



Your guide to: **Staircasing**

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An advantage of shared ownership is that you can buy more shares and, in most cases, eventually own your home outright. Buying more shares is known as 'staircasing'.

You can staircase at any time. As you buy more shares in your property, your rent decreases. If you want to buy an extra share, you must first get your home valued. We use this valuation to work out the price of the share.

For more information, to make enquiries or to send in documentation, please call our Legal Administration Team on **020 3815 2407** or email staircasing@nhhg.org.uk.

What do I have to do?

1. Speak to a financial advisor or bank to find out if you will be likely to be approved for financing
2. Instruct one of our panel valuers
3. Decide what size share you would like to purchase
4. Obtain a copy of your lease
5. Chose and instruct a solicitor
6. Fill in and send us your completed 'I want to staircase' form with a copy of your valuation and a copy of your lease
7. Finalise the finance to buy the extra share

1. Speak to your bank or a financial advisor

Before starting your staircasing, please plan how you will buy the extra shares. You do not need to have your mortgage in place when you send us the documents to start the staircasing however you should have an indication from your bank or financial advisor of how much money they will lend you. You can finish arranging the mortgage after you send your documents to Notting Hill Housing to start the process.

We recommend that you speak to your current lender or an independent financial advisor (IFA) when deciding on the size of

share that you can afford. We advise that you speak to a financial advisor before you start the process to see how much money you will be able to borrow. See our list of recommended IFAs on at www.nhhg.org.uk/residents/staircasing-buying-and-selling/staircasing.

You can start arranging the mortgage as soon as possible as this will take between 4-12 weeks. You can start arranging this before or after you instruct us depending on what is best for your situation. The mortgage can be finalised while the rest of the staircasing process is completing.

2. The Valuation

Your valuation should be done by one of the valuers on our panel. A list of panel surveyors can be found on page –

If a panel valuer does not cover your area, you can use a local valuer, as long as they are part of the Royal Institution of Chartered Surveyors (RICS). Please contact us with their details before instructing them as we must send some important guidelines.

The valuer will ask you about your rent, service charges and improvements you have made to your home. They will then separately assess any improvements you have made to your home.

You must have asked our permission before making any improvements. Improvements made without our permission may not be considered when you come to staircase. You may need to speak to your property manager about retrospective consent.

The price of the share will be a percentage of the full market value. For

example, if the full value of your home is £200,000 and you want to buy the remaining 50%, the cost will be: £200,000 x 50% = £100,000.

Improvements

The price of the share you're buying will be a percentage of the value without the improvements, as shown in the following example.

The full value of your home is £203,000. This includes £3,000 of improvements you have made. The value without your improvements is £200,000 (£203,000 minus the £3,000 of improvements). This is known as the 'net value'. If you own a 50% share and want to buy the remaining share, the price will be 50% of the net value. That is, £200,000 x 50% = £100,000.

Please note that the improvement value may not be the same as the money you spent. Not all improvements add value. Carpets, curtains and furniture which haven't been fitted do not count as improvements. Improvements will usually

reduce in value due to wear and tear. The valuer must list the improvements on the report. Please see page 55 of our Leasehold Guide which outlines what will be considered as a home improvement.

Please note that a lease extension is lease maintenance and cannot be considered a home improvement.

If you own a house

If you own a house you will need to tell the surveyor to value the property with the freehold whether you are staircasing to 100% or not.

Your valuation report

The valuer will send you their report and invoice you directly.

The surveyors on our panel are independent and have no relationship to Notting Hill Housing. If you have any questions or concerns about your valuation, please contact the surveyor directly as the Legal Administration team will not be able to assist you with this.

Your valuation is valid for three months. If this expires before you complete your purchase you will need to pay for an updated valuation

3. Deciding which size share you will be able to buy

The extra shares come in certain sized 'chunks' set out in your lease, usually 20% or 25%. The minimum amount you can buy is 10%, although this may involve amending your lease, which your solicitor can arrange. Please note that you can only buy shares in lots of 5% with a minimum share of 10%: 10%, 15%, 20%, 25%, etc.

Please be aware that some of our homes cannot be bought outright. On a limited number of developments you will only be able to buy a share up to 70%, 75%, 80% or 95%. Your lease includes information about staircasing restrictions, if there are any. Your solicitor can check this for you if you are not

If you need to amend the share that you have initially told us you want to buy, and we have already instructed our solicitors, this will cause a delay that may result in you having to update your valuation. It will take us up to five working days to process this request to change the share that you will be buying and provide the updated memorandum.

If you did not pay stamp duty on the full value of your home, you may need to pay additional stamp duty. We cannot advise on stamp duty but your solicitor should be able to answer any questions for you.

4. Get a copy of your lease

We'll need a copy of your lease to forward to our solicitors. You should have a copy of your lease from when you purchased your home; however, you can get a copy from the Land Registry if need be. You can call them or get a copy online.

Notting Hill Housing will not have a copy of your lease and we are not able to proceed without this. A scanned copy is preferable but you can post a copy of your lease. Please do not post the original lease. If you post a bound copy of your lease, the binding will be removed in order for us to scan it.

5. Choose and instruct a solicitor

You'll need to use solicitors when you buy an extra share in your home. Please find a list of solicitors who know how staircasing works on the page below, or you can use your choice of solicitor.

Some people prefer to use the solicitor who dealt with their original purchase as they should have easier access to information about your property but you can use a different solicitor if you want..

Please note that our panel of solicitors has changed over time so the solicitor you used when you bought your flat may not still be on the panel.

We need the details of your solicitor before you can go ahead with staircasing.

6. Fill in and send us a staircasing instruction form

You'll need to fill out the staircasing instruction form and forward this in to us with a copy of your valuation and lease.

You can post this to the Legal Admin team at:
**Bruce Kenrick House, 2 Killick Street,
London, N1 9FL**

email it to staircasing@nhhg.org.uk

or upload it with the other documents through the portal on our website.

Please send all your documents at the same time. Note that we're not able to start processing your application until we have the staircasing instruction form, the lease and the up-to-date valuation.

Keep in mind:

- Your valuation is valid for three months. If this expires before you complete your purchase you will need to pay for an updated valuation
- You must arrange finances quickly, including the mortgage, as this can take several weeks
- The solicitors on our panel are familiar with staircasing. If you choose a different solicitor please check that they have experience with staircasing. If you change solicitors during the process, this will slow the completion and may result in you needing an updated valuation
- If for any reason you decide not to proceed with the purchase of more shares in your home, after we instruct the solicitors, you may need to pay our solicitors fees.

7. Arrange finances to buy the extra share

Each bank will have specific requirements for what documentation they need from you to secure the mortgage. This can be stressful so please start the process

as soon as possible. The mortgage application will proceed at the same time as your solicitor is working with NHH's solicitor on the legal documents.

What happens next?

Within five working days of receiving your completed form, valuation and lease, we'll write to our solicitor and your solicitor with the details of the transaction. We will also write to you and send you a Memorandum of Staircasing which your lender may require.

Our solicitor will send out the legal paperwork to your solicitor and us for signing.

Once the legal paperwork has been completed and your funds are ready, your solicitor will arrange a date to complete the purchase of your extra share.

Our solicitor will ask us to check if you owe any rent – we'll collect any amounts when the purchase is completed. Please note that if you pay your service charges directly to a managing agent, you will need to get an up to date statement of account to show that there are no arrears.

Your solicitor will then pass this on to our solicitor. We will not be able to complete without this. You'll need to pay the whole service charge demand in advance, even if this has just been added to your account.

After the purchase is completed, we will amend your rent account according to your new share, or end your tenancy (if this applies). This can take up to 7 days from the date of completion and you can arrange for a refund of rent directly with your property manager.

Sometimes if you are buying 100% of your property, Notting Hill Housing's head lease or freehold title may need to be transferred to you. Please contact your solicitor with any questions about this. Your solicitor will arrange to transfer the title into your name. If you own a house, the freehold title may need to be transferred to you. Your solicitor will deal with this on your behalf.

FAQ

Are there any restrictions?

On some homes, you can't buy more shares at a value lower than the original purchase price. These homes are as follows:

- 37 - 60 Pageant Avenue
- 1 - 6 Sledmere Court
- 1 - 16 Rufforth Court
- 9 - 25 Sledmere Court
- 1 - 16 Riccall Court
- 41 - 73 (odd numbers only) Kilross Road
- 1 - 16 Lindholme Court
- 57 - 63 Loxwood Close
- 2, 4, 6 and 8 Padbury Close.

What timescales do I need to consider?

The time people take to buy more shares varies from around four weeks up to three months.

You need to consider the following:

- How soon can the valuer value your property? (If they are busy, it could take two to three weeks for them to value and write the report on your home)
- How busy your solicitor is and if they are experienced with 'staircasing' purchases
- Your valuation will only be valid for

a short time as set out in your lease. This is normally three months from the date of the report. If you have not completed buying the share by this time, you will have to get an updated valuation. We cannot extend your original valuation under any circumstances

- Delays in completing the purchase are normally due to problems arranging the finance or gathering legal documents – three months is plenty of time but make sure you send us the valuation and staircasing instruction form straight away
- If you need to amend the share that you have initially told us you want to buy, and we have already instructed our solicitors, this will cause a delay that may result in you having to update your valuation. It will take us up to 5 working days to process this request to change the share that you will be buying and provide the updated memorandum and the new instruction to our solicitor

What costs are involved?

- Your valuer's fee
- Mortgage arrangement fees to your lender, if this applies
- Your lender's valuation fee, if this applies
- Your legal fees
- The cost of the extra share
- If you did not pay stamp duty on the full value of your home, you may need to pay extra stamp duty. We cannot help with questions about stamp duty. Your solicitor will answer these for you.

NHH pays our own solicitors' fees, unless extra fees are incurred during the staircasing process.

In the case that you cancel your

application, or do not complete for any reason, you'll be required to pay our solicitors' fees and/or cancellation fees.

What happens if the panel valuers don't cover my area?

You can choose a local valuer, which is more sensible as they will know more about the values of local property.

If you want to use a local valuer, you will need to give us the name, address and phone number of the firm you want to use before you get the valuation.

The valuer must be registered with the Royal Institute of Chartered Surveyors (RICS) and must not be an estate agent. You cannot use your mortgage valuation because it needs to be done by an independent valuer.

We will then send the valuer details on how to value a shared ownership home. Always ask what they charge, as some are cheaper than others.

What happens if I do not agree with my valuer?

Please remember that we have no influence on the valuation you are given. If you do not agree with it, you can appeal to the valuer directly.

You should contact the valuer and give them proof of recent sales of similar homes in the same area. Make sure you appeal to the valuer in writing, showing how your evidence supports your case.

Please don't send in your valuation report to us until you agree with it.

Can I buy more shares in my home?

Please refer to your lease to see if you're eligible to purchase further shares or see the information above.

Where can I obtain a copy of my lease?

Your solicitor would have given you a copy of your lease when you purchased your share. If you do not have this, you can obtain a copy for the Land Registry website for a small fee. Notting Hill Housing do not have a copy of your lease.

How long will the process take?

Your staircasing will usually take 1-3 months; however, this is just an estimate.

Three months is usually plenty of time to complete but be sure to send us the instruction documents as soon as your valuation is received. This will maximise your chances of completing within the 3 months. Delays in completing the purchase are normally due to problems arranging the finance. Any amendments to the initial staircasing instruction that you send will also increase the chance of needing an updated valuation.

How will my rent change after staircasing?

Once you have bought extra shares your rent will go down in proportion to the share you have bought. For example, if you increase your share from 50% to 75%, your rent will halve (you will pay rent on 25% of the property rather than 50%).

If you increase your share to 100%, you will stop paying rent. However, you will still have to pay the service charge and ground rent may become payable. Please ask your solicitor about this.

Once NHH receives your application form we will provide you with a memorandum of staircasing to give to your bank. This will outline the new rent that you will pay after completion.

Do I need to pay stamp duty on the share that I am buying?

NHH is unable to provide advice relating to stamp duty. Please ask your solicitor about this.