



Genesis

Staircasing

Buying More of Your Home

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A guide to Staircasing

WHAT IS STAIRCASING?

Staircasing is the process of buying more shares in your property, enabling you to own more of your home. You can do this as a **leaseholder** of a **Shared Ownership** property bought either new, as a resale or via **Social HomeBuy**.

The greater the share you buy in your home, the less rent you will pay too.

**IF YOU STAIRCASE TO 100%
YOU BECOME AN OUTRIGHT
OWNER AND PAY NO RENT!**

When acquiring additional shares in your home, the **Homes and Communities Agency (HCA)** requires the price to be equal to the relevant proportion of the current full open market value of the property.

Once you own 100% of your home, you will only pay the service charge and in some cases, an annual ground rent. Purchasing the final share in your home that takes you to 100% ownership is known as Final Staircasing.

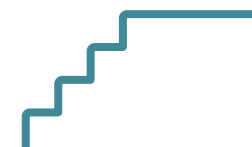
Staircasing is only available to those who have purchased their home through a New Build Home Buy (also known as Shared Ownership) product.

IS STAIRCASING FOR ME?

Staircasing is perfect for anyone looking to own more of their home. There are many benefits to **staircasing** – check out our 5 Benefits of **Staircasing** on page 7.

In receiving this guide, we assume you are considering buying a greater share of your home and naturally want to find out more about how to do this.

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.



Own more of your
HOME
through
staircasing.

Use the Glossary at the end of this document for definitions of the bold words in this guide.

10 Stages to Staircasing

01. Initial Financial Assessment

A phone assessment carried out by **Censeo** with you.

1

02. Staircasing Application

Request and return completed to Genesis.

2

3

04. Valuation Request Form

Complete and return to Genesis.

03. Choose Surveyor

Select your RICS Surveyor.

4

5

06. Financial Review

Censeo Client Adviser or Censeo Mortgage Adviser (not for the client to choose)

05. Valuation Report

Genesis and your Surveyor to complete for you. This will then be shared with **Censeo Financial** to confirm the maximum share you can purchase.

6

7

07. Staircasing Authorisation Form

Upon reception from Genesis, instruct your solicitor, apply for your mortgage, and return completed to Genesis.

8

9

09. Mortgage Offer

Receive and send a copy to your solicitor to forward to Genesis's solicitors who will set a completion date, if you're buying interim share.

08. Legal Packs

Legal pack provided by Leaseholder. MOS (Memorandum of Sale) sent by Genesis (fixed fee of £139 +VAT).

10

10. Completion Statement

Receive from Genesis with breakdown of **staircasing** transaction, rent, service charges and ground rent applicable.



**CONGRATULATIONS
YOU HAVE
SUCCESSFULLY
STAIRCASED!**



If you staircase to

100%

you own your home outright.



MOST

people aspire to own their own home.

Five Benefits of Staircasing

WHY SHOULD I STAIRCASE?

Most people aspire to own their own home. Now that you have made the first step towards owning your entire home outright, here are five reasons you may want to purchase more shares in your property.

Lower rent

You will reduce the amount of rent you pay on the part of your home you don't yet own.

More profit

If 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).

More control

If you staircase to 100% and own your property outright, you can sell your property on the open market using an Estate Agent of your choice.

More buyers

If you staircase to 100% and own your property outright, you can sell your home to anyone interested in buying it. You will not be restricted to those applying for affordable homes who meet the criteria within the **lease**.

Higher return on investment

Becoming the outright owner also allows you to maximise the profit from any major home improvements when selling your property.

Provisions for Staircasing

WHAT ARE THE PROVISIONS 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 affecting your provisions is 1st April 2006. Check your **lease** to find out which of these affect you.

THE KEY DATE AFFECTING YOUR PROVISIONS IS 1ST APRIL 2006.

For leases drawn up before 1st April 2006:

- **Leaseholders** of a **New Build HomeBuy (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**.
- **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 before 1st April 2006:

- **Leaseholders** of a **New Build HomeBuy (Shared Ownership)** property have no limit on the number of **staircasing** transactions.
- **Staircasing** can take place at any time 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 third and final share which would take the shared owner's **equity** up to 100%.

All leases require:

- The additional **equity** purchased to 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 Royal Institute of Chartered Surveyors (RICS) qualified valuer, with the valuation accompanied with at least two 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.
- In some cases your **lease** may restrict you from selling your property for three months following **final staircasing**.



Make sure to
CHECK
the date of
your lease.



Costs of Staircasing

WHAT ARE THE COSTS INVOLVED IN STAIRCASING?

Every time you staircase you will have expenses to pay. Before deciding to staircase we recommend investigating the full costs involved and carefully considering the additional share you wish to buy.

Typical expenses you will have to pay are:

The valuation fee

This is required in accordance with your **lease** and the HCA guidelines. Genesis has 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 £175 – £250*, which are substantially less than many other valuers.

If you wish to select another valuer, you will need to ensure they are RICS qualified and we will need to approve them, instruct them and receive a satisfactory valuation report.

It is worth noting a valuation report is valid for a three month period. If your **staircasing** transaction isn't 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. If you are unhappy with the valuation report you may request a final valuation

via the District Valuation Office whose decision, be it higher or lower, will be final. You will have to pay for the **District Valuers report**, this is estimated to be in the region of £500 – £700*.

Legal expenses

Staircasing will involve changes to your existing **lease** that will require the professional services of a solicitor. The solicitor will have disbursements and professional fees for acting for you. We advise you obtain a quotation from your solicitor. We would recommend returning to the solicitor you used to buy the property as they may still have details of your property, which could save you money. Typical fees range from £500 – £900*.

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 (i.e. re-mortgage) to buy an 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 product end date.

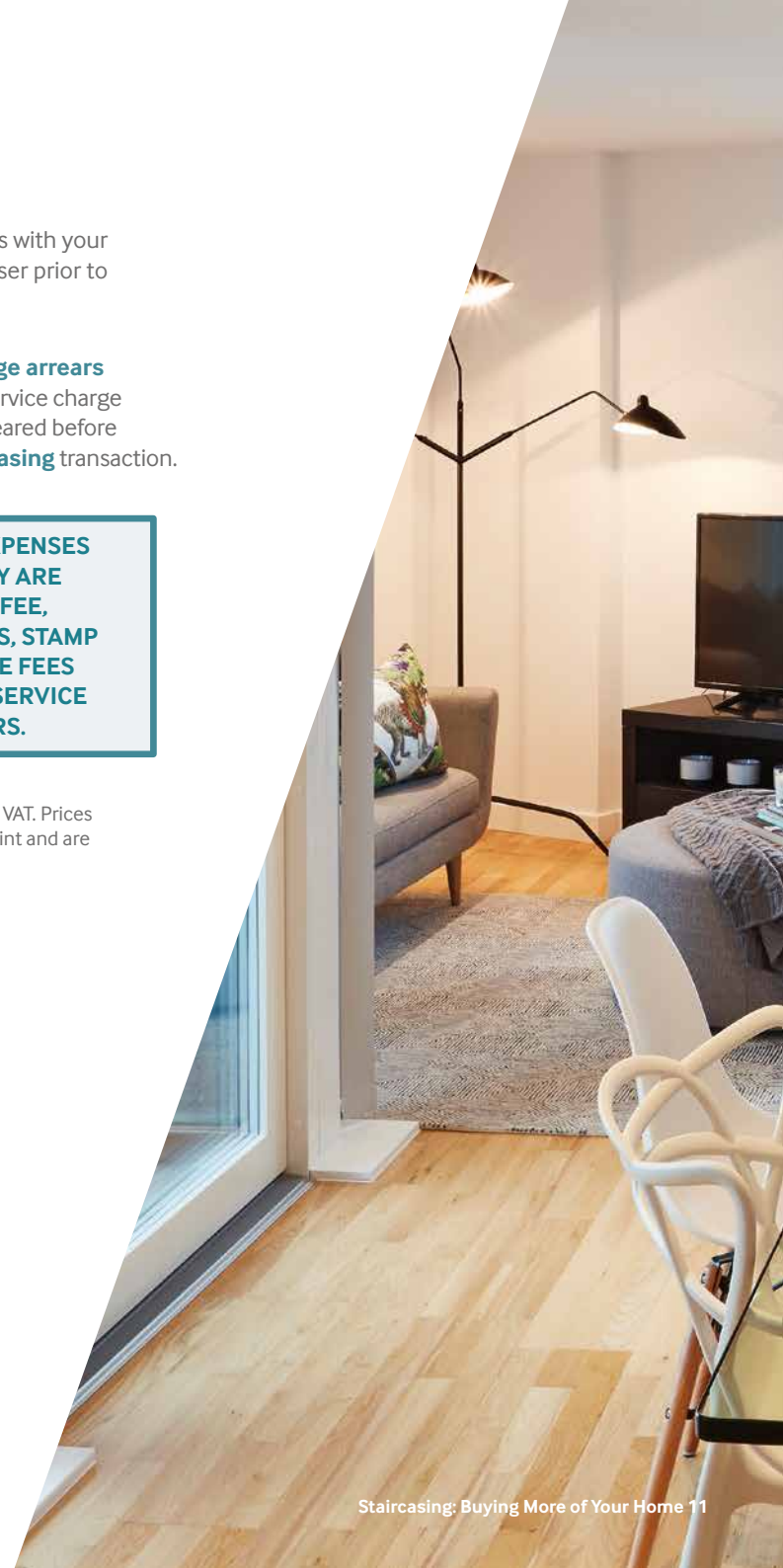
You must investigate this with your lender or mortgage adviser prior to applying to staircase.

Rent and Service Charge arrears

If you have any rent or service charge arrears these must be cleared before completion of the **staircasing** transaction.

SOME OF THE EXPENSES YOU HAVE TO PAY ARE THE VALUATION FEE, LEGAL EXPENSES, STAMP DUTY, MORTGAGE FEES AND RENT AND SERVICE CHARGE ARREARS.

*Prices quoted are excluding VAT. Prices correct at time of going to print and are subject to change.





Buying a greater portion of your

HOME

gives you greater control and potential profit.

Restrictions to Staircasing

IS THERE ANY REASON WHY I WOULD NOT BE ABLE TO STAIRCASE?

As a responsible Housing Association, Genesis 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 mortgage advisers at the Financial Interview.

- If you have not met the provisions of your **lease** (see page 4).
- If you cannot provide a valid mortgage offer or proof of savings for the additional share being purchased.
- If your property has 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.

AS A RESPONSIBLE HOUSING ASSOCIATION, WE LIKE TO MAKE SURE EVERYONE WHO STAIRCASES WITH US CAN DO WITH EASE.

Frequently Asked Questions

WHY DO I NEED A FINANCIAL ASSESSMENT?

You are required to have an initial financial assessment to make sure that any further purchase of shares is affordable and that you are still able to pay your current monthly outgoings.

The assessment will be carried out by **Censeo Financial**. They will use the best estimated current value of your home and the adviser will be able to confirm whether or not **staircasing** is an affordable option. If it is, they will indicate the maximum share you could buy, prior to you spending money on a valuation.

HOW IS MY HOME VALUED?

In order to staircase, you need to know how much it will cost to buy additional shares in your home. To do this, we request a Valuation Form and Valuation Report.

The Valuation Form

The information you provide on the Valuation Form will be passed on to the Surveyor you select. The form requires you to select a qualified independent surveyor, who must be registered with RICS. Genesis can provide you with a list to you to help you select a suitable surveyor if need be.

The Valuation Report

On receipt of the completed form the surveyor will be instructed to arrange an appointment with you to value your home. After viewing your home, the surveyor will research your area and produce two copies of their valuation report with comparatives of similar properties in your area which have been sold or are being marketed.

This report will be shared with Genesis and **Censeo Financial**, who will be able to quickly confirm the maximum share you can afford to purchase based on the information provided during your initial financial assessment.

Please note the valuation report is only valid for three months. If the transaction doesn't complete by this date you will need a new valuation.

YOUR VALUATION REPORT IS ONLY VALID FOR THREE MONTHS.

WHAT DOES THE FINANCIAL INTERVIEW ENTAIL?

As a responsible Housing Association, we require you to have another financial assessment 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 to ensure that you can afford to staircase so as not to put your home at risk by being unable to keep up your monthly financial commitments.

What should I do upon completion?

You must bring the following documents to your interview:

- Your payslips for the last three months. (Please supply three 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 two years tax assessments from the Inland Revenue.

- Your latest **P60**.
- Your passport.
- Bank statements from the last three months.

If you bought your home with another person and you are buying further shares in joint names, both must supply the documents to the mortgage adviser. The maximum additional share you can buy will then be confirmed by the mortgage adviser at the financial interview.

HOW DO I GET A MORTGAGE OFFER?

Your lender/mortgage adviser will be able to assist you with your mortgage arrangements to buy your 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 **New Build HomeBuy (Shared Ownership)** home. You must explain to your lender and solicitor that the **staircasing** valuation offer is only valid for three months, therefore it is imperative they act quickly.

Once you have the mortgage offer, contact your solicitor to arrange to complete the **staircasing** transaction. Your solicitor will then advise us of the date you intend to complete the **staircasing** transaction and we will send out a completion statement.



Your **FINANCIAL ASSESSMENT** will help check staircasing is right for you.

WHAT SHOULD I DO UPON COMPLETION?

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

YOUR SOLICITOR SHOULD NOW REGISTER YOUR TRANSACTION WITH THE LAND REGISTRY.

We will adjust your account to show the increased share you own in your home. We will refund any monies owed, send confirmation of your new charges and/or close your account if your **staircasing** transaction requires us to do so. Your service charge will remain unchanged if you have bought interim shares, but if you have bought all the remaining shares in your property your service charge may change.

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 now own a house outright
If you own a house the freehold of your home can be transferred to you when you have staircased to 100%. Your solicitor will need to serve notice to Genesis requesting the freehold of the

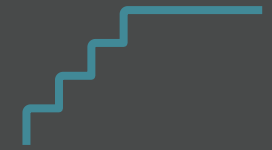
property be transferred to you. There is a charge for this transfer and you will have to pay your legal costs. You must ensure that you have a building insurance policy in place at completion.

If you now own a property outright
If you become a 100% owner of a property, you will still be covered under our block buildings insurance policy. You may have to continue to contribute towards any shared costs such as estate, garden and management fees.

I NOW OWN MY HOME OUTRIGHT – CAN I SELL IT?

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. If you would prefer, Genesis can also sell your property for you. We charge competitive fees compared to many high street Estate Agents.

Please note that some **leases** restrict you from selling your property for three months following **final staircasing**.



When you own
100%
of your home,
you are free to
sell it.





For more

INFO

Speak to one of our advisers.

Glossary

Censeo Financial

Genesis' trusted partner for carrying out financial assessments.

District Valuers report

An independent report by District Valuer Services (**DVS**).

DIYSO

Do it yourself shared ownership.

DVS

District Valuer Services

Equity

The value of the shares in your home.

Equity share

The percentage you own in your home.

Final staircasing

Purchasing the final share taking you to 100% ownership.

Homes and Communities Agency (HCA)

The governing body for Housing Associations.

Key worker lease

A lease for key workers/public sector employees who provide an essential service.

Lease

The contract between you and Genesis, involving property/land.

Leaseholder

The person(s) who has signed the lease.

MOS

Memorandum of Sale.

New Build HomeBuy

Genesis' Shared Ownership product.

P60

A taxpayer End of Year Certificate issued by your tax office.

RICS

Royal Institute of Chartered Surveyors.

Shared Ownership

The system of purchasing a portion of a property and paying rent on the remainder.

Social HomeBuy

A scheme offered by Genesis providing tenants the opportunity to purchase a share of their rented property.

Staircasing

The process of buying more shares in your property, enabling you to own more of your home.



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