** | *State who needs to arrange the valuation (please refer to the Capital Funding Guide for more information on shared ownership valuation requirements).*  You/the landlord will arrange the valuation from a surveyor who is registered with the [Royal Institution of Chartered Surveyors](https://www.rics.org/) (RICS). You are responsible for paying the cost. |

## Future costs if you need to extend your lease term

All shared ownership homes are sold as leasehold, even houses. You may need to extend the term of your lease. This is because a short lease can affect the value of your home and can make it more difficult to sell, or get a mortgage on the home. A short lease is generally considered as one with 80 years or less left on the term, although different lenders have different criteria. It can be significantly more expensive to extend a short lease.

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| **Lease term** | \_\_\_ years |
| **Maximum share you can own** | You can buy up to 75% of your home. |
| **Transfer of freehold** | As you can only reach a maximum of 75% ownership, this home will always remain leasehold. |

Shared owners who own less than 100% of their home do not currently have a legal right to extend their lease term. Your landlord will confirm their policy on lease extensions for shared owners including how they apportion costs.

For more information see section 2.5 in the ‘Key information about shared ownership’ document.

## Other potential costs from the landlord

*Tell the homebuyer all other potential costs now and in the future - for example, permission fees. This should clearly outline any event fees and third party fees / new costs payable on final staircasing. You can:*

* *link to a full list of fees on your website*
* *send a separate document to the homebuyer*
* *enter the fees in the table below*

|  |  |
| --- | --- |
|  | £\_\_\_\_ |
|  | £\_\_\_\_ |
|  | £\_\_\_\_ |
|  | £\_\_\_\_ |
|  | £\_\_\_\_ |

## Your own payments

You could use this section to help you plan your budget. Depending on the home, you might have other costs to consider.

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| **Mortgage repayment** | £\_\_\_\_ a month |
| **Contents insurance** | £\_\_\_\_ a month |
| **Council Tax** | £\_\_\_\_ a month |
| **Gas and electricity** | £\_\_\_\_ |
| **Water** | £\_\_\_\_ |
| **Annual boiler service** | £\_\_\_\_ a year |
| **Other payments** |  |