

RENT AND SERVICE CHARGE PAYMENTS FACT SHEET



Rent and service charge payments

In this fact sheet we aim to tell you how we calculate your rent and service charge, what your option for paying us are and what to do if you encounter financial difficulties.

Your rent

Rent is only paid to us by shared owners who part-rent and part-buy their home, (not to be confused with the ground rent paid by leaseholders). The rent is payable on the part of the property still owned by us (the unsold equity).

The rent you pay us is usually fixed as a percentage of the part of the property that you didn't buy (the unsold equity). For example, if your home is worth £150,000 and you own a 50% share, the part you didn't purchase is worth £75,000 (50% of £150,000). If your rent is fixed at 2% of the unsold equity, you would pay 2% of £75,000 which equals £1,500 per year (£125 per month). Your rent will then increase annually in line with a formula written into your lease agreement. This is usually linked to RPI (the Retail Price Index). If you purchase additional shares in your home, your rent will reduce in proportion to the amount you purchase.

If you purchase your home from an existing shared owner (this is called taking an assignment of their lease), the rent will continue at the same level as the previous owners paid. This is because you are legally taking on the responsibilities contained in the original lease which includes the rent.

The service charge

Your service charge is the money you pay towards the communal day-to-day running costs of the scheme and the estate where you live. Your lease or freehold agreement sets out the share of the cost you need to pay. Depending on where you live, a service charge will include: grounds maintenance' cleaning to shared areas' lighting of shared areas, servicing of communal equipment, buildings insurance etc. If you live in a house, (dependant on your lease / freehold agreement) you may contribute towards communal estate costs (grounds maintenance) in addition to paying building insurance.

When these services are not provided by Nectar Homes, but by a managing agent or management company, we will also pass their costs on via your service charge.

Estimating the service charge

All our homeowners have a 'variable' service charge. This means that initially we estimate your service charge costs and charge you for the forthcoming service charge year. Then at the end of the year we check the actual costs to compare the difference.

However, as you can appreciate there are many reasons why the amount we spend during the year might be different from the initial service charge estimate. We use known or contracted figures where possible, such as for cleaning and gardening

costs, but we have to estimate the other costs, such as utility bills. Therefore the final service charge amount for the financial year is not known until we have carried out a check or reconciliation of the accounts at the end of the financial year.

Year end 'actual' service charges

Once the financial year has ended, we will check the service charge amounts spent at your scheme or property to see if there is a credit or a debit on your service charge account. You may owe us money, or we may owe you money. We will send you a written statement to show you the service charge accounts usually by September each year. Where we have spent less on providing the services than we charged you there will be a credit. Where we have spent more on providing the services than we charged you there will be a debit. This credit or debit will be included in your service charge for the following year.

How to pay your rent or service charges

You can pay your rent or service charge in a way that suits you:

- through your bank account (Direct Debit or Standing Order)
- by telephone
- on the internet
- in shops or at the post office

Pay through your bank account

Direct Debit

Direct Debit allows us to automatically collect payments from your bank account once a month. You can choose any day of the month for the payment. If this date falls on a weekend or holiday, we'll collect the payment from your account on the next working day.

To set up Direct Debit payments, just call your Homeownership officer and provide your bank account details. If your rent or service charge increases we'll give you at least 14 days' notice of any change in payment amounts.

Standing order

A standing order is a regular payment that you instruct your bank to make to us. You should make your payments monthly, in advance. If you wish to pay by standing order, please contact your Homeownership Officer who will give you the details that you will need to give to your bank.

Pay by telephone

Call 0844 557 8321 to contact Allpay.

You will need a payment card which we can send you on request. You will need this card plus a debit or credit card. You can also pay by telephone by contacting your Homeownership Officer.

Pay via the internet

You will need a payment card which we can send you on request and you will also need to have your own e-mail address. You can pay by debit or credit card by following the Allpay link on our website www.nectarhomes.co.uk

Pay over the counter

You will need a payment card which we can send you on request.

You can use this to pay your rent or service charge at:

- the Post Office (for cash, debit or credit card or cheque payments)
- PayPoint outlets in local shops and service stations (cash only)

To make payments, just hand over your payment card with your payment at the counter. The shop will process your payment and will give you a receipt as proof of payment. Payments will normally reach your account in 1 - 3 working days.

Keeping up-to-date with your payments

We expect homeowners to pay their rent or service charge regularly, on time and in advance.

This is your responsibility, so please don't wait for reminders from us before you pay. If you do have money problems, or think you may soon be experiencing difficulties, please contact your Homeownership officer as soon as possible. We will do everything possible to give help and advice including putting you in touch with trained staff who can assist with any benefits to which you may be entitled.

If you fall behind with payments

If you fall into arrears, we can help you find solutions, but only if you contact us and tell us what is happening.

We rely on rent and service charge income to pay for the management, maintenance, caretaking and communal services you receive. We therefore have to deal firmly with non-payment of rent and service charges.

Please note that interest may be charged on your outstanding debt and you may be charged for letters sent to you requesting payments.

If you know in advance that you are going to miss a payment, please contact us straight away. The earlier you contact us, the better. We can arrange to visit you at home if you need us to.

If you don't contact us, or maintain payments, we will pursue legal remedies through court to recover the debt. If your debt remains unpaid in an acceptable timescale, we may consider taking enforcement action to recover the debt which may ultimately result in your losing your home. For details of how we deal with unpaid debt please see our Arrears and Forfeiture Policy (www.nectarhomes.co.uk/information/policies).

If you are struggling with debts, we can put you in touch with professionals who may be able to help you. If you prefer, you can contact the following organisations for advice:

Consumer Credit Counselling Service

Tel: **0800 138 1111** local rate call
(Open Monday–Friday, 8am–8pm)

Job Center Plus

www.jobcetreplus.gov.uk/JCP/Customers/WorkingAgeBenefits/Dev
For information about

National Debt Helpline

Tel: **0808 808 4000**
(Open Monday–Friday 9am–9pm,
Saturday 9.30am–1pm)

Citizens' Advice Bureau

www.citizensadvice.org.uk

Visit the website to get details of your local Citizens' Advice Bureau.

Directgov

www.direct.gov.uk/mortgagehelp

For information about benefits, tax credits and other assistance you may be entitled to.