



A guide to buying more shares - Staircasing





What is staircasing?

Staircasing' is a term that refers to increasing the share of the property you own. You can do it gradually over time, to eventually owning your home outright.

There are 2 types of staircasing, Interim and Final.

- Interim staircasing means you buy more shares in your home but you don't purchase all remaining shares. That means you will still be a shared owner afterwards. Your rent would decrease when you buy more shares.
- Final staircasing means you purchase all the remaining shares and you are no longer a shared owner. You will no longer need to pay rent but you may still need to pay a service charge. If your property is a flat you will still be a leaseholder as PCH will own the building.

SO Living is part of Plymouth Community Homes (PCH). PCH is your landlord and we will refer to your landlord as PCH throughout this guide.

Can I staircase at any time?

Normally you can, but it does depend on your lease and any restrictions set out by the local authority's planning conditions, also known as a Section 106. We will have advised you about any restrictions on staircasing when you first purchased the home but they can also be detailed in your shared ownership lease. For most homes, however, there will be no restrictions and you will be free to staircase to own 100% of your home outright.

How much of the house do I need to buy?

Additional shares can be bought in a minimum of 10% amounts. These can be purchased using cash or by increasing the amount you borrow from your mortgage lender. Your lender will check that you are able to afford to do this.

What price do I pay for the additional shares?

In order to buy more shares in your home, PCH will instruct a surveyor on your behalf to complete an open market valuation. This surveyor must be accredited by the Royal Institute of Chartered Surveyors (RICS) and the report they produce will determine the open market value of your home. This is then used to determine the price of the share you would like to purchase.

If you have made improvements to your home, these will be excluded in the open market valuation. You will need to pay for the report and it will usually be valid for three months unless otherwise specified. If you have not completed on the purchase of your shares within this time a desktop valuation will be needed and you will have to pay for this.

If your property is a house and you staircase to 100%, you do not pay any extra money for the freehold.

What happens to my rent and service charges?

Your rent is based upon the amount of shares you own in your property. If you staircase, your rent will decrease proportionately, and if you staircase to 100%, you will no longer pay rent.

You will still need to pay service charges even if you staircase to 100%, although the amount you pay may change. If you own a house you will then be responsible for your own buildings insurance policy.

What are the benefits of staircasing?

There are a number of reasons that you might want to increase the share of your home that you own:

Pay less rent. By reducing the percentage of your property that you rent from us you will also reduce your monthly rent. Your mortgage repayments will go up but the mortgage payments are going towards paying for the part of the home you own.

Benefit from any increase in house prices. The more of your home that you own, the greater you'll benefit if its value increases. Remember though, if the value of your home has decreased, you may get back less than you have put in.

More mortgage choice. If you staircase your way to owning 100% of your home you'll be able to get a standard mortgage, rather than a shared ownership mortgage. Standard mortgages tend to be cheaper.

Freedom to sell. Own 100% of your property and when you want to move on you should be able to sell it on the open market. However, if your property is still leasehold you will still have to offer it back to PCH first. Make sure you check your lease. If you own less than 100% PCH will need to find someone to buy your share from you.





Staircasing Process

In the first instance we recommend that you speak with an independent financial advisor if you intend to purchase the additional shares with a mortgage. You can find a financial advisor or mortgage advisor, near to you, on the Financial Services Register: www.register.fca.org.uk you can also find a list of mortgage advisors on our website www.so-living.co.uk/mortgage-advisors

Then contact PCH to advise us of your intention to staircase. Call 0800 0778 748 or email so-living@plymouthcommunityhomes.co.uk

- We will send you a Notice to Staircase Form which will need to be filled out and returned to us to start the process
- Please also pay the valuation fee to PCH – details of how to do this will be on the Notice to Staircase Form

Once a valuation report is received we will then calculate the value of your existing share and how much it will cost to buy the additional shares. We will also calculate your new rent and service charge amount. This will all be completed and sent to you on the Instruction to Staircase Form

If you wish to proceed with the valuation and want to buy more shares you will then need to:

- Return your completed Instruction to Staircase form
- Pay the administration fee

If your staircasing is interim staircasing, we will ask you to make contact with our nominated financial advisor who will conduct an affordability assessment to ensure that all payments on your intended home are affordable.

Once confirmation has been received that your staircasing is affordable we can both instruct solicitors.

Instructing your solicitor

You will need to inform us on the Instruction to Staircase Form which solicitors you are using. Once we receive this information, PCH will instruct their solicitor. You will need to instruct your solicitor also.

It is your responsibility to liaise with your solicitor throughout the staircasing process.

Instructing your mortgage advisor

In addition to instructing your solicitor you must also instruct your mortgage advisor to apply for your mortgage (if you are buying with a mortgage). Once the mortgage advisor is instructed it is really important to regularly communicate with them regarding your mortgage offer.

Who is involved in the conveyancing process?

There are two solicitors involved in the staircasing transaction. You will have a solicitor and PCH will have a solicitor.

How long will the conveyancing process take?

The legal process will need to be completed within 3 months from your valuation date as per your lease.

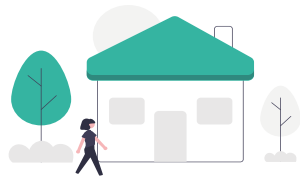
What happens on completion?

Your solicitor will arrange for completion money payable to PCH to be sent to our solicitor on the day of completion by same-day bank transfer (CHAPS).

When the completion has taken place, PCH will adjust your rent and service charge account accordingly.



Staircasing Timeline



1

Purchasing more shares

Speak to an Independent Financial Advisor if you want to purchase more shares.¹

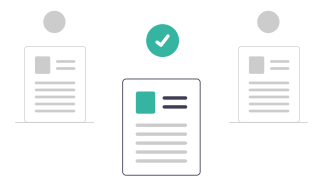


2

Notice to Staircase form

Tell us you want to staircase and we'll provide you with a Notice to Staircase form.²

Within 3 working days



3

Return your form

Return your completed Notice to Staircase form and pay the valuation fee.

Within 20 working days



4

Instruct a surveyor

We'll instruct our nominated RICS survey to value your home.

Within 3 working days



5

Valuation report

The RICS valuer will liaise with you to value your home and the valuation report will be sent to PCH.

Within 20 working days



6

Instruction to staircase form

We'll send you an Instruction to Staircase form, it will confirm the value of your home, how much it will cost to buy the additional shares, your new rent and service charge amount.

Within 5 working days

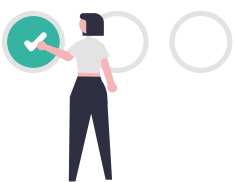


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Affordability assessment

Affordability assessment is carried out for Interim Staircasing. Your Sales Officer will send details of how to contact our nominated financial advisors.

Within 10 working days



8

Return your form

Return your completed Instruction to Staircase form and details of your solicitors, provide evidence of funds and pay the administration fee.

Within 10 working days



9

PCH will instruct their solicitor

PCH will instruct their solicitor. Instruct your solicitor and mortgage advisor. You'll need to liaise with them throughout the staircasing process.

Within 5 working days

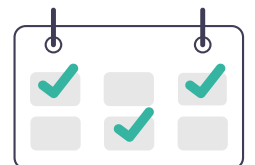


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Mortgage offer

Your solicitors will need to send PCH your mortgage offer mortgage offer, which we will need to consent to.

Within 5 working days



11

Confirmation of completed staircasing

Your solicitor will confirm when the staircasing transaction is completed. This needs to happen within 3 months of the valuation report. PCH will adjust your rent account and Direct Debit.

Within 60 days

¹ Find a Financial Advisor or Mortgage Advisor on the Financial Services Register: www.register.fca.org.uk or www.so-living.co.uk/mortgage-advisors

² Contact us on **0800 0778 748** or email so-living@plymouthcommunityhomes.co.uk



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Monday - Thursday 9am - 5pm
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