

Appendix 5: Staircasing procedure

Shared Ownership Staircasing Procedure

1	<p>Summary</p> <p>Wolverhampton Homes (WH) manages the shared ownership properties owned by the City of Wolverhampton (CWC). This guidance details WH's approach to dealing with staircasing requests. Under the terms of the shared ownership lease shared owners may buy more shares to increase the percentage in their home that they own. This is called staircasing. All leases allow the shared owner to staircase up to a 100% although the lease agreement for the individual property should always be checked to ensure that this is the case. CWC lease allows shared owners to staircase in tranches of a minimum of 10% and a maximum of 25%. The rent payable will reduce as the owned percentage of the property increases. If a service charge is charged on the property then this will still need to be paid by the shared owner even if they staircase to 100%. Completing full staircasing in one transaction may be advantageous to the shared owner as they will only incur the valuation fee and solicitors fee once.</p> <p>If the shares are a house CWC will usually transfer the freehold to the owners on full staircasing but this will depend on the terms of the lease.</p>
2	<p>Responsibilities</p> <p>The following are responsible for the implementation of this procedure: Head of Home Sales and Leases (HHSL) Home Sales & Leases Officer (HSLO) CWC Legal team</p>
3	<p>Legal and Regulatory Framework</p> <p>This guidance incorporates and complies with the following legal and regulatory requirements: Lease Agreements Homes and Communities Agency – Capital Funding Guide CWC Legal team</p>
4	<p>Staircasing process</p> <p>4.1 If a shared owner states they wish to purchase more shares in their home the HSLO will forward them:</p> <ul style="list-style-type: none">• Staircasing – Buying more shares in your home leaflet• Request to buy more shares in your home form• Approved list of RICS Valuers <p>4.2 The shared owner will advise WH preferably by completed the Request to buy more shares in your home form their intention to purchase additional shares. All shared owners need to sign the intention form. The shared</p>

	<p>owner is responsible for the paying the Valuer's fee so this would need to be included with the intention form.</p>
4.3	<p>The HSLO will check the shared owners rent and service charge accounts to ensure that they are clear. If they are not clear the shared owner will be advised that all accounts need to be clear at the time of completion of the purchase of the additional shares.</p>
4.4	<p>Within 14 days of receipt of the notice of intention to buy more shares the HSLO will apply to the valuer agreed by both parties asking them to provide an up-to-date market valuation. The valuer will provide their valuation to the HHSL who will check the report to ensure:</p> <ul style="list-style-type: none">• Any improvements or disrepair noted in the report have been valued separately• All improvements carried out have been carried out with the approval of WH (follows shared ownership Additional Management procedure)
4.5	<p>The HHSL will, within 7 days, of receipt of the valuation prepare letter 1 which will detail to the shared owner the price CWC will require for the share applied for and the next steps, including advising the shared owner they will need to appoint a solicitor.</p>
4.6	<p>The shared owner has 3 months from the date of valuation to complete their purchase. If they do not meet this deadline they may need to pay for another valuation. This will be confirmed to the shared owner in letter 1.</p>
4.7	<p>Upon receipt of Acceptance of the offer by the shared owner the HSLO will instruct the CWC Legal Department, using the Instruction to Legal pro-forma, to complete the sale for the additional shares.</p>
4.8	<p>If the shared owner is not buying all the remaining shares Legal Services will need to approve the mortgage offer. CWC consent is required because under the Mortgagee Protection Clause in the shared ownership lease CWC will underwrite some of the lenders loss if the shared owner subsequently defaults on the mortgage payments. Legal Services will check the following in the mortgage offer:</p> <ul style="list-style-type: none">• That the mortgage offer notes that a further share in a shared ownership property is being purchased• The share percentage• The shared owner is only borrowing enough to buy the share and is not taking out additional debt• The borrower and purchaser are the same person• The terms of the mortgage offer are acceptable

	Legal Services will advise the shared owners solicitor if approval can be given and if not why not.
4.9	The completion date for the sale of the additional share will be agreed between Legal Services and the shared owner's solicitors. The HSLO will check the shared owner's charges account and will advise Legal Services the amount outstanding up until the completion date. The HSLO will also confirm that the valuation is still in date.
4.10	The purchase of the additional shares is noted in the Memorandum of Staircasing between CWC and the shared owner's solicitors. This must be signed by the shared owner and CWC and is attached to the lease.
4.11	If the shared owner has a house and staircases to 100% the Freehold of the property will be transferred to the owner under the terms set out in the lease.
4.12	As part of their post completion work Legal Services will inform the HSLO that the transfer of sales have taken place and they will update the Northgate housing system as follows: <ul style="list-style-type: none"> • If the freehold (i.e. 100% shares purchased) interest has been purchased the account and property will be closed on the system. • If additional shares have been purchased and the property remains a shared ownership property the rent will be adjusted to show the revised rent and the Additional Share Purchased letter sent to the shared owners. The letter will detail the new rent payable and any service charges. • The records will be updated to show the new percentage share owned and the details of any new mortgagee. Direct Debits will also be amended to reflect the new charges.
17	Review This procedure will be reviewed annually
18	Appendices Buying more shares in your home leaflet Request to buy more shares in your home form Approved list of RICS Valuers Letter 1 Instruction to Legal pro-forma Additional share purchased letter

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November 2017