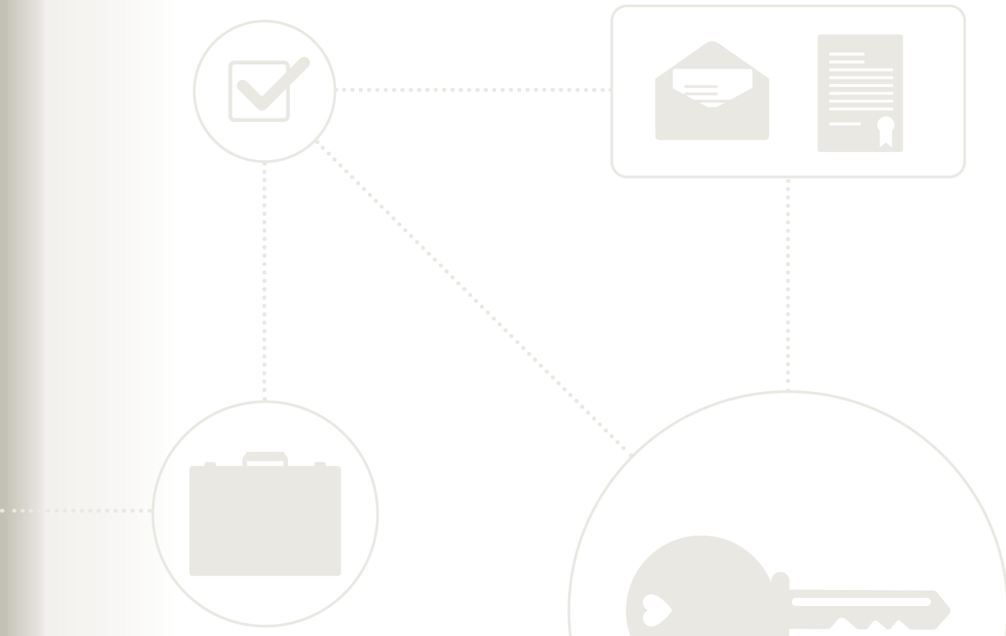
Hyde
New Homes

A guide to buying more shares in your home - **staircasing**

A great home for everyone

Hyde were excellent at helping us to understand the whole process and outline how it all worked – I can't fault their service at all. Our ideal plan is to staircase in the future, and eventually own the whole property outright.

Emma & Craig
Wildbridge



If you bought your home through shared ownership you are able to buy more shares in your property as and when it is affordable. Staircasing allows you to increase your equity share and reduce the amount of rent you pay monthly.

Contents

Introduction

- As you staircase, the price paid for further shares is based on the full open market value of the property provided by an independent Royal Institution of Chartered Surveyors (RICS) valuer.
- The minimum additional share you can buy is 5% or 10% dependent on your lease.
- If your lease allows, you may have the option to buy an extra 1% share each year for the first 15 years. The price for each year's 1% increase is based on the Land Registry's House Price Index (HPI). There are no legal fees attached to the 1% staircasing transaction.
- You can staircase up to 100% of the property. There are exceptions to this in rural areas where staircasing is restricted to 80% ownership.
- If you have any rent or service charge arrears, these will need to be settled in full before completion.

Valuation

- We will provide details of a panel of RICS Surveyors.
- You can make arrangements for a RICS 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.

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

RICS® Regulated by RICS

- We will only accept valuations from surveyors on our panel.
- 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 your valuation expires we will require an email extension from the Valuer.
- 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.

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).
- Pre-sale pack (if applicable).
- Staircasing administration 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

2 Formal offer

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 us an administraton fee.

2 Formal offer

- Once we have received your signed 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.
- 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 will be inserted into the lease.
- 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.

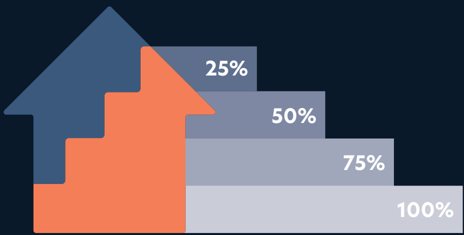
4 Completion

- 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.


CORNWELL
BLOW FLY
KEN FOLLETT
THE THIRD TWIN

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 an apartment 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 an apartment 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.

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