

**WHAT  
DOES  
IT COST?**



# With Shared Ownership, you buy your brand new home in your own way

It's often an easier and more affordable way to become a homeowner because you start by buying just a share of your new home. The size of that share is tailored to you. In some cases, it can be from just 10% but is usually 25% or more.

#### **Your deposit is much lower**

For example, if you buy a 25% share it could even be up to 4 times smaller than if you bought your home outright.

#### **Your mortgage is smaller**

That's because it is based only on your share.

There are other costs too when you buy a Shared Ownership home. Some you pay every month. Others are just one-off costs before you move in. It's important for you to understand them all. This booklet tells you more.

**You can buy more of your Shared Ownership home in the future, and even own 100%.**

**To find out how you do that, and what the costs are see booklet 4 and video 4.**

**You can sell your share in your Shared Ownership home at any time.**

**To find out how you do that, and what the costs are see booklet 5 and video 5.**



Our Shared Ownership homeowners are very important to us. We want you to have a home you love and all the support you need, so we have dedicated teams to explain everything and answer all your questions. Simply email us at [sales@soresi.co.uk](mailto:sales@soresi.co.uk)

## One-off costs Before you move in



RESERVED



### + Your mortgage related costs

These include your mortgage deposit – from 5% of the share you buy – plus your mortgage survey fee, and possibly a mortgage arrangement fee.

### + Reservation fee

To secure the home you want – if your sale goes through, this amount is taken off the total you pay on completion day.

### + Independent Financial Adviser fees

For expert guidance to help you choose the right mortgage.

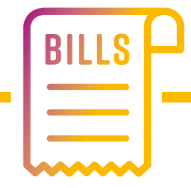
### + Solicitor's costs

Simply the usual legal costs of buying a home.

On completion day, you also need to pay one month's rent and service charge upfront.

There may or may not be Stamp Duty to pay. There's some basic information on page 5 and your solicitor will be able to tell you more.

## Monthly costs After you move in



### + Your mortgage

This is only on the share you buy – that can be from just 10% but is usually 25% or more. Or you can buy up to 75% immediately, if you can afford to.

### + Your rent payment

For the share you don't own – the bigger your share, the smaller the monthly rent payment.

### + Your service charge

Helps pay to look after the shared parts of your building or development

### + The usual costs of owning a home

Like household bills, costs for looking after the interior of your home and contents insurance.

**On completion day, you also need to pay one month's rent and service charge upfront. Find out more about rent payments and service charges overleaf.**

# Costs close-up

## You only pay these once

Before you buy your Shared Ownership home, there are some one-off costs, including your mortgage deposit. You have to show you have enough money to cover the whole of that deposit, plus at least £3,000 for the other costs. You can't borrow money on your mortgage, credit card or take out a personal loan for these, but your family or friends can help with the costs.

### + Mortgage related costs

These include your mortgage deposit – that's from 5% of the share you buy – plus your mortgage survey fee, and possibly a mortgage arrangement fee.

#### Your deposit

You pay a deposit of 5% or more. It's only on the value of your share of your home, so it is much less than if you buy a home the usual way.

#### How much?

Say the home you want is worth £400,000 and you buy 25% of it. That's £100,000. Your deposit could be 5% of £100,000. That's £5,000.

#### An arrangement fee

This is what you pay the lender to set up your mortgage. Arrangement fees vary significantly. You can usually choose either to pay this fee upfront or add it to your mortgage. The second option costs more overall because you pay interest on it.

#### A mortgage valuation fee

The lender will value the home you're buying to make sure it's worth the amount you want to borrow. Some lenders won't charge this

fee on certain mortgage deals. In addition, you can choose to pay for a more detailed property survey.

### + Reservation fee

You pay this when you accept our offer of a Shared Ownership home. If your sale goes through successfully, this amount is taken off the total you need to pay on completion day.

#### How much?

The reservation fee could be up to £500 depending on the development you are buying at.

### + Solicitor's costs

You need a solicitor with experience in Shared Ownership. SO Resi has an expert panel ready to help you. They are independent and we don't receive any payment if you choose one of them.

There are also other costs for work done by the landlord of the Shared Ownership home you are buying. This includes creating a new lease in your name and checking that your mortgage has been registered and is with a responsible lender. You pay your solicitor for these as part of the legal costs, and they pass this payment on to the landlord. The amounts are below.

#### How much?

Different solicitors charge different amounts. Your solicitor will give you a detailed breakdown before you go ahead. As a guide, their costs are often around £1,000, plus around £500 for disbursements.

If the landlord of the home you are buying is SO Resi, the costs you pay the solicitor for SO Resi's work are: £150 to create a new lease in your name, up to £75 for Land Registry confirmation that a mortgage has been secured, and £90 for SO Resi to approve your mortgage. These amounts already include VAT, so the maximum you will pay is £315.

Overall, we recommend you allow up to £2,000 to pay your solicitor.

*Please note: costs are approximate*

### + Independent Financial Adviser fees

We recommend you ask an IFA with experience in Shared Ownership to help you choose the right mortgage for you from the hundreds available. This can make things easier and save you a lot of money over the long term. If you prefer, you can go directly to certain banks and building societies who may offer Shared Ownership mortgages.

#### How much?

SO Resi will appoint an IFA to carry out an affordability assessment. There is no cost to you for this. We also recommend using the IFA to arrange a mortgage, which can help to speed up the process. The costs for this are often between £400 and £600. We do not receive any payment if you choose to do this. Please contact [soresi@metrofinance.co.uk](mailto:soresi@metrofinance.co.uk)

### + Stamp Duty

Stamp Duty Land Tax – or just Stamp Duty – is a tax that homebuyers pay when they buy a home, or share of a home, worth over a certain amount. The government does change the rules now and again, but right now that amount is £125,000. That means there could be Stamp Duty to pay on the home you buy.

With Shared Ownership there are two different ways to pay:

**Option one** – you pay Stamp Duty on your new home's full market value on the day your sale completes.

**Option two** – you just pay Stamp Duty on the share you are buying for now. So if that share is worth less than £125,000 there is nothing to pay on day one with this option. But you may have to pay Stamp Duty in the future if you buy a bigger share.

#### How much?

Ask your solicitor to explain more about whether Stamp Duty applies, what your options are and how the cost would be worked out, so you can decide what's best for you.

# Costs close-up

## You pay these every month

Like everyone who owns or rents a home, Shared Ownership homeowners pay a set of monthly costs. It's important to pay all these every month, or you could risk losing your home. Find out more about these costs here – and just ask if there's anything you don't understand.

### + Your mortgage payment

This is to repay the money you borrow for the share you buy. We'll put you in touch with an Independent Financial Adviser (IFA) who can help you choose the right mortgage. We do not accept interest-only mortgages on Shared Ownership homes.

#### Here's an example

A Shared Ownership home costs	£400,000
You buy 25% of it	£100,000
You pay a 5% deposit	£5,000
And get a mortgage on the rest	£95,000
With a capital and interest (repayment) mortgage at a 3% mortgage interest rate, you would pay around	<b>£451 a month</b>

Mortgage figures are just an example, based on a guide interest rate of 3% and worked out on a capital and interest basis. The actual rate will depend on your circumstances. For a personalised mortgage quote please seek mortgage advice. To find out more please contact [soresi@metrofinance.co.uk](mailto:soresi@metrofinance.co.uk)

#### What you need to know

The amount you pay each month will depend on the mortgage interest rate and the size of the share you buy. Mortgage payments can change over time – for example if interest rates go up. Once your mortgage is paid off, you don't make this payment any more.

### + Your rent payment

This is for the share of your home that you don't own. The bigger your share, the lower your monthly rent payment is. We use this money to build more new homes. It doesn't cover the cost of any services, repairs or maintenance.

#### Here's an example

A Shared Ownership home costs	£400,000
You buy 25% of it	£100,000
The 75% share you don't own is worth	£300,000
Your rent payments are 2.75% of £300,000 divided by 12 months	<b>£687.50 a month</b>

#### What you need to know

Your rent payment increases every year by the UK Retail Price Index (RPI), plus 0.5%. For a definition of RPI, see [investopedia.com](http://investopedia.com). The average RPI rate over the last five years has been 3.16%.

If the RPI were to be 3.16% when your monthly rent payment increase is due in April, your increase would be 3.16% plus 0.5% – a total increase of 3.66%. Based on that 3.66% increase, a starting rent payment of £687.50 would increase by £25.16 per calendar month. If the RPI rate were to be 1% more than the five-year average rate above, your rent would increase by an extra £6.89 per calendar month – a total increase of £30.04. If RPI were to be double the five-year average rate, the increase would be 6.82% and the increase in your monthly rent payment would be £50.32.

Please remember that in future years, any increase in your monthly rent payments would be based on the higher amount you have been paying.

### + Your service charges

These go towards the costs of looking after communal areas of your building, insurance, repairs, maintenance and gardening.

#### How much are they?

Service charges are different for each development because they depend on the services that are included.

Your solicitor will explain how it works for the Shared Ownership home you choose. Before you buy your home we will also give you estimated monthly costs and a full breakdown so you can plan ahead.

#### What you need to know

Service charges can go up or down each year, depending on the cost of insurance, services, contractors and materials. You will be given clear information about what the costs of maintaining the communal areas have been in the past, and what your contribution would be. Remember, service charges are only for communal areas, so you'll need to pay for repairs and maintenance inside your home after your warranty ends.

### + The usual costs of running a home

Shared Ownership homeowners pay the normal household bills, such as water, energy and broadband, as well as council tax and contents insurance. You also need to pay for repairing and replacing things inside your home. If you buy a resale home, there may also be ground rent to pay. We will let you know all the details if there is.

#### What you need to know

Some people save a monthly amount to help them budget for unexpected costs, like the boiler breaking down, as well as planned costs such as redecorating.



# How it all adds up

## An example

**Kieran and Yaz fall in love with a brand new Shared Ownership home that costs £400,000.**

They decide to start with a 25% share – £100,000. They pay a 5% deposit and get a mortgage for the other £95,000. The share they don't own is worth £300,000.

### + One-off costs before Kieran and Yaz move in

#### Mortgage deposit

5% of £100,000 is £5,000.

#### Reservation fee

£250 – if Kieran and Yaz's sale completes successfully, this amount is taken off the total they pay on completion day.

#### Independent Financial Adviser fees

Between £400 and £600

#### Solicitor's costs

Between £1,200 and £1,600, plus up to £315 for SO Resi's legal work.

Their total upfront costs could be

**between £6,965 and £7,765**

The £250 reservation fee is

taken off this, so overall they pay

**between £6,715 and £7,515**

#### Completion day

Kieran and Yaz also need to pay

**one month's rent and service charge upfront** on completion day.

**There are two options for Stamp Duty.**

Kieran and Yaz discuss them with their solicitor to make sure they choose the option that suits them best.

### + Monthly costs after Kieran and Yaz move in

#### Mortgage payment

£451

Based on a 3% interest rate on a capital and interest (repayment) mortgage of £95,000

#### Monthly rent payment

£516

Based on a 2.75% yearly charge on £300,000

#### Service charge

£120

Based on an estimate

#### The usual costs of running a home

Between £400 and £600

Based on an estimate

Their total monthly costs could be

**between £1,356 and £1,556**

All figures here, including mortgage figures, are just examples. Before you buy a Shared Ownership Resi home, your mortgage provider will provide personalised mortgage figures, and we will provide detailed figures for your rental payments and detailed estimates for your service charge.

# What's next?

## Get informed

If you've decided that you'd like to buy a Shared Ownership home, it's important to understand all about it. The rest of our helpful range of guides and videos are a great place to start. Why not tick them off here as you go through each one?

- 1 Shared Ownership explained  
Getting started
- 2 Your homebuying journey  
For new-build homes
- 2A Your homebuying journey  
For resale homes
- 3 What does it cost?  
Explaining clearly for new-build homes
- 4 Owning more of your home  
Staircasing explained
- 5 Selling your home  
Moving on
- 6 Support in your home  
After you move in
- 7 Lease explained  
For peace of mind
- 8 Selling on the open market  
After the nomination period ends
- 9 Sim sales explained  
Selling and staircasing at the same time

Buying a home with SO Resi is exciting, but we understand that there's a lot to think about. That's why we're here to help every step of the way. You can email us or find out more on our website.

**Get in touch**  
**sales@soresi.co.uk**

**Go to**  
**sharedownership.co.uk**

**Get social**



#### **About SO Resi**

SO Resi is the customer-facing brand name of SO Resi Partnerships, the Shared Ownership specialists. We work in partnership with a wide range of organisations – from private investment funds to local authorities – to help make home ownership possible for more people.

For over fifty years, SO Resi has been taking pride in making Shared Ownership simple and straightforward, building and selling good-quality, affordable new homes and managing them well. Our expertise and experience, combined with the diverse strengths of our partners means we are now helping even more people in more places than ever, creating more communities that people are happy to call home.

#### **This is important**

If you take out a mortgage or a loan secured against it, you need to keep up your payments or your home will be repossessed. Make sure you can afford all the payments before you sign any contract with Metropolitan Thames Valley.

SO Resi terms and conditions include eligibility checks. Be sure you understand all the terms and conditions before you sign a contract with Metropolitan Thames Valley. We recommend you talk to a solicitor or legal advisor.

The details in this brochure are correct at the time of issue but may change. They do not form any part of a contract or agreement.