



STONEWATER
HOMES

Staircasing – a guide to buying more shares in your shared ownership home



Once you have lived in your home for a certain period of time as a shared owner, you can buy further shares in your property. This process is known as **staircasing**, and enables you to own a greater proportion of your home.

The greater the share you buy, the less rent you will pay to Stonewater Homes. If you buy 100% of the shares in your home, you will become an outright homeowner and will no longer need to pay rent.

Benefits of staircasing

The main benefit of staircasing is that you will own more of your property and pay less rent. Therefore, you will gain more from any increase in the value of the property as you will be able to build more equity.

In some cases you may also be able to secure a mortgage at a very low interest rate. This could mean that the additional monthly mortgage payment you make to buy additional shares in your home is actually less than the amount of rent you were paying originally. *(This is dependent on interest rates and may not remain this way in the future).*

What happens if I staircase to 100%?

You will own your property outright.

You will no longer have to pay any rent to Stonewater Homes, although any service charges as well as ground rent (if applicable) will still have to be paid.

If you wish to sell the property in the future, you will no longer be subject to a nomination period, or buyer restrictions. You may sell your home for as much as you wish and keep the full proceeds of the sale.

If you own a **flat**, you will still be a leasehold owner, but all of the shared ownership provisions in your lease will fall away. Stonewater Homes will continue to organise the insurance for the building and you will pay for this via your service charge.

If you own a **house** you will no longer be a leasehold owner and after you complete the final purchase of shares, your lease will end and Stonewater Homes will transfer the freehold of the property to you. This means you don't have to worry about the lease running out. You will no longer have to pay the buildings insurance portion of your service charge – although you will have to take out your own buildings insurance policy.



When can I staircase?

Your lease may state a certain period of time that you must own your home before being able to purchase additional shares.

There may be some cases where Stonewater Homes are able to allow you to purchase further shares sooner than your lease stipulates. It is therefore always best to contact the team if you think this is something that you would like to proceed with.

How often can I staircase?

You can either buy more shares in increments, or you can buy the remaining share of your property in one transaction.

There are sometimes restrictions in the number of times you can staircase and if so these will be stipulated in your lease. Often you can only staircase three times and it is better to staircase in the large steps to avoid paying administration and solicitor costs more than once.

The minimum share you can purchase will be in your lease, though it is normally 10% or 20%. However, if it is the final share purchase, it may be less than the minimum share in order for you to staircase up to 100%.

Is there any reason I wouldn't be able to staircase?

There are no restrictions in the majority of cases, however we would recommend in the first instance that you refer to your lease.

For some homes there may be a cap on the maximum share of your property you are able to own, usually around 80%. This restriction is more often found in rural areas and is because Stonewater Homes agreed with your local authority when building the property that your home would always remain as affordable housing. This ensures the continued supply of shared ownership homes within the area for local people.

Before you are able to make an application to purchase additional shares in your home, your account must be paid up to date with no rent or service charges outstanding. Stonewater Homes will not be able to help you to purchase further shares if this is not the case.

What about a mortgage?

You will need to contact your mortgage lender if you will be increasing your mortgage in order to staircase. This is known as a 'further advance'. If you want to move your mortgage to a new lender, perhaps for a better interest rate, this is known as 'remortgaging'.

Do I need to contact a solicitor?

You are advised to appoint a solicitor to act on your behalf in connection with your staircasing transaction. If you are remortgaging or taking out a further advance as part of the process, your lender will insist upon it.

You will be responsible for your solicitors' fees, which your solicitor will be able to advise you on. You

will also need to provide Stonewater Homes with the name, address and telephone number of the solicitor who will be acting on your behalf.

Note: We advise you use a solicitor that has experience of staircasing. Shared ownership mortgages have extra requirements from standard mortgages, so it's best to use a company with the right knowledge.

Checking the value of your home

There are a few things to consider before you buy more shares.

Firstly you'll need to check the approximate value of your home.

You can do this by:

- > Looking at local property papers and local estate agent windows
- > Looking on the internet, there are lots of sites: www.nethouseprice.co.uk or www.zoopla.co.uk, for example.

Once you have an idea of the value of your property, you can calculate how much extra shares might cost.

Note: If you have made any improvements to your home which have increased its value, the valuer will take these into account.

For example, you have built a garage on the side of your home and you now want to buy an additional 25% share.

The valuer values your property at £110,000 but estimates that the garage has added £5,000 to the value.

The price of the additional share would be based on £105,000, so would cost £26,150 for a 25% share.



How does it work?

It really is very simple. You may acquire additional shares in your property at a price equal to the relevant proportion of the current full open market value of the property.

For example: if your property is valued at £200,000 and you want to buy an additional 25% share, the purchase price will be £200,000 x 25% = £50,000.

Your step by step journey

Step 1	Contact Stonewater Homes to register your interest in purchasing additional shares.
Step 2	Stonewater Homes will provide you with confirmation that you can staircase, including any minimum share or maximum share you can buy.
Step 3	Seek independent financial advice to ensure that buying further shares is the right choice for you and will remain affordable in the future.
Step 4	Instruct a RICS (Royal Institute of Chartered Surveyors) qualified surveyor to value your home. Make sure that you make them aware of any improvements you have made to the home so that Stonewater Homes are able to take these into account on your offer.
Step 5	Submit your application form, along with your valuation report and payment of the administration fee to Stonewater Homes for approval.
Step 6	Stonewater Homes will write to you to confirm an offer which states how much you would need to pay to acquire the additional shares in your home.
Step 7	Once you accept the offer notice, Stonewater Homes will instruct our solicitors to proceed to sell the further shares to you. They will liaise with your solicitor to ensure the process is as efficient as possible.
Step 8	Congratulations you have staircased! Upon completion of the transaction your rental amount will be adjusted accordingly.

What are the expected costs?

As well as the cost of a mortgage, there could be other costs involved in the process of buying further shares, including:

- > Valuation fees
- > Your solicitors fees
- > Mortgage arrangement or independent financial advisor fees
- > Outstanding arrears of service charge and rent
- > Stamp duty (where applicable)
- > Stonewater Homes administration fee

Valuations accepted by Stonewater Homes are valid for three months from the valuation date. If you do not buy the extra shares in your home in this time, your home will have to be re-valued. This is usually at a reduced rate as the surveyor who carried out the original inspection will not need to revisit your home. Please note that if the value has increased in the meantime, it will be more expensive to buy your extra shares.

Do I have to staircase?

No, this decision is up to you. A lot of people who live in Shared Ownership properties choose to buy extra shares in their home in order to reduce their rent.

Please check your lease for specific information about the minimum percentage you can buy and your entitlement to increase your shares to 100% ownership.

It is important to consider all the costs involved in staircasing before you proceed. We strongly advise you discuss the process and likely costs with your solicitor before you go ahead with the transaction.

Contact us to find out more about buying further shares in your home:

Telephone: **02380 658858**

Email: homeowner@stonewaterhomes.co.uk

