



Thinking of buying your Havebury home?
Information about homeownership and purchase
A guide to the Right to Acquire

Introduction

This document is published to provide you with information about the Right to Acquire 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

The Right to Acquire (RTA) was introduced by the Housing Act 1996 on 1 April 1997, and subsequently amended by the Housing Act 2004. The scheme gives tenants of Registered Providers the right to purchase their existing property at a discount.

Further information about the Right to Acquire can be found in the Government leaflet "Guide to the Right to Acquire".

Who can buy

The property must be your only or principal home and must be self-contained.

You can apply to buy your housing association home if you've had a public sector landlord for 3 years. These landlords include:

- housing associations
- councils
- the armed services
- NHS trusts and foundation trusts

It is not possible to claim the Right to Acquire if:

- you have a bankruptcy petition pending, or you are an undischarged bankrupt
- a court has ordered you to leave your home
- you have 'Preserved Right to Buy'
- you have a formal creditor agreement, made under the Insolvency Act.

Eligible properties

Your property must have been:

- built or bought by a housing association after 31 March 1997 (and funded through a social housing grant provided by the Housing Corporation or local council)
- transferred from a local council to a housing association after 31 March 1997

Exceptions to the Right to Acquire

Some of our homes are not eligible for purchase under the Right to Acquire. These include:

- Properties situated in a rural area designated by order of the Secretary of State under Section 17(1)(b) (right to acquire: supplementary provisions) of the [1996 c. 52.] Housing Act 1996.
- Homes specifically adapted or let to the elderly or physically/mentally disabled tenants. 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.
- Temporary housing.
- A home due to be demolished. This is a power available to us to use if we wish to carry out redevelopment of any of our houses.
- Homes which Havebury may lease from someone else.
- Homes let in connection with the tenant's employment e.g. warden homes are also excluded.

Application to purchase

Form RTA1 and the supplementary questionnaire must be completed and returned to our office. Guidance notes are included in the form, but please contact the Resident Services team (Homeownership) if there is anything you are unsure of. Once your form is received, we will acknowledge receipt of your application.

The Havebury Housing Partnership (Havebury) is required to serve a notice either admitting or denying your Right to Acquire. 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.

Repairs & Planned Improvement works

Important note: Havebury will only carry out emergency repairs whilst your application to purchase is being dealt with. An emergency will relate to anything that may affect your health or safety, such as water leaks, boiler breakdown etc.

Your home is also withdrawn from any scheduled improvement works.

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 Right to Acquire 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 the 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 Acquire. Once you receive notification that the Right to Acquire 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

The discount you are entitled to under the Right to Acquire is a fixed amount determined by the Secretary of State, based on the geographical location of the tenanted property. Nationally, the discount amount a tenant can receive is between £9,000 and £16,000 depending on where the tenant lives.

Havebury's tenants can receive between £9,000 and £13,500.

Where a tenant has previously received a discount to purchase a property, the discount entitlement for Right to Acquire will be reduced by the amount of discount previously received.

Offer of sale

An offer of sale will be sent to you within eight weeks from the date your Right to Acquire is admitted or 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 shared 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 the 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).

There are various kinds of mortgage which your bank or building society can tell you about. An independent adviser may also be able to help. Havebury cannot provide any financial advice, and we do not provide mortgages.

It is essential that you assess carefully whether you can afford to buy your home. Page 11 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

As detailed on Page 3, the valuation completed on behalf of Havebury is not a structural survey, but we will tell you about any structural defects we are aware of.

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

Havebury recommends that all prospective purchasers commission their own Homebuyers Report or Structural 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 online on the RICS 'Find a Surveyor' website: www.ricsfirms.com. Or you can call them on 024 7686 8555.

Defective Dwellings

A small proportion of Havebury Housing Partnership homes have been designated 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 right to acquire. 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

You will need to appoint a solicitor to handle the legal procedure necessary to complete the purchase.

The costs charged by solicitors vary so it is worthwhile getting quotes from a number of different firms. Addresses and telephone numbers for local Solicitors can be found on the Law Society's website: www.lawsociety.org.uk, or you can call them on 020 7242 1222.

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

Regular Payments

These payments include 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.

Contents Insurance - It is important to ensure you have adequate insurance to cover the contents of your home.

Life insurance - This cover is needed to 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, decorations and services to the interior and exterior of the property and garden areas.

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.

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 see the government booklet entitled 'Thinking of buying a council flat'.

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 your home can be mortgaged for any future 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.

Selling your home in the first 5 years

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 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 your property.

For example, if

- your home was valued at £110,000 at the time you bought it, and you received a discount of £11,000, that means that your discount was 10%.
- 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 $£150,000 \times 10\% \text{ discount} \times \frac{4}{5}$ i.e. £12,000.

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.

Selling your home in the first 10 years

If you purchase your home under the Right to Acquire you may sell it at any time but if you sell within the first ten years of buying you must give Havebury the first option of buying it before you place it on the open market.

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 Right to Acquire, please contact the Home Ownership Team on 0300 3300 900, 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 own purposes to assess whether purchasing a home is affordable to you. You must also seek your own, independent 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.