



Thinking of buying your Havebury home?

Information about home ownership and purchase

A guide to the preserved right to buy

Introduction

This document is published to provide you with information about the Preserved Right to Buy and the implications of homeownership and is designed to raise issues that you need to consider carefully before you purchase your home.

Buying a property is a big step and carries with it responsibility. You should therefore seek independent advice on all aspects of your proposed purchase before committing yourself. Whilst we are happy to answer any questions you may have, we are not able to advise you as to whether or not you should buy.

General

Tenants who transferred from St Edmundsbury Borough Council to The Havebury Housing Partnership (Havebury) on 24 June 2002 were given the Preserved Right to Buy provided they met certain criteria. The Preserved Right to Buy is set out in The Housing (Preservation of Right to Buy) Regulations 1993 and is broadly similar to The Right to Buy as set out in the Housing Act 1985.

The government booklet your "Right to Buy Your Home" is based on the legislation contained in the Housing Act 1985. The general principles set out in the booklet apply to the Preserved Right to Buy except for the Right to Acquire on Rent to Mortgage Terms. This right is specifically excluded from the Preserved Right to Buy and is not applicable to purchases from Havebury.

Who can buy

The Preserved Right to Buy can only be exercised by those tenants who transferred to Havebury Housing from St Edmundsbury Borough Council on 24 June 2002. The stock transfer agreement guaranteed St Edmundsbury tenants with the Right to Buy that they could continue to have this right after transfer. You must live in a house or flat which is a self contained property and is your only or main home.

Some tenants were not given this right because they had notice of seeking possession or possession orders made against them. Once the rent arrears or breach of tenancy complained of in the order have been cleared or put right it may be possible for the Preserved Right to Buy to be reinstated.

In addition it is not possible to claim the Preserved Right to Buy if you are:

- A un-discharged bankrupt, or have a bankruptcy petition pending against you;
- The subject of a possession order made by the court, at the request of your landlord;
or
- Subject to a formal creditors agreement made under the Insolvency Acts.

Exceptions to the right to buy

Some of our homes are not eligible for purchase under the Preserved Right to Buy. These include sheltered accommodation for the elderly, homes provided for tenants with special physical and/or mental needs. Dwellings used for temporary housing, dwellings owned on lease from private landowners and dwellings let in connection with the tenant's employment e.g. warden homes, are also excluded from the Preserved Right to Buy.

It may be possible that homes that are particularly suitable for occupation by elderly people having regard to the dwelling's location, size, design, heating system and other features can be excluded. If an applicant finds her/his application denied under these grounds there is a right of appeal and relevant information will be provided with the refusal.

Homes subject to demolition orders are also excluded from the Preserved Right to Buy. This is a power available to us to use if we wish to carry out redevelopment of any of our houses.

Application to purchase

Before any application to purchase can be considered, form RTB1 must be completed and returned to our offices. There are guidance notes incorporated in the form but if you have any difficulty in completing the form, please contact this office.

The application form may appear complicated but it must be used as it has been prescribed by government for sales under the Housing Acts. If you require further assistance in completing the form, please contact us and we will be happy to help. Please ensure that all the sections of the form are completed in so far as they apply to you and your family so that we can fully consider your application. The completed form can be sent to any of our offices. We will acknowledge receipt of your application.

Once the application is received, The Havebury Housing Partnership (Havebury) is required to serve a notice either admitting or denying your Preserved Right to Buy. The legislation refers to a four week period and we will try to meet that deadline. However, where

information is required from a previous landlord, up to eight weeks is allowed for this notice to be served. This period allows us time to check your tenancy history so as to establish your claim is valid and to ensure you are given the correct amount of discount.

Repairs

Important note: Havebury will not carry out any repairs to your house, other than emergency repairs, whilst your application to purchase is being dealt with.

Your property will also be withdrawn from any of the improvement programmes scheduled for your property. If you decide not to proceed with the purchase of your home it is important you let us know in writing as soon as possible so your home can be reinstated on the maintenance and improvement programmes.

Valuation

Once the Preserved Right to Buy has been admitted, the next step in the process is for a valuation to be obtained for your home. At present our valuations are undertaken by Lacy Scott & Knight. The valuer will contact you direct to arrange a suitable appointment.

The purchase price for your home will be based upon the open market of the property at the date you applied to buy less any discount you are entitled to. The valuation will take into account the location, size, condition and the accommodation provided in your home. The valuation will ignore any work that you have undertaken at your expense that could add to the value of the property.

Before deciding to purchase a Havebury property, you are advised to obtain your own survey of the property, as the inspection carried out on behalf of Havebury is for valuation purposes only.

Energy Performance Certificate

All landlords must now provide an Energy Performance Certificate (EPC) to anyone considering a rented property, mutual exchange or tenants looking to buy their homes through the Right to Buy. Once you receive notification that the Right to Buy has been admitted, Havebury will also notify the EPC Assessor. We currently use Peterborough Environmental City Trust (PECT) who will contact you directly to arrange a convenient time to visit your home.

Discount

You are entitled to a discount on the open market valuation of your home to reflect the period of time you have been a tenant. The discount is based on the length of time you have been a public sector tenant and the type of property you live in **up to a maximum discount amount of £82,800**. The maximum discount will increase on the 6 April each year if the Consumer Price Index increases. If the Index does not increase, the discounts will remain the same. The rules relating to discount are set out in the Government booklet included with this information pack. The calculation is worked out as follows:

Length of Tenancy	Discount Entitlement (%)
For Houses & Bungalow	
Basic entitlement: To a maximum tenancy length of 30 years = NB: Whatever percentage you are eligible for, your discount cannot be greater than £82,800.	30% + 1% for each year of tenancy 60%
For Flats and Maisonettes	
Basic entitlement To a maximum tenancy length of 15 years NB: Whatever percentage you are eligible for, your discount cannot be greater than £82,800.	40% + 2% for each year of tenancy 70%

Any period you, or a member of your household, have spent as a public sector tenant may be eligible to count toward your discount. This includes any time you may have spent as a public sector tenant with St Edmundsbury Borough Council or any other public sector landlord.

If you feel you are eligible for discount on a previous tenancy, please obtain written evidence from the public sector landlord concerned and forward it to us. Should you be unable to obtain such evidence Havebury may be prepared to accept a Statutory Declaration by you. You should speak to your Solicitor about preparing this document.

Offer of sale

An offer of sale will be sent to you within eight weeks from the date your Preserved Right to Buy is admitted or within twelve weeks if you live in a flat. The offer of sale sets out the terms upon which the transfer of the freehold for a house, or the terms of the lease for a flat, will be made.

The Offer of Sale will include details of charges that may be made after you have bought your home. For houses these will relate to the maintenance costs of facilities that serve your home and other adjoining houses. For flats this will include the running and maintenance costs for the building in which your home is located.

If you disagree with the valuation you can apply for the District Valuer to determine the value of your home. The application must be made within twelve weeks of the offer of sale being made.

When the offer of sale is made, you have a period of twelve weeks in which to decide whether to purchase or not. If you do not respond within the twelve weeks we will serve a notice on you requiring you to either accept or decline our offer of sale.

You will be responsible for obtaining finance for the purchase of your home. We strongly recommend you take professional legal, surveying and financial advice before you complete the purchase of your home.

Completion

If you accept the Offer of Sale, we will instruct our solicitors to prepare and send the transfer documents to your nominated legal advisors. Havebury is not obliged to complete a sale to any tenant who is in arrears with his/her rent, or if the tenant is an un-discharged bankrupt.

All house sales are completed on a Monday. If your rent account is in arrears it will be necessary for you to pay the full amount of arrears and this can be paid as part of the completion process. If your account is in credit you will need to claim a refund after completion.

If you pay your rent by standing order, direct debit or other electronic means, you will need to cancel the payment through your bank as soon as possible after completion.

Delay

If you do not complete the purchase of your home within 3 months after all the terms have been agreed, we may serve notice on you requiring you to complete your purchase within 56 days.

If you do not complete your purchase within that period, then we may serve a second notice on you requiring you to complete your purchase within 56 days. If you still do not complete your purchase, then you are treated as having withdrawn your application.

If for any reason Havebury delays the application to purchase it may be possible for you to obtain a reduction in the purchase price you pay. If you think your application is being delayed, you may serve an Initial Notice of Delay upon use. This notice must state the address of the property and the last action that Havebury took. It must also allow a minimum period of one month in which we can take the next step in the process.

If we have delayed your application we will seek to take the next step within the timescale you set. If there are no further steps for Havebury to take at the time you serve the Initial Notice of Delay, we will serve a counter notice.

If we fail to take the next step or serve a counter notice within the time period you specified, you may serve an Operative Notice of Delay. If this notice is correctly served, the rent paid during the period of delay will be taken off the purchase price. Copies of these notices are available from us on request.

Before you buy

There are a number of things you should consider before you purchase your home. Below are some of the things you should consider.

A Suitable Home

Is the property you currently occupy suitable for you? Home purchase is a long term investment and your circumstances can change. Does it provide the right type of accommodation or will you need to have a larger or smaller property within five years? Do you like the area in which you live and do you get on with your neighbours? These are all factors that you should consider.

Money

A key element of buying a home is money. You need to ensure that you can afford the cost of buying and running your home. You will need to pay a large sum of money to buy your home and it is usual for this to be obtained through a mortgage.

There are many lenders providing different types of mortgages. It is vital, therefore, that purchasers consider all the options so that they can choose the best type of mortgage and the best providers for their personal circumstances. Taking advice from an Independent Financial Advisor is recommended. The Financial Conduct Authority (FCA) provides helpful advice for consumers. The FCA can be contacted on **0800 111 6768** (freephone) or **0300 500 8082** from the UK or via their webpage (www.fca.org.uk). Havebury does not provide mortgages either for tenants to purchase or for future buyers of the property.

There are several types of mortgage available. The following list is just some of the more common mortgages available and is designed to help you choose the right mortgage. It is not a substitute for independent professional, legal and financial advice.

- (a) Capital repayment (or annuity) mortgages where you repay the capital gradually over the term as part of your monthly instalment.
- (b) Endowment linked mortgages where you pay interest only to the lender and a monthly premium to a life assurance company.
- (c) Interest only mortgages where you pay only interest to the lender. The capital is repaid when the property is finally sold.
- (d) Lower interest rate mortgages where the lender agrees to charge less than the commercial rate for the first few years of the term. This can either be a capital repayment or endowment mortgage.
- (e) Fixed interest rate mortgages where you agree to repay the loan at a fixed interest rate. This can be for the whole of the term of the mortgage or, alternatively, for a set number of years.

- (f) Pension mortgages where you pay interest only to the lender and a monthly premium to a pension fund.

It is essential that you assess carefully whether you can afford to buy your home. Appendix 1 contains a grid to help you assess what you can afford. Your mortgage provider will also want to see this type of information when they assess the mortgage offer they make to you.

Most mortgage companies charge arrangement fees. You will also be required to pay for a valuation of the property for mortgage purposes (see below). Taking out a mortgage will also incur additional legal fees.

Surveys

If you buy your home, you will take on responsibility for any outstanding repairs or structural problems and will be deemed to take the property as seen. This is often referred to as 'caveat emptor' - let the buyer beware. In order to make the right decision you must satisfy yourself about the structural condition of the property.

Prior to making you an offer to purchase, Havebury will carry out a limited valuation inspection. This is not a survey of the structure of the property. We will, however, tell you about any structural defects we are aware of in the property.

If you are buying with a mortgage, the lender will require a mortgage survey to be carried out. This involves a limited inspection designed to enable the lender to decide if the property offers suitable security for lending purposes. You may have to pay for a mortgage survey to be completed; your mortgage lender will be able to advise how much this will cost.

Havebury recommends that all prospective purchasers commission their own Homebuyers Report or Building Survey. The cost for this will fall on the prospective purchaser but with the consent of the mortgage lender it is sometimes possible to combine a structural report with the mortgage report therefore resulting in savings to the purchaser.

Your mortgage provider may specify a chartered surveyor to undertake the survey. If not, addresses and telephone numbers for local Chartered Surveyors can be found in the telephone directory or online at www.ricsfirms.com. A Homebuyers Report and Valuation survey may need to be completed your mortgage lender will advise you of the cost.

Defective Dwellings

A small proportion of Havebury Housing Partnership homes have been designated as being defective. These are concrete properties built in the 1950s and examples of these types of dwellings have failed structurally. Havebury owns some homes of Airey or Unity construction which have been designated as defective. If you live in one of these types of home we will advise you in our offer of sale.

As a result of their designation as defective, lenders will not usually make mortgage finance available unless costly remedial works have been carried out. Tenants of these properties may still exercise the Preserved Right to Buy. They will receive a letter formally notifying

them that their dwelling is designated defective and the market value will reflect this designation. Prospective buyers must however carefully consider the structural condition of the property and the resale implications of the designation in making their purchase decision.

Legal Matters

Most buyers instruct a solicitor to handle the legal procedure necessary to complete the purchase. This is not mandatory and books are available to help buyers deal with the procedures and paperwork themselves.

The costs charged by solicitors vary so it is worthwhile for buyers to speak to and get quotes from a number of practices. Addresses and telephone numbers for local Solicitors can be found in the Yellow Pages or on the internet at www.lawsociety.org.uk.

In addition to solicitors fees which cover the conveyancing work there are other costs to consider. The list below sets out some of the main costs that could be incurred. Your solicitor will be able to advise you of the costs.

Legal Costs
Conveyance Fees
Land Registry fees
Search Fees which can include Local Authority search, Drainage search, Environment search
Stamp Duty Land Tax

When you have bought

Home ownership brings responsibility. When you buy your home you become responsible for the cost of maintaining your home. You also become responsible for maintaining regular payments for the property.

Regular Payments

These payments may include some or all of the following:

Mortgage payments - this is a monthly payment that pays off the amount you borrowed including interest.

Building Insurance - this covers the cost of rebuilding your home if it was destroyed or severely damaged in any way. This will be required if you take out a mortgage. If your home is a flat, the building insurance is arranged by Havebury and the cost is included in your annual service charge.

Life insurance - This type of cover is would pay off your mortgage debt if you should die before the end of the mortgage period. It has the benefit that your family is not left with the heavy burden of the mortgage debt.

Mortgage Payment Protection Insurance - this covers the cost of your mortgage payments if you lost your job or became unable to work through illness or accident

Council tax - you will be responsible for paying your household's share of the cost of public services

Water, Sewerage, gas, electricity or other utility services - you will be responsible for the cost of these services being provided to your home

The Risk of Repossession

Failure to maintain the payments on your mortgage could lead to your home being repossessed by the mortgage company. Repossession is achieved by seeking an order from a Court requiring you to give up ownership of your home to the mortgage.

Repairs and Maintenance

If you purchase a house you will be responsible for all repairs and services to the exterior of the property and its grounds together with the future decoration, repair and maintenance of the interior of the property and its services. In the case of flats Havebury retains responsibility for the exterior and common parts but recovers its costs through the service charges.

Building repairs can be costly hence the importance of obtaining a survey prior to purchase so buyers have as much knowledge as possible about the property. Building elements deteriorate over time and their replacement can be expensive. Repairs can also occur at a financially inconvenient time for owners. It is therefore prudent to set money aside at regular intervals to cover for such repairs.

If you are a house owner you should arrange for building insurance to cover the cost of repair/reinstatement in the event of fire or a similar incident if not required to by your mortgage provider. Such insurance will not however cover you for repairs arising from wear and tear to the property. Buildings insurance is provided for flat owners by Havebury but the cost is recovered in the annual service charge.

Buying a Flat - Service Charges

If you buy a flat or maisonette, you will be buying a long Lease and Havebury will be responsible for the external repair and maintenance of the block and its common parts. Havebury will also provide communal services such as lighting and caretaking.

Havebury will recover its costs from you by way of a service charge. Such charges can fluctuate according to what works are carried out in a particular year and the level of communal services provided in that year.

Havebury is obliged to carry out repairs when they are needed and this may not be financially convenient for you. When you receive the purchase price for a flat you will be issued with an estimated service charge and a schedule of repairs that could be required within five years.

For more information about buying a flat and its implications, please ask us for a copy of the government booklet entitled 'Thinking of buying a council flat' which will provide you with more information about things to consider.

Resale

If you are buying with the assistance of a mortgage you will know the property currently qualifies for mortgage lending. If you are paying without such finance you should make enquiries to satisfy yourself by talking to lenders to confirm mortgages are available to prospective purchasers. If mortgage finance is not available it will be difficult to sell the property on and its value will be depressed.

Buyers need to be aware lenders over time can change their policy on mortgage lending for certain types of properties in certain locations. The fact that mortgage finance is currently available to purchasers does not mean it will always be available. This is a risk of property ownership.

As an owner when you sell you will have a capital sum to purchase another property of your choosing [subject to your financial circumstances] in the location of your choice. You will usually have a much wider choice than tenants wanting to move. However for some types of property, most notably sheltered housing, there is a limited choice in the private sector. Consideration should be given to this.

If you purchase a dwelling under the Preserved Right to Buy you may sell it at anytime but if you sell within the first ten years of buying you must give a local social housing provider the first option of buying it before you place on the open market.

If you sell within the first five years, you will be required to repay the discount you received. The amount payable decreases over the five years as shown in the table below.

Year of Sale	Discount Repayable
Year 1	100 %
Year 2	80 %
Year 3	60 %
Year 4	40 %
Year 5	20 %

In addition, the amount of discount to be repaid if you sell within 5 years of purchase will be based on a percentage of the resale value of the property, disregarding the value of any improvements made by you after you purchased the property.

For example, if

- Your home was valued at £100,000 at the time you bought it, and you received a discount of £20,000, that means that your discount was 20%.

- If your home is valued at £150,000 when you wish to sell it, and you want to sell within the second year after purchase, you will have to repay £150,000 x 20% discount x 4/5 i.e. £24,000.

Certain sales or transfers are exempt from the requirement to repay discount, e.g. transfers between certain family members. In addition, if you would face hardship by having to repay discount, and your circumstances justify it, we can decide not to ask you to pay some or all of what you owe.

The contents of this leaflet are for general guidance only and you should seek full professional advice on the implications of purchasing your home.

For further information and advice on the Preserved Right to Buy please contact the Home Ownership Team on 0300 3300 900, option 2, 5, 1, or email homeownership@havebury.com.

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Need a copy in large print, on audio or a translation?

To receive this information in large print, on audio or in translation, please call:

0300 3300 900 option 3, 1, 2

Property Affordability Grid (this is for your purposes only to assess whether you can afford to purchase, it is advisable to obtain your own financial advice).

Monthly Income		Monthly Expenditure	
Wage (s)	£	Food	£
Regular overtime	£	Clothing	£
Benefits	£	Car expenses	£
Pension	£	Credit Cards	£
Child Benefit	£	Loans	£
Other income	£	Holiday (s)	£
		Leisure	£
		Person Indulgences	£
		Electricity	£
		Heating	£
		Telephone/internet	£
		Television	£
		Water	£
		Sewerage	£
		Insurance	£
		Buildings	£
		Contents	£
		Life	£
		Health	£
		Pets	£
		Repairs	£
Decoration	£		
Furnishings	£		
Total	£	Total	£

Total Income £

Minus Total Expenditure £

Affordable monthly mortgage payment £

This table is for illustrative purposes only. Individual circumstances vary and you should calculate what you can afford to pay based on your income and expenditure.