

Your guide to: Staircasing

How to buy further shares in your
Shared Ownership home




Great homes,
positive people,
strong communities

origin  HOUSING

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What is Staircasing?

Usually once you have lived in your home for three months, you can buy further shares in your property. This process is known as staircasing, enabling you to own a greater proportion of your home. If you bought a resale property you can buy further shares after only three months. The greater the share you buy in your home the less rent you will pay to Origin Housing. If you staircase to 100% you become an outright owner, and pay no rent!

Staircasing is limited to those who have purchased their home through a Shared Ownership product.

The Homes & Communities Agency – the governing body for registered providers require that leaseholders may acquire additional shares in their property at a price equal to the relevant proportion of the current full open market value of their property.

You don't have to staircase – it is entirely up to you, however having requested this guide we assume you are considering buying a greater share of your home and naturally you want to find out more about staircasing.

There are no restrictions in the majority of cases however we would recommend in the first instance that you refer to your lease. This may require assistance from your legal representative.



What provisions are there for staircasing?

The general provisions associated with staircasing will depend on the lease and the time the original lease of the property was issued. The key date effecting your provisions is April 2006.

For leases drawn up before April 2006:

Staircasing cannot take place in the first twelve months after the initial purchase.

For subsequent owners, (as in the case of a resale) staircasing can only take place after three months.

The leaseholder is required to buy a further share of at least 20% and in multiples of at least 5% above this percentage except in the third and final share which would take the shared owner's equity up to 100%.

For leases drawn up after April 2006:

Staircasing can take place 3 months after the initial purchase.*

For subsequent owners, (as in the case of a resale) there is no three month restriction.

The leaseholder is required to buy a further share of a minimum of 10% and in multiples of at least 5% above this percentage except in the final share which would take the shared owner's equity up to 100%.

All leases require:

Leaseholders of a Shared Ownership property may acquire the entire interest in their property in a maximum of four steps, including the purchase of the original equity share. This means that there can be a maximum of three staircasing transactions after the initial purchase to reach full equity.

The additional equity purchased will be based on the current market value of the property at the time of application to staircase.

The valuation must be carried out by an independent RICS qualified valuer with the valuation accompanied with at least three comparable property values.

The leaseholder is required to meet the valuation costs and any other costs incurred in connection with the staircasing transaction, i.e. legal fees, mortgage arrangement fees, additional valuations in the case of valuer disputes or expired valuation reports.

The leaseholder must pay any arrears of rent, service charge or other charges incurred prior to completion of the staircasing transaction.

Your lease restricts you from selling your property for three months following final staircasing.

*correct at time of going to print – subject to change

What are the benefits of staircasing?

Most people aspire to own their own property and you made the step towards this when you bought your Shared Ownership home on a part buy/part rent basis.

Buying a greater proportion of your home has a number of benefits:

- You reduce the amount of rent you are paying to Origin Housing.
- When you decide to sell your home, the greater percentage you own, the more profit you will make if the value of your home has increased.
- If you own your property outright (become 100% owner) you can sell your property on the open market using an estate agent of your choice.
- If you staircase and own your property outright, you can sell your home to anyone interested in buying your home and not be restricted to those registered and approved by the Homebuy Agent who meet the criteria within the lease.
- Becoming the outright owner allows you to maximise the profit from any major home improvements. Once you own 100% you will get back the full profit for the current market value when you come to sell your home.



General information

Is there any reason why I would not be able to staircase?

As a responsible Registered Provider, Origin Housing may in certain circumstances not allow a leaseholder to buy further shares in their property.

We do not allow staircasing:

- if you have arrears with your service charge and/or rent
- if your income doesn't meet our guidelines for responsible lending and the increased share is not affordable for you. This will be after assessing your current financial situation with our Financial Advisors at the Financial Interview
- if your property has restrictions on staircasing. Some of our properties have restrictions on staircasing, if this applies you will be limited to what you are able to staircase up to. Details of any restrictions can be found in your lease
- if your request to staircase is not signed by all those who originally bought the property.

What if I have made Home Improvements to my home?

When you have your home valued for staircasing, the value is based on the current market value of your home which will include the home improvements you may have done. If appropriate, the valuer will show two figures, the £mv and the additional value assessed to be due to the pre-agreed improvements you have made.

General home maintenance, repairs and redecoration are not regarded as improvements and generally will not increase the value of your home.

Improvements such as double-glazing, new fitted kitchen/bathroom, installing central heating, loft conversions and conservatories are considered and may increase the value of your home but not always by as much as you originally paid for the work.

Please remember that you need to request permission and written approval from our Home Ownership team before carrying out any major improvements to your home. You will have had to provide us with estimates, quotations and maybe plans and local authority planning approval for the permission to be granted. Our surveyor may have also visited your home. You will need to provide these documents if you wish major home improvements to be disregarded from your staircasing offer.

What are the costs involved in staircasing?

Every time you staircase you will have expenses to pay therefore before deciding to staircase it is worth investigating the full costs involved and consider carefully the additional share you wish to buy.

Some of the expenses you will have to pay are:

The valuation fee – required by Origin Housing in accordance with your lease and the HCA guidelines. We have negotiated very competitive fees with our panel of RICS qualified valuers to determine the current open market value of your home. Their fees range from £150 - £350 substantially less than many other valuers. You may select another valuer not on our lists providing they are RICS qualified. We will instruct them on your behalf and receive a valuation report. The valuation fee must always be sent to our Sales and Marketing team.

Legal expenses – Staircasing will involve changes to your existing lease which will require the professional services of a solicitor. The solicitor will have disbursements and professional fees for acting for you.

Stamp Duty – In certain circumstances you may need to pay stamp duty. This will need to be discussed with your legal representative.

Mortgage fees – If you are applying to change lenders (re-mortgage) to buy the additional share, or to obtain a better interest rate you will be required to pay the lender's valuation fee and you may be required to pay a mortgage arrangement fee. You may also have to pay penalty charges to your existing lender if you re-mortgage before the end of the product end date. You must investigate this with your lender or financial advisor prior to applying to staircase.

Rent and Service Charge arrears –

If you have any arrears these must be cleared before completion of the staircasing transaction.

NOTE: The valuation fee is for a valuation report valid for a three month period. If your staircasing transaction does not complete within this period you will be required to pay an additional valuation fee. We will require this new report and if the price has changed an amended offer will be issued which could result in additional costs from your lender and solicitor.

How do I staircase?

Having received this brochure, you have made the first step towards buying further shares in your property.

Things to consider

Before appointing professionals and buying further shares in your home, we recommend getting an informal valuation locally to get an idea whether you can afford it. Your rent can go down but mortgage repayments will increase, your service charge will usually stay the same unless you own a house but you may still have a charge to pay - we can confirm this for you.

Appoint a solicitor

Before instructing Origin Housing to proceed it is best to select your solicitor, so that you are ready to act promptly when you receive the valuation report which is only valid for 3 months. We recommend using the solicitor

who originally dealt with your purchase as they are most likely to have a lot of your details regarding your property available. If this is not possible we can assist you by providing you with a list of client recommended solicitors.

You require a solicitor to deal with your staircasing transaction as it involves changes to your existing lease and other legal work associated with your mortgage and home. We always recommend you select a solicitor who offers:

- a fixed fee for their services
- you obtain a quotation before instructing your solicitor
- choose a solicitor with knowledge and experience of Shared Ownership leases.

Remember that you pay for your solicitor's time, so the more often you write to or phone your solicitor, the higher the charge is likely to be.



Instruct us to value your home

Having obtained this information you now need to know how much it will cost to buy the additional shares. To do this, complete the form which was sent to you with this brochure. The information you provide on the form will be passed on to the valuer you select. The form requires you to select a qualified independent valuer, who must be registered with the Royal Institute of Chartered Surveyors (RICS). A list will have been sent to you to help you select a suitable valuer.

Add the valuer's details to the form and send it along with the valuation fee to the Sales and Marketing Team at Origin Housing.

On receipt of the completed form and valuation cheque the valuer will be instructed to arrange an appointment with you to value your home. To ensure this is dealt with promptly please provide contact details and be as flexible as possible to ensure the valuer can deal with our instruction in an effective and timely manner.

After viewing your home, the valuer will research your area and produce their valuation report with comparables of similar properties in your area which have been sold or are being marketed. This report will be sent to the Sales and Marketing Team who will check the details and issue an offer letter to you along with a copy of your valuation report.

We send you the offer

When you applied to staircase you would have indicated the additional share in the property you were considering. Based on this and the valuation we will issue an offer to you which you must accept or decline.

Don't forget the valuer's report is only valid for 3 months and therefore you must act quickly to complete the staircasing transaction before the valuation report expires. If the transaction doesn't complete by this date you will incur additional costs for a new valuation and your solicitor may charge additional charges as we will make you a new offer based on the current valuation. This valuation could be lower or higher than the original valuation dependent upon the housing market at the time.

If the valuation is disputed, a valuation will be carried out by the District Valuation office at a charge to you. The District Valuer's opinion is to be accepted as the final word on valuation disputes.

Financial Assessment Interview

When you originally purchased your Shared Ownership home you most probably had a financial assessment interview with one of our Independent Financial Advisers (IFAs). From the time you originally bought your home to now when you are considering buying more equity in your home, your personal circumstances may have changed considerably. As a responsible Registered Provider, we require you to have another financial interview to ensure you meet our affordability requirements and that the additional share being purchased is not likely to cause you financial difficulties in the future.

You must attend this interview otherwise we may not offer you the opportunity to staircase.

So that we can help you buy further shares as quickly as possible, you must supply the following documents:

- your payslips for the last 3 months. (Please supply 3 months' worth even if you are paid weekly) or
- if you are self-employed, your audited accounts for the last two years from a certified accountant or last 2 years' tax assessments from the Inland Revenue.
- your latest P60
- your passport
- last 3 months bank statements.

If you have bought your home with another person and you are buying further shares in joint names, both must supply the above documents to the financial advisor.

The maximum additional share you can buy will be confirmed by the IFA at the financial interview and will need to comply with the requirements of the lease.

After the financial interview

The IFA will be able to assist you with your mortgage arrangements to buy the additional share – if you want them to. If you want to arrange your own mortgage, you should talk to some banks and building societies and make sure that you tell them you are buying additional shares in your Shared Ownership home. You must act quickly and must stress to your lender and solicitor that the staircasing valuation offer is only valid for 3 months and therefore it is imperative they act quickly to achieve this completion deadline to avoid additional costs for you.

Three months seems a long time but passes quickly and you certainly don't need an additional valuation fee to pay which potentially could mean a new offer as the housing market can rise or fall within a three month period.

Once you have the mortgage offer, contact your solicitor to arrange to complete the staircasing transaction. They may need to arrange an appointment to go through the legal paperwork with you. Once this has been completed, your solicitor will advise us of the date you intend to complete the staircasing transaction. We will then send out a completion statement which will confirm the increased share in the property you will own along with the new rent payments if you are not staircasing to

100% ownership. We will also advise if Ground Rent is applicable (you can check this in your lease when you own 100%).

Finally – staircase completion date arrives

Congratulations - You will now own either a greater share or the full 100% value of your home.

We will adjust your account in line with the increased share you own in your home and to allow for any net credits owed to you, send confirmation of your new charges and/or close your account if your staircasing transaction requires us to do so. If you own a Do It Yourself Shared Ownership (DIYSO) property then this will be the last correspondence you will receive from us.

If you become the 100% owner of a house usually the Freehold will be transferred to you after completion. You will no longer be covered under our block buildings Insurance Policy from the date your staircasing transaction completed. You must ensure that you have a building Insurance policy in place at completion. If however you become a 100% owner of an apartment you will still be covered under our block buildings insurance policy.

If Origin is not the owner of the freehold of your apartment, you may have your Shared Ownership lease changed to the head lease from the freeholder and have no more connection with Origin. You will pay charges direct to the freeholder or their Managing Agent.

What happens when I become the outright owner (own the property 100%)?

Once you have staircased to 100% you will no longer pay Origin Housing any rent. However, if you are the leaseholder of an apartment, you are still required to pay your service charge and management charges including the ground rent to us or the Freeholder/Managing Agent if not Origin, as we remain the freeholder of the apartment block.

If you own a house, the freehold of your home can be transferred to you when you have staircased to 100%. You will need to serve notice to Origin Housing requesting the freehold of the property be transferred to you. There is no charge for this transfer, however you will have to pay

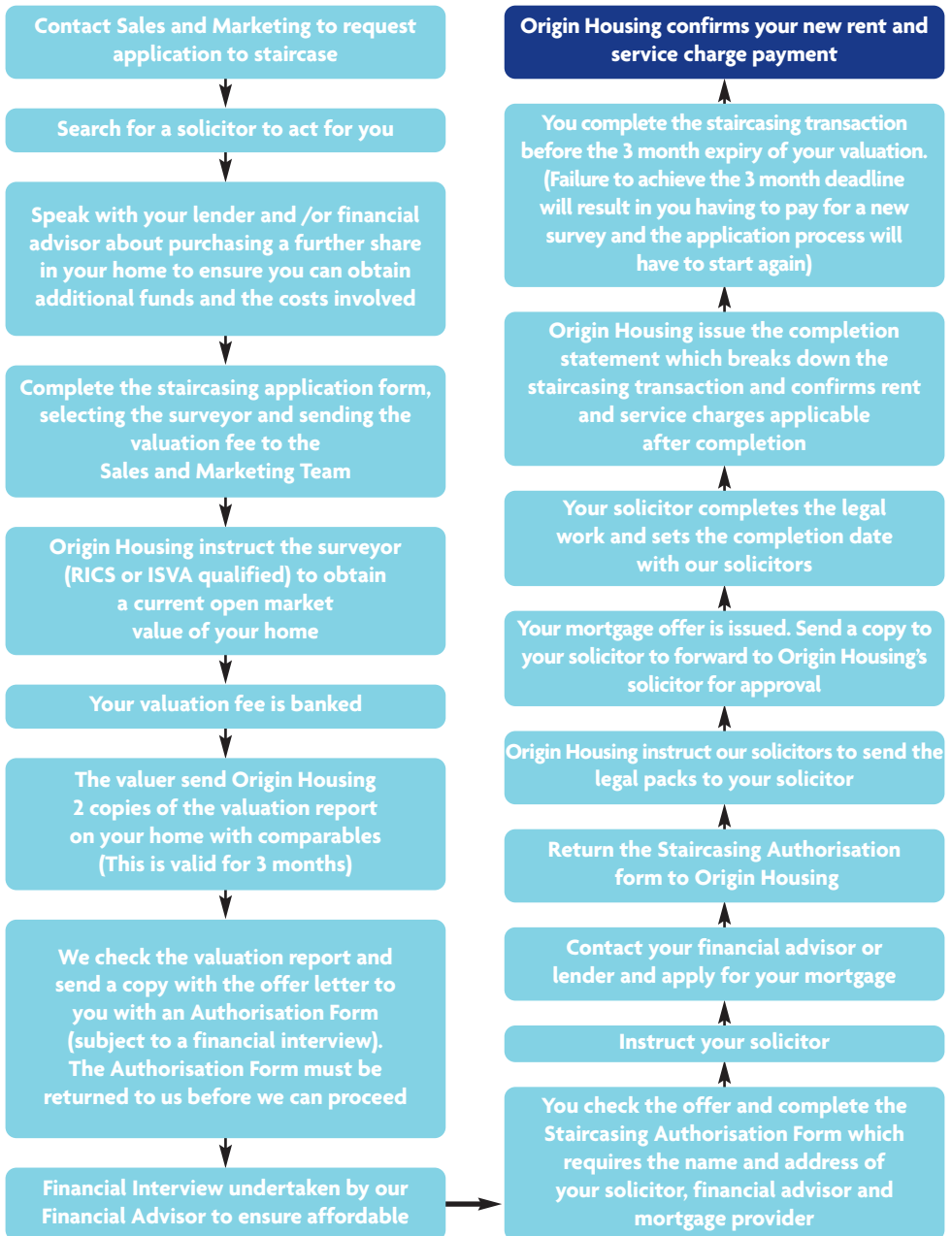
your legal costs. Once this has taken place, you will no longer be charged for buildings insurance. In some cases you may still have to pay a service charge or estate management charge to Origin Housing if you live on an estate and are responsible for some of the communal costs.

Regardless of whether you live in an apartment or a house, once you have staircased to 100%, you are free to sell the property on the open market, usually with the professional services of an estate agent.

Please note that your lease restricts you from selling your property for three months following final staircasing.



Stages to staircasing



Our Equal Opportunities Policy

This is what we will do:

- provide and promote equal opportunities, whatever a person's race, colour, ethnic or national origin, religion, beliefs, sex, age, sexuality, HIV status, physical or mental disability, state of health, appearance, marital status, family circumstances or offending behaviour
- give all staff equality and diversity training
- encourage groups and individuals that are disadvantaged in housing and employment, to apply for jobs, homes and work contracts
- keep a record of the ethnic origin, sex, disability and age of everyone who applies to us for a home or job
- consider equal opportunities when we decide who serves on our management board
- make sure everyone we work with or who works for us knows about our policy and keeps to it. If any of these people have their own policy, we will make sure it fits in with ours
- take into account good practice in equal opportunities when we update our housing and employment policies and procedures.

We are committed to promoting equality and diversity. We think there is real value in having people in our workforce from a variety of backgrounds and with a diverse range of experiences and abilities. We are dedicated to providing services to all sections of the community and we expect everyone who works for us to support us in this.



Our Service Promise

Communicating with you

- We aim to provide an excellent service for all of our customers
- If you're not happy with any aspect of our service, please let us know and we'll try to put it right. We have a complaints' form which we can send you if you want to put your complaint in writing
- We welcome your comments - good or bad - as a way of letting us know what we are doing right or wrong. This helps us improve our service to you. Our detailed service promise is available on request.

Our Performance Standards

We aim to:

- answer your telephone calls within 20 seconds
- reply to your letters within ten working days
- give you a decision on whether your application has been accepted within five working days
- respond to telephone messages within 24 hours. (This is due to the fact our Sales Officers are often out of the office at viewings and may not be able to answer your call immediately)

We have an equal opportunities policy and do not treat any applicant for Shared Ownership less favourably because of their race, colour, gender, disability or marital status.

Buying your home

We promise to:

- explain the whole process to you clearly before you buy your new home;
- provide you with a free financial interview and access to mortgage advisors; and
- guide you through every step of buying your home.

We ask you to:

- go to all presentations and appointments we have invited you to;
- be honest about your financial circumstances; and
- contact us regularly throughout the process.

Your home is at risk if you fail to keep up payments on any mortgage, rent or other loan secured on it. Please make sure you can afford the repayments before you take out a mortgage.



For more information call 0800 068 8990
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