

New Equity Sharing Lease and Fees Increase

Co-Ownership has conducted a review of its Equity Sharing Lease. While most fundamental matters remain the same including the term of the lease, the rent-setting mechanism and the insurance provisions, in the new lease we have:

- Used what we hope will be a more user-friendly format and language,
- Grouped similar clauses together, restyled the lease using more user-friendly language, and
- Updated the clauses particularly relevant to the equity sharing nature of the lease.

The new Equity Sharing Lease has been shared with UK Finance and also with the lenders which lend on Co-Ownership purchases.

A major change in the new Equity Sharing Lease relates to the provision on full staircasing by a Co-Ownership customer. If a customer is selling their home at the same time as buying out Co-Ownership, the amount due to Co-Ownership will be based on either the sale price of the property or its market value as established by our external valuer - whichever is the greater. If a customer's sale price is greater than the market value, the amount due to Co-Ownership will be based on the sale price. The customer will get credit for the value attributed to improvements they have carried out themselves as per our current practice. We will tell the customer the amount due to Co-Ownership.

It is important that solicitors are aware of this when acting for a customer buying out Co-Ownership where the new Equity Sharing Lease applies.

The new Equity Sharing Lease will be implemented for instructions issued to solicitors on or after 1 November 2019. From that date any solicitor acting in a Co-Ownership purchase will be issued with the new Equity Sharing Lease via the Solicitor Portal and the customer will therefore enter into the new Equity Sharing Lease with Co-Ownership.

For transactions where instructions to solicitors are issued prior to 1 November 2019 the previous Equity Sharing Lease will apply.

Fees increase

Co-Ownership has reviewed its solicitor fees and the fees will increase for all new instructions issued by Co-Ownership on or after 1 November 2019. The new fee for a panel solicitor acting for Co-Ownership and a customer in a purchase will be £700 plus VAT.

