



NLM HOUSING  
ASSOCIATION

## Staircasing Guide

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**Are you looking to buy more shares of your Shared Ownership property?**

**Find out more about the process with this step-by-step guide**



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## What is Staircasing?

After you buy your home, you can purchase more shares in your property via a process known as staircasing. Your lease will tell you the minimum percentage you can buy, but this is normally at least 10%. For example, if you own 50% of your property, you can staircase to 60%.

Any additional shares you purchase are based on the current market value of the property. An independent valuation will need to be carried out by a RICS independent surveyor at the time of your application to determine this.

Once you staircase to 100% ownership you will no longer pay rent, but you may have to pay ground rent and service charges if you own a flat, or estate maintenance charges if you own a house.

Some properties limit the maximum equity you can purchase to ensure the availability of affordable Shared Ownership homes in an area; for example, properties within a designated protected area are limited to 80% ownership. You should check your lease to see if this applies to your property.

## Before you Start

As a shared owner, you are entitled to buy more shares in your home at any time. Most shared owners can buy 100% of the shares in their home so that they own the property outright and no longer pay us any rent. There are some older properties where you might not be able to buy the full 100% but you can buy up to 70 or 80%. Your lease will give you all the details.

Before you make the decision to buy more shares, it is important to understand the costs related to the staircasing process. This will include paying for a valuation, a solicitor and any mortgage related costs.

In addition, your rent and service charges account must be up to date and they must remain so throughout the process.

# The Process

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## Step 1 – Staircasing Application Form

Once you've decided to proceed, you will need to sign and return a Staircasing Instruction Form.

This gives us all the details we need to start the process and confirms you would like to proceed. Please ensure that you have included any home improvements you have carried out on the property, which is likely to affect the valuation. If the property is owned in joint names, all parties have to sign the Instruction Form. A valuation of your property will be required. You will be asked to pay for this by credit or debit card.

## Step 2 – Valuing your property

We will instruct an independent surveyor (accredited by the Royal Institute of Chartered Surveyors) who will contact you to arrange to visit and value your property, the surveyor must also have expertise in shared ownership properties.

The survey will determine the price of your home which will take into account any improvements you have made or work that may now be required.

Please note that property market values can go up or down and the value provided by the surveyor could be more or less than you paid.

When the valuation is received we will discuss this with you.

## Step 3 – Making you the offer

If you are purchasing more shares, but not 100%, we will need to ensure that you can afford the increased mortgage payments.

You will be required to complete a financial assessment form and may be required to provide a mortgage Decision in Principle or proof of savings. This will usually be carried out by an independent mortgage/financial advisor you will have appointed.

This is not required if you are purchasing 100% of your property.

Once we have received the valuation report, and a satisfactory financial assessment (if applicable), we will send you your offer. This sets out how much the new shares in your property will cost and what your new rent will be (if applicable) and we'll also send you a copy of the valuation report.

We will also confirm any fees due to complete your staircasing. We'll then ask you to sign a form confirming your agreement and identifying the solicitor you wish to use.

## The Process

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### Step 4 – Buying more shares

Once we have received your signed agreement we will instruct our solicitors to act on our behalf for the sale of the shares. We'll put together a Memorandum of Staircasing that we'll send to our solicitors and we'll send you and your solicitor a copy. This will also identify (if appropriate) what your new rent will be. If you are now able to own 100% of your home, you will no longer have to pay rent. Our solicitors will contact yours, answer any queries they have, await the mortgage offer (if applicable) and agree the target completion date.

Please note that this transaction must be completed within three months of the date on the valuation report so it's advisable that you start discussing purchasing more shares with your mortgage lender as soon as possible.

If completion takes longer than this, you may be required to pay for an updated valuation report and if the value changes, the transaction price will have to be recalculated and a new Offer Letter will be sent to you.

### Step 5 – Completion

Once this has all gone through, don't forget to update or cancel direct debit payments with us.

## FAQ's

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### How is the purchase price calculated?

You buy the additional shares at the current market value. For example, if you wish to buy a further 25% and your property is valued at £200,000, the purchase price will be £50,000. This means that the price of the new shares reflects any changes in your home's value. House prices can go down as well as up so this house price movement will be reflected in the price you pay.

### What happens to my rent?

If you staircase to 100% you will no longer pay rent. If you staircase to less than 100% your rent will decrease, and we will confirm the new amount payable in your offer letter. Service charges, ground rent and other fees may continue to be payable after you staircase.

### What is the minimum I can buy?

The minimum share you can purchase is 10% but you can buy at any percentage above that if you want to and can afford it.

There may be a limit on how many times you can staircase (see your lease) but you can staircase to 100% (subject to your lease) in one go if you prefer.

### What costs will I be expected to pay?

You will need to pay the valuation fee upfront and an administration fee will be collected on completion by our solicitors.

You will also be responsible for your solicitor's cost and any costs associated with your mortgage lender.

## Get in touch

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If you're thinking about buying more shares in your property, then get in touch with our Leaseholders team.

E: [nlmha.leaseholders@nlmha.com](mailto:nlmha.leaseholders@nlmha.com)

## Glossary

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**Affordability** We, alongside independent financial advisors, carry out checks to ensure that the staircasing process and changes in your mortgage payments are affordable for you and will not leave you with any financial risks.

**Completion** This is the point at which all transactions concerning your share purchase are concluded.

**Lease** A legal document by which the freehold (or leasehold) owner (NLM) lets the premises or a part of it to another party (you) for a specified length of time; after the expiry of which ownership may revert to the freeholder or superior leaseholder.

**Leaseholder** When you purchased your property through shared ownership you became a leaseholder; with NLM owning the freehold or head lease.

**Maximum income** Maximum income thresholds apply for Shared Ownership, which vary dependent by location and are set by Homes England and the Greater London Authority. This is a maximum level of income that your household (classified as people contributing to the mortgage payments) can earn per year before you become ineligible. These thresholds are set to ensure that the home goes to those households who would otherwise not be able to afford to purchase a property.

**Mortgage** An amount of money advanced by a lender such as a bank or building society on the security of a property and repayable over a long period.

**RICS independent surveyor** An independent party who offers surveying services to determine the current market value of your property.

**Service charge** The cost of repairing and maintaining external or internal communal parts of a building charged to a Shared Ownership leaseholder. We also include buildings insurance and management charge.

**Solicitor** A legal expert handling all documentation for the sale or purchase of a property.

**Staircasing** Buying more shares of your Shared Ownership home is known as 'staircasing'.



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## NLM HOUSING ASSOCIATION LTD

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