

Do you have the right to buy your home?

The right to buy and the right to acquire



Can you buy your home?



How to buy your home



Who to contact

Do you have the right to buy your home?

Making an informed decision

Your housing service

The property you rent is owned by Two Rivers Housing (formerly Forest of Dean Housing). If you are considering buying your home, please contact us on 0800 316 0897. We will give you information that will help you decide whether or not to take the first steps.

Introduction to buying your home

Buying your home is a big financial decision, and you should get as much advice and information as possible. Your local Citizens Advice, building society, bank or financial adviser are useful sources of information. Think carefully before you buy. Consider all the costs of buying the property and whether it is suitable for you.



These are some of the issues you may need to consider:

- Can you afford the costs of running your home? Remember, your rent includes building insurance and a free repairs service. Once you have bought your home, you will have to arrange and pay for these yourself.
- Can you afford the mortgage costs? Not just now, but what will happen if interest rates rise or you lose your job? As an owner-occupier you will not receive any benefits to help pay your mortgage.
- If you are elderly and own your own home, can you do your own repairs or arrange for someone to do them for you? Remember, if you need residential care in future (in a nursing home, for example), the council may take the value of your home into account when deciding whether or not you can get financial help to pay for that care.
- If you are buying a flat or maisonette you will be responsible, under the lease, for service charges, which include the cost of things like roofs and boilers. These are costs shared by a group of residents. You will need to take service charges into account when looking at the costs of buying a flat or maisonette.
- If you cannot keep up with the repayments on your mortgage, the lender may repossess your home. The local council does not have to give you another tenancy if

Home ownership costs

When considering buying your home you must bear in mind that home ownership involves many on-going costs. These include the following:

Mortgage repayments

If you take out a mortgage loan to buy the property, you will need to meet the regular payments. There are several different types of mortgage, but they all mean you have to pay a regular sum towards the repayment of the loan, with interest. If you fail to meet the repayments you risk losing your home, as the lender can repossess the property. You can get further advice on mortgages from the Financial Conduct Authority (FCA) on its website www.moneyadvice.service.org.uk or by calling its Consumer Helpline on 0800 111 6768.

Repairs to services

You will be responsible for repairs to the water, drains, electricity and gas services to the building. On safety grounds, gas appliances should be serviced at least once a year and electric wiring regularly. Some service providers offer care plans for gas and water/drains repairs. The monthly fee of care plans may give you an idea of how much you would otherwise have to pay for these repairs.

Council tax

You will have to pay Council Tax on the property.

Building insurance

Buying a home is probably the biggest financial investment you will make. Your lender will insist you take out insurance, as it is important to protect the investment. You should insure your house fully against risks such as fire, explosion, flood and storm damage and insure against the cost of rebuilding (this is likely to be different from the market value). How much you pay for the insurance premium will depend on how much it would cost to rebuild your home.

Utility charge

You will be responsible for the cost of all utility services supplied to your home.

These may include:

- electricity and gas supplied to your home for heating and power.
- water supply.
- sewerage and surface water removed from your home through the drains and sewers.

Life insurance

What would happen to the mortgage if you were to die? A life assurance policy would enable your family to pay off the mortgage if this happened.

Contents insurance

It is not legally essential to have contents insurance, but it's sensible to do so. It is surprising how much it can cost to replace household items. We advise you to insure your furniture, carpets, electrical equipment and other possessions against damage by fire, flood or other risks. The costs will depend upon the terms of the policy but, ideally, you should insure your possessions for the amount they would cost to replace.

Mortgage protection insurance

If you lose your job or fall ill, could you keep up your mortgage repayments?

If not, you should consider insuring against these possibilities.

Further home ownership costs

Repairs on the building

All properties need to be properly maintained and kept in good repair. Once you have bought your home you will be responsible for all repairs to the interior and exterior of the building, and possibly for the boundary fences as well. From time to time, this is likely to include substantial expenditure. For instance, if the roof or windows need replacing, this will cost thousands of pounds.

You will need to estimate how much you would expect to spend on the property in future, and also allow for unexpected events, such as replacing the heating system if the boiler breaks down.

Service charges (flats and maisonettes)

The costs of owning a flat or maisonette will vary as the landlord is likely to pay for the building insurance and repairs to the exterior and common areas. However, these costs will be reflected in service charges payable to the landlord.

The service charge is a payment made by a leaseholder, in addition to rent, towards the day-to-day shared expenses of the block of flats.

As the holder of a long lease in a flat, you are likely to be responsible for contributing towards:

- day-to-day maintenance and repairs to the exterior of the flats.
- services in the common parts, such as lighting of the entrance halls and maintenance of door entry systems.
- insurance of the block of flats.
- major repairs to the block of flats, such as the replacement of the roof, sewers and drains.

When buying a flat or maisonette you will sign a long lease, usually 125 years. The lease will specify the responsibilities of you and the landlord for carrying out the work, and what



Costs related to buying your home

Legal fees

You will need a solicitor or licensed conveyancer to look after the legal side of your purchase. The legal costs will include the solicitor's fees to do the legal work and payment for 'disbursements'. 'Disbursements' include:

- searches – to establish who owns the property and whether anybody else has any rights over the property, and to ensure the property is not subject to any future developments.
- Land Registry fees – for recording your ownership of the property at the Land Registry.

The fees of solicitors and licensed conveyancers vary, so shop around and ask for an estimate of their fees and costs. However, you should bear in mind the cheapest is not necessarily the best value. The Law Society can provide a list of local solicitors.

Telephone 020 7242 1222 or visit www.lawsociety.org.uk. If you wish to use a licensed conveyancer, you can contact the Council for Licensed Conveyancers on 01245 349599 or visit www.conveyancer.org.uk/.

Warning

Always consider:

Mortgages: if you fail to meet repayments, you risk losing your home, as the lender can repossess the property.

Service charges and ground rents: If you break the terms of your lease, the landlord may have the right to end the lease and recover possession. If you are living there lawfully, the landlord can only re-enter the property with a court order.

Companies: Some may ask you to pay for services we will provide free of charge, such as help completing forms. Some include the cost of arranging mortgage and legal fees in the mortgage rather than asking to pay them on purchase. Remember, if you include these additional fees, you will be borrowing more and paying interest.

Mortgage

A mortgage is a loan secured on your home. If you take out a mortgage to buy the property, you will have to pay the costs of arranging the mortgage. The lender may also ask you to pay the cost of a mortgage valuation fee. To get an idea of the cost, you should speak to several lenders. Local banks and building societies are a useful starting point, or you could speak to a financial adviser.

Further advice about mortgages is available from the FCA on its website www.moneyadvice.service.org.uk or call its Consumer Helpline on 0800 111 6768.

Stamp Duty Land Tax (SDLT)

Stamp Duty is a government tax on the purchase price of a property. Please talk to your solicitor about the correct amount you will have to pay.

Survey

You should consider having your own survey carried out, so you can be sure you are making a sound investment and are aware of potential structural problems. This survey goes well beyond a valuation by a surveyor acting for a mortgage lender. The valuer is simply seeking to ensure that the value of the property is enough to meet the sum borrowed against that property. It is not a survey and may not identify structural problems. A structural problem will cost money to put right and, once you have bought your home, this will be your responsibility. Chartered surveyors, structural engineers or architects can do surveys.

Fees may vary and you can get an idea of them by speaking to local chartered surveyors. A Royal Institution of Chartered Surveyors (RICS) Home Buyer Survey may cost between £250 and £500. A building survey may cost £600 or more. RICS can provide a list of local members. You can contact RICS on 0870 333 1600 or go through its website www.rics.org.

Can you buy your home?

Right to buy

If you used to be a secure tenant of Forest of Dean District Council and your home was transferred to us, you may have the preserved Right to Buy. This means you can buy your home with a discount on the market value. However, you cannot buy your home if we let it as housing for elderly people. If you are not sure whether the preserved Right to Buy applies to you, please contact our Home Ownership team on 0800 316 0897.

Right to acquire

If you became our tenant after the transfer took place (that is, you were not a secure tenant with the council before the transfer), you may have the Right to Acquire your home. You cannot buy your home if we let it to elderly people, or if the law prevents it. To qualify for this right, you must have spent two years as a public sector tenant (a tenant of a council or housing association), or in housing provided by the armed services. If you want to know more about the Right to Acquire, please contact our Home Ownership team on 0800 316 0897.

Introduction

Both the Right to Buy and the Right to Acquire allow you to buy your home at its full market value. However, the law sets out certain criteria that you must satisfy before you can buy.

For the Right to Buy

- You must have been a secure tenant of Forest of Dean Council.
- Your property must be your only or main home.
- You must not be an undischarged bankrupt or have a bankruptcy petition pending against you; or have made an arrangement with creditors (people you owe money to) because you could not pay your debt when it became due.

Tenancies with any council or with other Right to Buy landlords (for example, other local councils or recognised housing associations), and periods in the armed forces, will count towards the qualifying period.

If you live in a house, you will normally buy a freehold interest in the property (unless Two Rivers Housing owns a long leasehold interest in the property). If you live in a flat, you will have the right to buy a long lease (up to 125 years) in the property.

With your house or flat you normally buy any land and outbuildings included in your original secure tenancy. So a garden or a garage will be included within the purchase, but any garage or garden held on a separate lease or agreement will not.

It is the tenant or joint tenants who have the Right to Buy. However, members of your family who have lived with you for at least 12 months before you apply may be able to use the Right to Buy jointly with you.

The Right to Acquire

- The property must have been built or purchased by a registered social landlord, funded on or after 1 April 1997 through a social housing grant provided by the housing association or council.
- You must have spent a total of three years as a public sector tenant if your first public sector tenancy was created on or after 18 January 2005.
- You must live in a house or flat which is a self-contained property and your only or main home.
- You must not be an undischarged bankrupt, or have a bankruptcy petition pending against you.
- You must not be subject of a possession order served by the court, at the request of your landlord.
- You will be subject to a formal creditor's agreement made under the Insolvency Acts.

Exceptions to the Right to Buy/Right to Acquire

In certain circumstances you will not be entitled to buy your home.

You cannot usually buy the following types of property:

- Homes particularly suitable for the elderly.
- Sheltered housing for the elderly.
- Homes set aside for homeless people.
- Temporary lettings which you occupy while your previous home is being improved or repaired.
- Homes due for demolition.

If you are eligible for the Right to Acquire, you cannot buy your home if it is in one of these rural areas: the parishes of Alvington, Awre, Aylburton, Blaisdon, Bromsberrow, Churcham, Corse, Dymock, English Bicknor, Gorsley and Kilcot, Hartpury, Hewelsfield and Brockweir, Huntley, Kempley, Littledean, Longhope, Newland, Newnham, Oxenhall, Pauntley, Redmarley D'Abitot, Rudford and Highleadon, Ruardean, Ruspidge and Soudley, Staunton (Gloucester), Staunton (Coleford), St Briavels, Taynton, Tibberton, Upleadon, Westbury on Severn or Woolaston.



How to buy your home

The application form – RTB1 or RTA1

To buy your home, you must complete an application form – RTB1 or RTA1. The form asks for details of your tenancy and any previous tenancies you may have held. It should be completed in full and signed by all the applicants of the Right to Buy or Right to Acquire (including any family members who are applying to buy the property with you).

If you have changed your name or remarried while living at any of the addresses listed on the form, please let us know so we can verify the tenancy details. If you have not already notified us of your marriage and name change, please send us a copy of your marriage certificate with form RTB1 or RTA1.

If you are claiming discount for time served in the armed forces, please enclose a copy of your discharge papers with form RTB1 or RTA1.

If you wish family members to share the Right to Buy with you, they must complete and sign form RTB1 or RTA1. Family members will need to prove they have lived with you at the property as their only or main home.

If you are unsure how to fill in any part of the application form, the Home Ownership team will be pleased to help. If you are housebound or have a disability that makes it difficult to call at our offices, please contact us to arrange for us to visit you. (See section 7: 'Who to contact'.)

The response notice – RTB2 or RTA2

After receiving your completed form, we will send you a response notice (RTB2 or RTA2) telling you whether or not you have the Right to Buy. If we refuse your application, we will explain why.

You will receive the response notice within four weeks of the date your application was received.



Valuation and the Section 125 Notice

After we have accepted your application to buy, we will arrange for your property to be valued by an independent Valuations Officer and carry out an energy performance survey of your home. The valuation will reflect the open market value of the property at the date we received your application and will not take into account any improvements you have made to it.

When we receive the valuation and the Energy Performance Certificate (EPC), we will send you the Section 125 Notice.

This sets out:

- a description of the property you are entitled to buy (including a plan).
- the valuation of the property.
- an EPC for the property.
- the amount of discount you are entitled to.
- the purchase price of the property after the discount.
- a description of any structural defects the council has been made aware of.
- any improvements that you have made to the property which are disregarded in the valuation.
- terms and conditions of the sale.
- if the property is a flat or maisonette, an estimate of the service charges and repairs/ improvement costs that you will have to pay within the first five years of the lease.

You should get the Section 125 notice within eight weeks of the response notice (RTB2 or RTA2) if you are buying a freehold (usually a house), or 12 weeks if you are buying a leasehold (usually a flat or maisonette).

What to do next

You will need to arrange any legal or mortgage advice. Within 12 weeks of receiving your Section 125 notice you should tell us whether you wish to:

- go ahead with the purchase of the property;
- withdraw your application; or
- appeal against the valuation.

You can let us know your decision by completing the form enclosed with the Section 125 Offer Notice or by writing to us.

If you think the valuation of your home is wrong, you can appeal to the District Valuer for an independent valuation. Any appeal must be made within three months of the date of the Section 125 Offer Notice. If you wish to appeal, you should write to Two Rivers Housing and we will write to the District Valuer on your behalf.

The District Valuer will write to you to make an appointment to re-value the property and ask why you feel the property has been valued incorrectly. The District Valuer will make his own assessment of the value of your home. This may result in a higher valuation, a lower valuation or no change. You must then tell Two Rivers Housing in writing, within 12 weeks of the revised offer letter, whether or not you intend to go ahead.

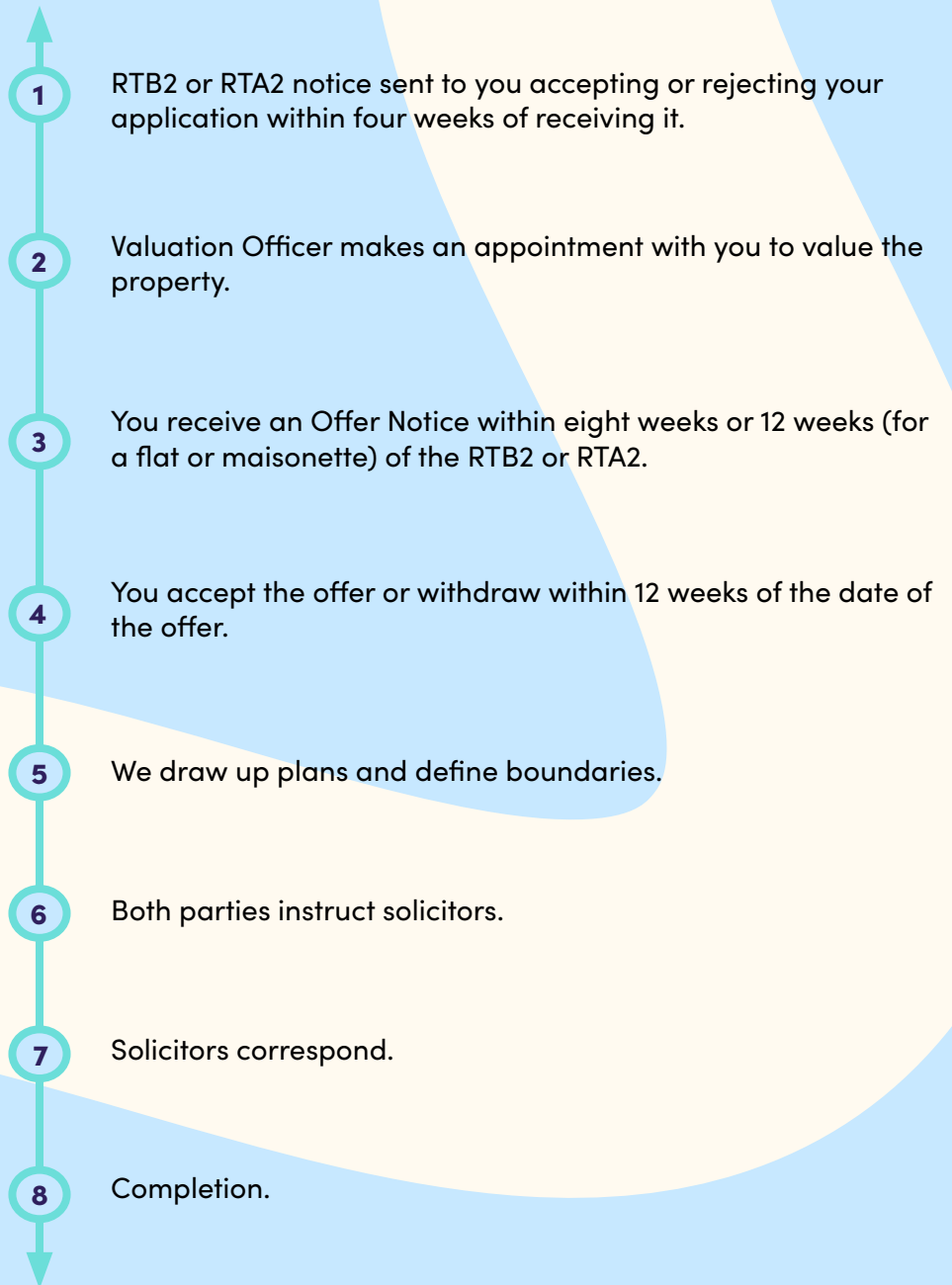
Going ahead to buy

Timeline

If you decide to proceed with buying the property, you will need to tell us the name and address of the solicitor or licensed conveyancer who is acting on your behalf. We will pass this to our solicitor who will send the legal papers to your solicitor or conveyancer.

Your solicitor or conveyancer should be able to update you on the progress of the sale. However, Two Rivers Housing would normally expect to complete it within three months. We may serve notice on you to complete the purchase if you have not completed within a reasonable period. (See section 6: 'Problems with the buying procedure'.)

Please ask if you need any help or information. We can tell you what stage your application is at.



Discount

The valuation of your home will depend on various factors such as the nature of your home, the location and the current housing market.

However, the price you pay will allow for a discount on the market value. The discount reflects how long you have held a public sector tenancy.

If you purchase under the Right to Buy, you will receive a maximum discount of £30,000.

If you purchase under the Right to Acquire, you will receive a maximum discount of £10,000.

Discount on houses

After the minimum qualifying period of five years, you are entitled to a 35% discount. You are eligible for 1% more discount for each additional year you have been a tenant, up to a maximum of 70%.

Discount on a flat or maisonette

After the minimum qualifying period, you are entitled to a 50% discount. You are eligible for 2% more discount for each additional year you have been a tenant, up to a maximum of 70%.

If you have previously bought a property under the Right to Buy, this will affect the amount of discount you receive when you apply again on another property.

Limits to discount awarded under the Right to Acquire:

No of years	House/bungalow discount	Flat/maisonette discount
5	35%	50%
10	40%	60%
15	45%	70%
20	50%	70%
25	55%	70%
30	60%	70%
35+	70%	70%

If the published discount exceeds 50% of the property value, it will be limited to 50% of the value of the property. For example, if the discount entitlement is £9,000 and the property subject to the Right to Acquire is valued at £15,000, the maximum amount of discount that can be received is £7,500 (that is, 50% of the value of the property).



Repairs

We will continue to do essential health and safety repairs to the property during the Right to Buy/Right to Acquire application period. However, your home is valued at the date we receive the application form and the valuation reflects the condition your home was in at this date. So, once you have applied to buy your home, we will make no improvements to the property and will withdraw it from any planned maintenance programme. This means we will not undertake major work such as replacing the roof covering or replacing windows, bathrooms or the kitchen while the application is in progress.

You should still report essential repairs to us on 0800 316 0897.



Problems with buying procedure

Your application is refused

We may refuse your application on various legal grounds.

We will say why we have refused your application and, if you disagree with this explanation, you will need to take further advice from, for example, Citizens Advice or a solicitor.

If we have refused your application because your home is particularly suitable for occupation by an elderly person, you can ask the Residential Property Tribunal to review the decision. However, you must ask the Tribunal to review the decision within 56 days of receiving the refusal in the RTB2 or RTA2 notice, otherwise you lose the right to appeal. You can contact the Residential Property Tribunal on 0845 100 2615, or via its website www.rpts.gov.uk.

Delays by you

Section 125 Notice/RTA3. If you do not let us know what you intend to do within 12 weeks of the Offer Notice, we will send a reminder asking whether you wish to proceed. If you do not respond within 28 days of this reminder, we will cancel your application.

Completion of the sale

Three months after the date of the Offer Notice, we may send you a Notice to Complete, asking you to complete the purchase of your home within eight weeks. If the purchase is not completed within this time, we will send you a Final Notice to Complete. If you do not comply with this Final Notice, we will consider you have withdrawn your application and will not take it any further.

Delays by us

Most applications will go through smoothly within the prescribed time limits. However, sometimes problems or delays occur.



Contact us

Telephone: 033 33 55 44 33

Website: www.tworivershousing.org.uk

Email: customerservices@2rh.org.uk

If you would like this document in large print or audio CD, please call us.

 TwoRiversHousing