



Hyde
New Homes



A guide to **staircasing**

Great homes for everyone

"This is a big life change for me, so I wanted to find a figure I was comfortable with initially, knowing I might staircase and increase my share at a later stage.."

Jennifer Marshall
The Waterfront



Most shared ownership leases allow you to buy additional shares in your home until you own it outright.

Contents

| | | | |
|----------------------------|---|-------------------------|-----|
| Introduction | 4 | Cost of staircasing | 5 |
| Valuation | 4 | The staircasing process | 6-7 |
| Home Improvements | 5 | Partial staircasing | 9 |
| How big a share can I buy? | 5 | Final staircasing | 9 |

Introduction

- The price you pay for additional shares is based on the current market value of your home
- You can staircase in three separate stages, or in one stage to 100%
- The minimum additional share you can buy is 10%

- If you own a greater share of your property, you will pay a lower rent
- If you staircase to 100% ownership you will no longer pay us any rent
- If you own a house you will become the freeholder*
- If you own a flat, you will still be a leaseholder and will continue to pay a service charge

*You may need to continue to pay an estate charge for some houses after you become the freeholder.

Valuation

- We will provide details of a panel of RICS Surveyors
- You can make arrangements for an open market valuation to be carried out to confirm your home's value, including any improvements made (see Home Improvements overleaf)
- You are responsible for the cost of the valuation
- We will only accept valuations from surveyors on our panel



Our panel of independent surveyors provide valuations at preferential rates for our leaseholders and have experience of valuing homes in the areas in which we operate

- Under the terms of the shared ownership lease, the surveyor's valuation is final and binding for both you as the leaseholder and for us

- Additional shares must be purchased at the price recommended by the RICS surveyor as this is a requirement of the lease
- Once we receive a copy of the valuation we will work out the price of your additional shares and write to you with full details of the next stage
- Valuations are valid for three months
- If the staircasing purchase is not complete within three months we will require an updated desktop valuation

Home improvements

- If you have made significant improvements to your home these should be listed
- The surveyor will make two valuations; one that takes the improvements into consideration and one that does not
- The valuation without improvements will determine the cost of the additional share

Significant improvements include:

- New windows
- New fitted kitchen or bathroom
- Loft conversions
- Conservatories

Improvements not taken into account:

- General maintenance
- New boilers
- Repairs and redecoration
- If the valuation shows that your home has reduced in value because of lack of maintenance or repair, we will require a valuation that assumes your home is in good condition for its age. If this is the case, we will base the cost for additional shares on this
- The staircasing transaction should take place within the three month timeframe to avoid the value of your home increasing. This would affect the cost of the share you are buying

How large a share can I buy in my home?

- Check your lease to find out how much of your home you can buy
- Please note, some homes in rural areas do not allow staircasing to 100%
- When considering how large an additional share to buy, please bear in mind that each staircasing transaction comes with its own valuation and legal fees
- It's a good idea to buy as large a share as you can afford each time you staircase

The costs associated with staircasing

Each time you staircase you should take into account the following costs:

- Valuation fee
- Your solicitors fee
- Mortgage arrangement fee (if applicable)
- Leasehold enquiry fee (if applicable)
- Stamp Duty (if applicable)
- Staircasing admin fee

Stamp Duty

- You may or may not have to pay Stamp Duty depending on the current Stamp Duty threshold and how much, if any, was paid when you bought your original share in your home. Your solicitor can advise you on Stamp Duty or you can find out more online at: www.gov.uk/stamp-duty-land-tax

The staircasing process

Steps 1-4



1 Form of instruction

- Once we have approved the valuation and the cost of the share has been confirmed, we will send you a Form of Instruction
- The Form of Instruction gives us details of the share you own, the additional share you want to buy and the details of your solicitors
- Each legal owner of the property has to sign the Form of Instruction
- At this stage, you will need to pay an administration fee of £225 to us
- If you have any rent or service charge arrears, these will need to be settled in full before completion



2 Formal offer

- Once we have received your Form of Instruction we will send you a formal offer letter confirming the share you are buying and the cost
- If you are buying a partial share we will let you know how much your reduced rent will be once you have completed



3 The legal process

- Once you have the formal offer letter you should instruct your solicitor to act for you on the staircasing transaction. We will instruct our solicitors and both solicitors will liaise with each other.
- We will provide details of our independent panel of solicitors who are experienced in shared ownership and offer our buyers and sellers competitive rates
- The panel of solicitors have good working relationships with our solicitors and understand the legal process of buying more shares in a shared ownership home



4 Completion

- Our solicitors will liaise with your solicitors to confirm that all the legal formalities have been completed and all documentation is signed before agreeing a completion date
- Our solicitor will send your solicitor a Completion Statement showing the amount due to us for the additional shares and any outstanding rent and service charge arrears that are owed

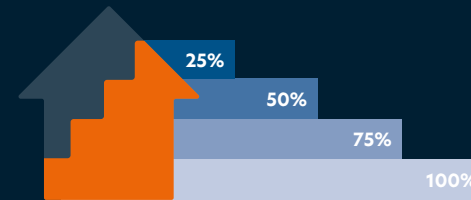
- Instructing a solicitor who does not understand shared ownership can often cause delays
- Once you have received a formal mortgage offer from your lender our solicitors will produce a Memorandum of Staircasing. This is an important legal document that is inserted into the lease as evidence #
- The Memorandum of Staircasing confirms the share you have bought, the price paid and the date of completion
- Your solicitor is responsible for inserting the Memorandum of Staircasing into the lease and ensuring that the Land Registry is updated





Partial staircasing

- If you have purchased an additional share but still do not own 100% of your home, this is called partial staircasing
- The rent you pay us for the share you don't own will reduce but all other charges will stay the same



Final staircasing

- If you buy the remaining equity in your home you will become the outright owner
- If you own a house we will normally transfer the freehold to you and you will then be responsible for the buildings insurance
- If your house has an estate charge, you may need to continue to pay this for upkeep of communal areas
- If you own a flat and we are the freeholder you will no longer need to pay us any rent. You may still need to pay service charges and ground rent if they are applicable
- If you own a flat and we are not the freeholder, you may need to make arrangements with the Managing Agent to pay service charges directly to them, instead of us

- Once you have staircased to 100% ownership you are free to sell your home on the open market
- Please note that some leases restrict you from selling your home for three months after final staircasing. Check your lease for details





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