



The Right to Acquire

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Do you have the right to buy your home?

The Right to Acquire

How to Apply

For an application form (form RTA1) and application pack, please call at our offices, or telephone our Freephone 0800 408 0000. We will be happy to help you fill in your application form if you wish.

WARNING NOTICE

Cheltenham Borough Homes are concerned that tenants do not always receive good advice when they ask private companies and individuals for help in buying their homes.

You may be asked to pay for services that we will provide free of charge - for example help in completing application forms.

You may hear statements that the Right to Acquire scheme is going to end, but the Government has made it clear that it is committed to the principles of Homeownership.

Be suspicious if anyone tries to tell you otherwise. They may be trying to persuade you to do something that benefits them rather than you.

If a person or company offers to help you buy your home, check out what's in it for them and talk to our Right to Buy Officer before signing any deal.

1. MAKING AN INFORMED DECISION

1a. Your housing service

The property you rent is owned by Cheltenham Borough Homes. If you are thinking about buying your home, please first contact us, on 0800 408 0000. We will give you information that will help you decide whether to take the first steps.

1b. 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 bureau, 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 the 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? You could claim income support, but it is not normally available immediately after you become unemployed. The income support you would be entitled to claim would only pay the mortgage interest, not your full mortgage payments.
- Do you receive or are you eligible for housing benefit? As an owner-occupier you will not receive any housing benefit to help pay your mortgage costs.
- If you are elderly and own your own home, can you arrange or do your own repairs? Remember that, if you need residential care in future (say in a nursing home), then the Council may take the value of your home into account when deciding whether 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 into account service charges 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 you lose your home in this way.

1c. Home ownership costs

When considering buying your home you must bear in mind that home ownership involves many ongoing 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 Services Authority (FSA) on their Consumer Helpline 0300 500 5000 or the website <http://www.moneymadeclear.fsa.gov.uk>

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.

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. You should 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.

Contents insurance It is not legally essential to have contents insurance but it's sensible to do so as it is surprising how much it can cost to replace household items. So we advise you to insure your furniture, carpets, electrical equipment and other possessions against damage by fire or 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.

Life Assurance 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.

Repairs to 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 a replacing the heating system if the boiler breaks down.

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.

Utility Charge You will be responsible for the cost of all the 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.

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; and
- major repairs to the block of flats, such as the replacement of the roof or sewers and drains.

On 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 service charges you must contribute towards.

1d. Costs related to buying your home

The initial costs in buying your home include the following:

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 that 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 that the cheapest is not necessarily the best value. The Law Society can provide a list of local solicitors. Tel. 020 7242 1222; website <http://www.lawsociety.org.uk> If you wish to use a licensed conveyancer, you can contact the Council for Licensed Conveyancers or go their website; website www.conveyancer.org.uk/

Mortgage

A mortgage is a loan that is 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 FSA on the website <http://www.money.made.clear>.
fsa.gov.uk or tel : Consumer Helpline 0300 500 5000.

Stamp duty land tax (SDLT)

Stamp duty is a government tax on the purchase price of a property. New thresholds introduced from 3 September 2008 mean that if you buy property and the purchase price is £125,000 or less you don't pay any SDLT at all.

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. An RICS Home Buyer Survey may cost from £250 to £500. A building survey may cost £600 or more. The Royal Institution of Chartered Surveyors (RICS) can provide a list of local members. You can contact the RICS on 0870 333 1600 or through its website [//www.rics.org](http://www.rics.org)

1e. Warning

If you are thinking of buying your home, you should always consider the following:

Mortgages If you fail to meet the repayments on your mortgage, 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 a right to end the lease and recover possession of the property. However, if you are living there lawfully, the landlord can only re-enter the property with a court order.

Companies Some companies may ask you to pay for services that we will provide free of charge, such as help in completing application forms. Some companies will include the cost of arranging the mortgage and the legal fees in the mortgage rather than asking you to pay them on purchase. Remember that if you include these fees in the mortgage, you will be borrowing more and paying interest on the extra for the period of the mortgage. You can get more information on costs on the Communities and Local Government website <http://www.communities.gov.uk>

Right to Acquire

If you became our tenant, 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 (or five years if your tenancy started after 18 January 2005) 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 The Right to Buy Officer on 0800 408 0000.

2a. Introduction

The Right to acquire allows you to buy your home at less than its full market value. However, the law sets out certain criteria that you must satisfy before you can buy:

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 social housing grant provided by the Housing Corporation or a local authority.
- Have spent a total of five years as a public sector tenant, if your first public sector tenancy was created on or after January 18th 2005.
- Live in a house or flat which is a self-contained property and is your only or main home.
- You must not be an undischarged bankrupt, or have a bankruptcy petition pending against you.
- Be subject of a possession order served by the court, at the request of your landlord, or
- Subject to a formal creditors agreement made under the Insolvency Acts

2b. Exceptions to the 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; and
- homes due for demolition.

3a. The application form (RTA1)

To buy your home you must complete application form 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 for the 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 RTA1

If you are claiming discount for time served in the armed forces, please enclose a copy of your discharge papers with form RTA1. If you wish family members to share the right to buy with you they must complete and sign form 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 Right to Buy Officer will be pleased to assist.

3b. The response form (RTA2)

After receiving your completed form, we will send you a response notice (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 4 weeks of the date your application form was received;

3c. 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 the property. When we receive the valuation and the 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 energy performance certificate for the property.
- the amount of discount you are entitled to receive;
- the purchase price of the property after the discount;
- a description of any structural defects that we have 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; and
- 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 5 years of the lease.

You should get the Section 125 notice within 8 weeks of the response notice (RTA2) if you are buying a freehold (usually a house) or 12 weeks if you are buying a leasehold (usually a flat or maisonette).

3d. 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 of whether you wish to:

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

You can let us know your intention 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 3 months of the date of the Section 125 Offer Notice. If you wish to appeal, you should write to Cheltenham Borough Homes and we will then write to the District Valuer on your behalf. The District Valuer will then write to you to make an appointment to re-value the property and ask you why you feel the property has been valued too highly. 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 us in writing, within 12 weeks of the revised offer letter, whether or not you intend to go ahead.

3e. Going ahead to buy

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, Cheltenham Borough Homes would normally expect to complete it within 3 months. We may serve notice on you to complete the purchase if you have not completed within a reasonable period. (Section 6 Problems with the purchase procedure.)

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

Timeline

1. RTA2 Notice sent to you accepting or rejecting your application within 4 weeks of receiving it
2. Valuation Officer makes an appointment with you to value the property
3. You receive an offer notice within 8 weeks or (12 weeks for a flat or maisonette) of the RTA2
4. You accept the offer or withdraw within 12 weeks of the date of the offer
5. We draw up plans and define boundaries
6. Both parties instruct solicitors
7. Solicitors correspond
8. Completion

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.

If you purchase under the Right to Acquire you will receive a maximum discount of £13,500.

Limits to the discount awarded under the Right to Acquire

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).

We will continue to do essential repairs to the property during the 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 408 0000

4a. Your application is refused

We may refuse your application on various grounds and these are set out in law.

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 RTA2 notice, otherwise you lose the right to appeal. You can contact the Residential Property Tribunal on 0845 100 2615, or via the website <http://www.rpts.gov.uk>

4b. 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

After 3 months from the date of the offer Notice we may send you a Notice to Complete, asking you to complete the purchase of your home within 8 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 that you have withdrawn your application and will not take it any further.

4c. Delays by us

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

You can find further information in the Housing Corporation Guidance 'The guide to the Right to Acquire'.

If you need advice or have a query on any aspect of purchasing your home please contact Cheltenham Borough Homes on 0800 408 0000

Send or deliver the completed application forms to:

Cheltenham Borough Homes
Oakley Community Resource Centre
113a Clyde Crescent
Cheltenham
GL52 5QL

On handing in the form you should get a receipt as proof that the application form has been received.