

## Shared Ownership Staircasing



As the owner of a shared ownership property bought either new or resale you can buy further shares in your property. This is known as staircasing, the more you buy the less rent you pay. If you buy 100% of the shares you become the outright owner and pay no rent!

Staircasing is of course an option, you don't have to do it. However if you do want to own more of your entire home, then read on.

In the majority of cases there are no restrictions, but it's best to check first either by reading your lease or speaking to a representative at your Housing Association.

### **There are some great benefits to staircasing:**

- You reduce the amount of rent you pay
- When you decide to sell your home, the more shares you own the bigger the profit you will make
- If you own the property outright you can sell on the open market via an estate agent of your choice
- It allows you to maximise any profit from major home improvements when you come to sell
- If you staircase to 100%, eventually you will have no mortgage and no rent

### **What are the costs involved in staircasing?**

Every time you staircase you will have expenses to pay, best to think about this early on and also to consider staircasing to the largest share possible at each time, this will reduce your costs.

- **The valuation fee:** This will be required by your Housing Association to establish the value and hence the price of your shares, fees range between £150 - £250 plus VAT, the valuer must be RICS qualified.
- **Legal Expenses:** Just like when you purchased your home, you will need a solicitor to act for you at the staircasing stage
- **Stamp duty:** In some circumstances you will have to pay Stamp duty tax, this will need to be discussed with your solicitor or mortgage adviser.

- Mortgage fees: It's more than likely that you will have fees related to the mortgage and its set up, some of these may be added to the mortgage if required.
- Overall: As a rough guide, if you are staircasing to 100% we'd estimate the total fees to be around £3000 excluding stamp duty. Some of these may be added onto the mortgage if required and allowed by the lender.

### **How do I staircase? What are the stages?**

- 1) Most Housing Associations will have an application process, beginning with the application form
- 2) Decide what level you think you want to staircase to and fill in the application form
- 3) The Housing Association will then appoint a financial panel firm, like us. They will conduct an affordability assessment and establish that you've picked the most appropriate share size to go for.
- 4) Time to get the valuation, this will need to be done by a RICS chartered surveyor at your expense
- 5) The Housing Association will then provide you with an offer letter based on the valuation, this means your additional share purchase is now formally approved.
- 6) By now your mortgage will have already been approved in principle and it's time to submit the full application so it can be underwritten and then you can get the mortgage offer.
- 7) Once the mortgage lender has produced the formal offer, the solicitors will now complete the transaction, similar process to when you originally purchased.
- 8) Staircasing done!

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