



Hexagon

Your step-by- step guide to staircasing



Now you're on the property ladder, you may wish to consider buying a greater share in your home as your savings increase over time, this is called staircasing.

Staircasing is how you increase the share you own in your Shared Ownership home. The greater the share you own, the less rent you pay. You may increase the percentage you own in separate stages or in one stage to 100% (depending on any restrictions within your lease).



As the value of your property is likely to have changed since you first became a Shared Owner, one of the key elements to staircasing is obtaining a valuation to establish how much it is worth today. This will determine how much any further shares in your home will cost. To give you an idea of your home's value before getting a formal valuation, you can use a home property website like Rightmove or Zoopla or ask a local estate agent to give you a free market estimate.

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 service charges if you own a flat, or estate maintenance charges if you own a house. This is known as final staircasing.

Buying further shares, but not to 100%, is known as interim staircasing. There are costs involved every time you staircase that you need to factor in.

If you are thinking about staircasing, you should get in touch with an Independent Mortgage Advisor or your chosen mortgage lender. They will take time to understand your finances and help to calculate how much you can comfortably afford to staircase, based on the anticipated value of your home.

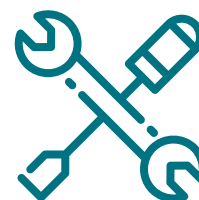


There are some circumstances where you may not be able to staircase



- If you have arrears
- If your property has restrictions on staircasing
- If you cannot provide a valid mortgage offer or proof of savings
- If your request to staircase is not signed by all those who originally bought the property

Home improvements can affect the value of your home:



In addition to the location and size of your home, home improvements may also affect the value of your home.

As a rule, only structural improvements will affect the market value of your home. This includes extensions and conversions, but not replacement bathrooms, kitchens or flooring, unless structural works have also been undertaken. For example, extending the property to add an extra bathroom. If you have undertaken any home improvements on the property, please include these on the valuation form, along with evidence of approval by Hexagon, when instructing a valuer. Please bear in mind not all home improvements will increase the value of your home.



The journey to owning more of your shared ownership home starts here

1

Instruction

Contact the Staircasing Team on 0208 7687989 or staircasing@hexagon.org.uk. They will send you an information pack and the details of a qualified RICS Surveyor. We recommend using an independent solicitor on the panel and mortgage advisor who specialize in Shared Ownership, and we always recommend you select a solicitor who offers a fixed fee for their services. Your solicitor will undertake the legal work on your behalf. They may need to arrange an appointment to go through the legal paperwork with you.

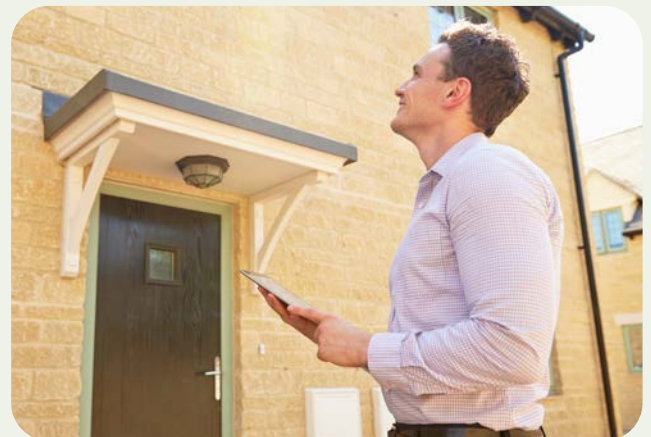
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Valuation

You will also need to instruct an independent RICS/FRICS (Fellow of the Royal Institute of Chartered Surveyors) registered surveyor. We have an experienced panel of surveyors that can assist you and provide very competitive rates to residents. Hexagon will need to approve the valuation before you can proceed. If Hexagon does dispute your initial valuation, you may be asked for another valuation which you may have to pay for.

The surveyor will research in your area and produce a valuation report with comparable evidence of at least two similar properties in your area that have been sold or are being marketed. The report should also detail if you have made any home improvements. This report is usually sent to you to review within five working days, if you have chosen a surveyor from our panel.

If you are happy with the valuation and wish to proceed with staircasing, you need to contact the staircasing team and provide your valuation report for approval, along with your signed 'intent to Staircase' form, which will be provided to you by email after your initial enquiry. You must pay an administration fee of £200 by bank transfer when you intend to proceed with staircasing.





3

Offer

On receipt of all of the above, Hexagon will confirm approval of the valuation, receipt of the £200 fee and then agree to the staircasing in writing. An Offer of Staircasing letter will be sent to you confirming your current equity, percentage and value of the share being bought, together with the revised rent. If you staircase to 100% there will be no rent applicable. Please ensure that your solicitor is aware of your valuation expiry date.

Once Hexagon has received the valuation report we will send you your offer letter. This letter sets out how much the new share in your property will cost and what your new rent will be (unless buying 100% share where no rent will be payable). We will also confirm any funds 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.

After 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 your solicitor, answer any queries they have, await the mortgage offer (if applicable) and agree the target completion date.

Congratulations! Once your solicitor has completed all the necessary legal work, you will own either a greater share or the full 100% share of your home.



How much will it cost to Staircase?

Every time you staircase you will have expenses to pay. It is worth considering the costs involved with buying additional shares in your home.

As well as the cost of a mortgage, there could be other costs involved in the process of buying further shares, including:



RICS Survey/Valuation

£200 – £500

We have negotiated competitive fees with our panel of Royal Institute of Chartered Surveyors (RICS) qualified valuers to determine the current open market value of your home. Costs vary depending on the company.



Admin fee

£200

The team are here to support you on your journey through staircasing. The administration fee enables the team to complete the administrative tasks associated with staircasing.



Your solicitors' fees

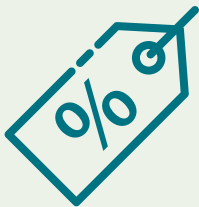
£500 – £1,000+VAT

Staircasing involves changes to your existing lease, which requires the professional services of a solicitor. The solicitor will charge disbursements and professional fees for acting on your behalf. You will not be responsible for HA legal fees.



Mortgage fee

If you are applying to change lenders (known as 're-mortgaging') to buy the additional share or to obtain a better interest rate, you may be required to pay the lender's valuation fee, together with a mortgage arrangement fee. Please discuss this with your mortgage advisor or lender.



Stamp Duty

In certain circumstances you may need to pay Stamp Duty. Please discuss this with your solicitor.





Hexagon Housing Association Limited

130-136 Sydenham Road
Sydenham
London
SE26 5JY

Telephone: **020 8778 6699**

Website: **www.hexagon.org.uk**