

A GUIDE TO STAIR-CASING



This information is for Golding Places customers with a shared ownership lease. It explains how you can increase your ownership by purchasing additional shares in your property. If you have any questions please ask and we will be happy to provide you with additional information and explanation.



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WHAT IS STAIR-CASING?

As a leaseholder of a Shared Ownership property bought either new or as a resale, you are entitled to increase your ownership by purchasing additional shares in your property. This process is known as stair-casing, enabling you to own a greater proportion of your home. The greater the share of your home you buy, the less rent that you will pay to us. If you staircase to 100% you become an outright owner and pay no rent at all. However, if you are paying service charges and management charges these costs will still apply and you will be required to pay for the services.

The price you pay for the additional shares is based on the market value of your home.

Your lease contains information that explains how to increase your ownership. Stair-casing can be restricted on sites built in Designated Protected Areas. It is important to carefully consider all the costs relating to the stair-casing process before you proceed. When you apply to us to increase your ownership, your rent account must be up to date and must remain so throughout the stair-casing process.

Before you apply to stair-case, it is wise to speak to your mortgage lender or an independent financial adviser to ensure that you are able to get a larger mortgage. You also need to take into account the costs of legal fees and any additional mortgage fees you will incur in the purchase.

STEPS TO STAIR-CASING

Step 1: Contact Us

You will need to contact us stating that you wish to start the process of stair-casing.

You can contact the Home Ownership team at shared.ownership@goldinghomes.org.uk or by phone on 0300 777 2600

The Home Ownership team will then check your rent account and if there are no arrears will send you an application form along with details of our 'Panel of Valuers'.

The additional equity that you wish to purchase in your property must be based on the current market value of the property at the time of application to stair-case. If the valuation indicates that the value of the property is reduced due to a lack of maintenance and repair, we

will request a value assuming the property had been maintained to a good standard.

The valuation must be carried out by an independent RICS valuer (Royal Institution of Chartered Surveyors). We will ask you to choose a valuer from our 'Panel of Valuers' who provide Golding Places residents with a preferred rate for their services. We will arrange for them to contact you directly to arrange a convenient time for the valuation. The cost of the valuation will be payable by you and the fee is normally paid directly by you to the Surveyor.

The valuation will be valid for 3 months and if your stair-casing purchase is not completed within this period, due to delays outside of yours or Golding Places control, we do have the discretion to extend the completion date for a further 3 months. After this

time, if you have still not completed the stair-casing process your application will be cancelled and you will need to reapply, at which time a new valuation report will be required. This will incur an additional valuation fee and the value may increase - this would affect the cost of additional shares.

Step 2: Valuation

Once we receive the valuation we will calculate the purchase price of the shares you wish to buy. Please refer to the "Frequently Asked Questions" section to see how this is calculated. We will confirm the purchase price and all other details to you in writing, together with a "Notice of Intention" which you will need to complete and return within 4 weeks.

Step 3: Notice of Intention & Affordability Assessment

No further action will be taken until you return your Notice of Intention. All leaseholders named on the lease must sign this form. You will also need to confirm the name and address of the Solicitors that will be acting on your behalf. We can provide you with a list of Golding Places' 'Panel of Solicitors' if required. If you are not stair-casing up to 100% you will also need to send in the following information:

- Last three months salary slips
- Last three months bank statements
- Savings details
- Any other relevant financial information, e.g. if purchase is not being funded by a mortgage, details or evidence of where the extra money is coming from

This will then be sent to our Independent Financial Advisor who will assess your affordability. Once the application has been assessed and affordability approved we will advise you of your new monthly rent amount (if applicable). Approval to proceed will be required from you before we can instruct our Solicitors.

Step 4: Instruction of Solicitors

We will instruct solicitors to work on our behalf and also pass on all relevant information to your Solicitors. Your and our Solicitors will then work together to agree a completion date. We would advise that you are in regular contact with your Solicitor during this time.

You should ensure that your Solicitor and Mortgage Lender are informed of the requirement to complete the purchase before the valuation expiry date.

Step 5: Completion

If you have purchased 100% of your property you will no longer have to pay any rent, however you may still have to pay a monthly service charge and ground rent if your home is an apartment or a house with an estate services or management charge.

If you have purchased shares less than 100%, we will adjust your account to show the increased share you own in your home and the revised rent and service charge. We will send confirmation of your new charges and/or close your account if your stair-casing transaction requires us to do so.

If the property is a house, we will cease to insure the property for Building Insurance purposes from the date on which the transaction to 100% ownership is completed. You will need to ensure that there is sufficient cover in place.

Please note that under the terms of your lease if you are stair-casing to 100% you should not put the property on the market for a value in excess of the independent valuation for 3 months. If you do so, a percentage of any profit made will be payable to us. This percentage will be based on the additional equity purchased at the time of the transaction.

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WHAT ARE THE BENEFITS OF STAIR-CASING?

- You reduce the amount of rent that you pay to us
- If you decide to sell your home, the greater the percentage you own, the more profit you will make if the value of your home has increased
- If you stair-case up to 100%, and own the property outright, you can sell your property on the open market using an Estate Agent of your choice and to who you want

WE DO NOT ALLOW STAIR-CASING:

- If you have arrears with your rent or service charges
- If your home is in a Designated Protected Area where stair-casing to 100% is restricted
- If you cannot provide a valid mortgage offer or proof of savings for the additional share being purchased
- If your request to staircase is not signed by all those who originally bought the property

WHAT ARE THE COSTS INVOLVED IN STAIR-CASING?

Valuation Fee

The valuation fee is payable by you and will be paid by you directly to the Surveyor. The valuation will be valid for 3 months and will be sent to Golding Places for approval. If you are unhappy with the valuation report you may request a valuation via the District Valuation Office, whose decision, be it higher or lower, is final. You will have to pay for the District Valuer's report.

Legal Expenses

Stair-casing will involve changes to your existing lease which will require the professional services of a Solicitor. The Solicitor will charge disbursements and professional fees for acting for you.

Mortgage Fees

You may have to pay penalty charges to your existing lender if you stair-case before the end of your mortgage term. You must investigate this with your lender or financial advisor prior to starting the stair-casing process.

Rent and Service Charge arrears

If you have any arrears these must be cleared before the completion of the stair-casing.

Buildings Insurance

If you staircase to 100% and you own a house we will cease to insure the property for Building Insurance purposes from the date on which the transaction to 100% ownership is completed. You will need to ensure that there is sufficient cover in place.



WHAT HAPPENS WHEN I BECOME THE OUTRIGHT OWNER (OWN 100% OF THE PROPERTY)?

Once you have stair-cased to 100% you will no longer pay us any rent. However, if you are a leaseholder of an apartment you are still required to pay your service charge and management charges including the ground rent, as we remain the freeholder of the apartment block.

If you own a house, the freehold of the house can be transferred to you when you have stair-cased to 100%. Your Solicitor will need to serve notice to us requesting the freehold of the property be transferred to you. There is no charge for this; however you will

have to pay your legal costs. Once this has taken place, you will no longer be charged for buildings insurance. You will need to provide this yourself. In some cases you may still have to pay a service charge or estate management charge to us if you live on an estate and are responsible for some of the communal area costs.

Regardless of whether you live in an apartment or a house, once you have stair-cased to 100%, you are free to sell the property on the open market, usually with the services of an Estate Agent.

SUMMARY GUIDE TO THE STAGES OF SHARED OWNERSHIP STAIR-CASING

- 1 Contact the Home Ownership Team to request an application to staircase
- 2 Search for a Solicitor to act for you
- 3 Speak with your lender and/or an independent financial adviser about purchasing further shares in your home to ensure you can obtain the additional funds and can afford the costs involved
- 4 Complete the stair-casing application form and select a valuer
- 5 We instruct the RICS valuer to obtain a current open market value of your home
- 6 The valuer sends their report to us which is valid for three months
- 7 We check the valuation report and issue the offer letter to you along with a Notice of Intention
- 8 If you are purchasing shares less than 100% you will be asked to provide information to an Independent Financial Advisor who will assess your affordability
- 9 You check the offer and if happy return the Notice of Intention along with the name and address of your Solicitor, and mortgage provider
- 10 Instruct your Solicitor
- 11 Contact your mortgage advisor/lender and apply for your mortgage
- 12 We instruct our Solicitors to send the legal packs to your Solicitor
- 13 Your mortgage offer is issued. Send a copy to your Solicitor to forward to our Solicitor for approval
- 14 Your Solicitor completes the legal work and sets a date with our Solicitors for completion
- 15 We will issue the completion statement which provides details of the stair-casing transaction and confirms rent, service charges and ground rent applicable after completion
- 16 You complete the stair-casing transaction before the three month expiry date of your valuation (failure to achieve the three month deadline may result in cancellation of your application and you may have to complete a new application which would result in you having to pay for a new valuation and may involve further costs)
- 17 We confirm your new rent and service charge

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FREQUENTLY ASKED QUESTIONS

How is the purchase price of the shares calculated?

When you stair-case you buy the additional shares at the current market value of the property, less any uplift in value due to improvements you have made. For example, if you wish to purchase an additional 25% share and your property is valued at £100,000, the purchase price will be £25,000. This means that if your home has increased in value, you buy the shares at the increased value.

What is the minimum share I can purchase?

You may increase your ownership in separate stages or one stage to 100% (depending upon the restrictions in your lease). The minimum share you can purchase is 10% of the unsold equity. You may only be able to staircase a maximum of three times.

What if I have made improvements?

The current market value of your property is determined by the Surveyor. We will also receive a valuation figure disregarding the uplift in value of the property due to any improvements you have made; this is the value we use to calculate the cost of the additional shares you wish to purchase.

What costs will I be expected to pay for stair-casing?

We do not charge an administration fee for processing your stair-casing application. However, you will need to pay the cost of the valuation, your legal costs and any costs imposed by your mortgage company. Please refer to the Golding Places Leasehold & Shared Ownership Administration Charges Guidelines and Fees.

What about buildings insurance?

If you have purchased the full 100% of your home and your property is a house, you will need to arrange your own buildings insurance cover to commence from the date of completion. However, if you have purchased the full 100% of your flat, you will continue paying a service charge which includes an amount for building insurance covered by our policy.



For further information contact the Shared Ownership Team on

0300 777 2600

shared.ownership@goldinghomes.org.uk

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