

# your right to buy your home



information for Incommunities tenants  
who are interested in buying their home

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## introduction

### buying your Incommunities home

If buying your home as a sitting tenant seems cheap and easy, at a price lower than market value, this is because of the time you have spent as a public sector tenant or that you have served in the Armed Forces, which entitles you to a discount.

Mortgages (that is the usual method by which most people pay for their home) are relatively easy to obtain for most buyers. Today most recognised mortgage lenders have a wide range of products catering for most circumstances.

Buying your home is likely to be the biggest financial commitment you will ever make, you might have read in the papers or seen on the TV that some owners have problems during or after they buy, simply because they did not obtain any guidance about what purchasing their home really means.

We hope that this booklet will help you avoid similar problems but it is not a substitute for professional advice.

## 1.0 when the Right to Buy can and cannot be exercised

### 1.1 qualifications

In this booklet the term Right to Buy will be used as a general term to cover the Right to Buy, the Preserved Right to Buy and the Right to Acquire. The information provided will apply equally to all these rights, however, it is important at the outset to identify which of these rights applies to your tenancy and whether you qualify.

#### Right to Buy

The Right to Buy is given to secure tenants of Local Authority landlords. Since 24<sup>th</sup> February 2003 all of Bradford Council's properties were transferred to BCHT Group, now Incommunities. As such the Right to Buy no longer arises in Bradford. Instead you have:

#### preserved Right to Buy

Since 24<sup>th</sup> February 2003 the Right to Buy enjoyed by all of the Bradford Council tenants at that date has been preserved. All the Council's secure tenants became assured tenants of BCHT Group, now Incommunities, on that date but their Right to Buy their home has been preserved on the same terms as under their old secure tenancy. If you were a tenant before 24<sup>th</sup> February 2003 and continued to have a tenancy with Incommunities you will have a Preserved Right to Buy.

#### Right to Acquire

If your tenancy with Incommunities commenced after 24<sup>th</sup> February 2003 you will be an assured tenant and you will have the Right to Acquire.

## 1.2 qualifying for the Right to Buy

The qualifying criteria which you must meet if you wish to exercise the Right to Buy are the same whether you have the Preserved Right to Buy or the Right to Acquire. These are:-

If you were a tenant of Incommunities or another public sector landlord on or before the 18<sup>th</sup> January 2005 and you have remained a public sector tenant continually since that time you will have the Right to Buy if you have been a public sector tenant for at least two years in total.

If your tenancy with Incommunities (or another public sector landlord) started after 18<sup>th</sup> January 2005 you will need to have spent at least five years as a public sector tenant in order to qualify.

In either case you will only be able to purchase under the scheme if your house or flat is your only home and is self-contained.

- ▶ you will not be able to buy your home if the Court makes a possession order which says that you must leave your home.
- ▶ you will not be able to buy your home if you have a bankruptcy petition pending against you, you are an undischarged bankrupt or you have entered into an arrangement with creditors.
- ▶ you will not be able to buy your home if the Court has made an order suspending your Right to Buy because of Anti-Social behaviour.

## 2.0 exceptions to the Right to Buy

### 2.1 demolition

If your property is included in plans for demolition we may serve an initial Demolition Notice which is valid for up to five years. This will have the effect of suspending your Right to Buy.

If a Final Demolition Notice is served then this will end any Right to Buy claim. A Final Demolition Notice is valid for two years. We will only serve a final notice once all the other affected properties have been acquired or are subject to binding agreements to acquire.

If we serve a Final Demolition Notice and your Right to Buy is subsequently cancelled. If you applied for your Right to Buy before the initial Demolition Notice is served you have a period of 3 months to claim compensation for costs you have incurred in pursuing your Right to Buy claim.

Needless to say if we decide not to carry on with the demolition programme, you will receive a Revocation Notice which will entitle you to exercise your Right to Buy on the same terms as your original application.

### 2.2 homes suitable for occupation by elderly persons

This is one of the more frequently encountered exceptions to the Right to Buy. You may not have the Right to Buy if your home is particularly suitable for occupation by elderly people (paragraph 11 of Schedule 5 to the Housing Act 1985) (Note: If you only qualify for the Right to Acquire you may be offered alternative accommodation).

#### what the law says

The Right to Buy does not arise if your home:

- ▶ is particularly suitable for occupation by elderly persons, having regard to its location, size, design, heating systems and other features; and

- ▶ was let to you or the previous tenant for occupation by a person aged 60 or over, (whether they were the tenant or not); and
- ▶ was first let before 1 January 1990.

When making this decision we must ignore features of your home put in by you or a previous tenant.

If the home sales section thinks that this exception applies to your home they will issue you with a formal denial of the Right to Buy (RTB 2) on the grounds that the property is used for elderly persons. If you disagree you can ask the home sales section at Trust House for an appeals booklet or alternatively the Residential Property Tribunal Service, Corporate Unit, 10 Alfred Place, London, WC18 2LR, telephone 020 7446 7700 to decide if your landlord is right. **But you must ask them within 56 days after the landlord has refused to sell your home.** If you don't ask in time, you lose this right of appeal. The form RTB2 contains the address of the Residential Property Tribunal Service if you decide to appeal against our decision.

### what will happen next?

You will be asked to fill in a questionnaire about your tenancy and your home. Your landlord may then be asked to comment on the information you give. When both sides have had the chance to put their case, the Residential Property Tribunal Service will decide whether or not your home is excluded from the Right to Buy.

### how will the Residential Property Tribunal Service decide?

The Tribunal will normally consider the following issues:-

- (a) Is there easy access on foot to your home? Access is unlikely to be regarded as easy, if it is necessary to climb three or more steps (in addition to the threshold) and there is no handrail;
- (b) Is the accommodation on one level?
- (c) In the case of a flat above ground floor level is there easy access by lift?

- (d) There should be no more than two bedrooms;
- (e) There should be adequate arrangements for heating the living room and at least one bedroom;
- (f) Is your home reasonably convenient for shops and public transport?

The Residential Property Tribunal Service will also take into account anything else relevant about your home which you or your landlord bring to its attention.

### what decisions may the Residential Property Tribunal Service make?

If the Residential Property Tribunal Service decides that your home does fall within the exception for homes suitable for elderly persons, you will not be able to buy it.

If the decision is that this exception does not apply to your home, then you will be able to go ahead with your purchase if all the other qualifications are met and no other exceptions apply.

## 2.3 other exceptions to the Right to Buy

- (a) If your home is one of a group of homes forming part of Sheltered housing for the elderly. Sheltered housing is where there is a warden service and common rooms available to residents
- (b) If your home is designed for occupation by the physically disabled, or is used by Incommunities for occupation by the mentally ill or the mentally disabled. There are additional conditions that must be met in these cases
- (c) If your home is one which is being used as temporary housing before the land on which it is located is developed and the land was bought for development.
- (d) If Incommunities is your employer and you have to live in your home so that you can be near your work
- (e) The tenancies of employees whose home is located within the boundaries of a school, a social services home, another type of operational building or a cemetery

- (f) Temporary lettings (of up to three years) of homes usually let to the employees mentioned above \*
- (g) If your home is let as part of business or agricultural premises (for examples public houses, farms and shops)
- (h) If your home has been leased by Incommunities from someone else for short term accommodation and which has to be given up empty when the owner wants it
- (i) Almshouses
- (j) Homes which are let by a charitable registered social landlord, a charitable housing trust or association, by certain co-operative housing associations, or by a housing association or other registered social landlord which has not received grants from public funds are excepted from the right to buy but, please note: that this does not apply for Preserved Right to Buy or Right to Acquire tenants
- (k) Student lettings. Tenancies given to full time students on certain university or college courses \*
- (l) Tenancies which have been granted as temporary accommodation to persons taking up employment in the district \*
- (m) Tenancies for homeless people under section 193 of the Housing Act 1996
- (n) The tenancies of people who used to be squatters but have now been given a licence to occupy a home
- (o) Tenancies which are long tenancies, ie leases of over 21 years
- (p) Temporary lettings during works of improvement or repair if the tenants were not secure tenants in their previous homes

\* *For these exceptions to apply, the tenant must be notified before the start of the tenancy.*

### 3.0 how to **apply** (a step by step guide)

This section gives you an outline of the stages your Right to Buy application will go through.

#### **step 1** – applying to buy

You will need to complete the Right to Buy claim form (**Form RTB 1**). This is available from your landlord free of charge. Be wary of other people offering you forms, especially if they ask you to pay for them.

Fill the form in carefully and return it to the home sales section of Incommunities. The form is an important document, it is used to decide:

- ▶ whether you are entitled to the Right to Buy and
- ▶ how much discount you will get.

It is a good idea to use recorded delivery or to deliver it by hand and get a receipt from Incommunities. You should keep a copy of the completed form for yourself.

#### **step 2** – your landlord's Response Notice

Once they have received your claim form, the home sales section must tell you whether or not you have the Right to Buy within four weeks. They will send you a Response Notice (**Form RTB 2**).

You should get this within 4 weeks from the date on which we receive your RTB 1 form.

If the Response Notice says that you don't have the Right to Buy your home, it must also explain why. It may say your home is one of the exceptions listed in section 2. If you don't agree with the explanation, you can get advice from a Citizen's Advice Bureau or from a solicitor.

### step 3 – the Offer Notice

If the home sales section have accepted that you have the Right to Buy your home they must send you a separate offer notice (known as the Section 125 Notice) which tells you the price you have to pay and the terms and conditions of the sale. They must send this within a further 8 weeks after you have received your RTB 2 form if your home is a house and you are buying a freehold, or within 12 weeks if your home is a flat, maisonette or a house on leasehold terms.

**The Section 125 Notice** contains the following important information:

- ▶ a description of the property which you have the Right to Buy.
- ▶ the price Incommunities thinks you should pay for your home. The notice will set out how we have calculated the price. It will show how much your home was worth at the date on which you submitted your application form, and then take off your discount. If you have made improvements, these are not allowed to increase the price. If your discount is reduced by the maximum discount rule or the cost floor, this will be shown on the notice.
- ▶ in the case of flats or maisonettes the offer will contain estimates of the service charges and improvement costs you will have to pay for the first five years after you buy your home.
- ▶ if we know about any structural defects affecting your property these will be described in the Notice.
- ▶ the terms and conditions that we think should apply to the sale. These will be set out in the form of a draft of the legal sale document which will accompany the notice.

#### step 4 – what if you disagree with our valuation?

If you think that the figure we put in your Section 125 notice for the market value of your home is too high you have a right to obtain an independent valuation from the District Valuer. To do this you must tell the home sales section that you want a 're-determination of value' under Section 128 of the Housing Act 1985. **You must tell them within three months of receiving the Section 125 notice.**

The District Valuer will need to inspect your home. You will then have four weeks to make representations to the District Valuer.

The District Valuer's valuation will be decisive. Whether it is higher or lower than the our original valuation, it will be the one that is used to work out the price you pay for your home.

#### step 5 – what if you disagree with anything else in the Section 125 notice?

If you disagree with anything else in the Section 125 notice (the calculation of your discount, the cost floor, service charges, conditions of sale etc), you should contact the home sales section. If you and Incommunities can't agree about something, you may ask the County Court for a ruling, you should get legal advice from a Citizen's Advice Bureau or a solicitor before taking this step. But remember the District Valuer will have the final say in the matter regarding the valuation.

#### step 6 – do I need a survey?

Before you proceed with your Right to Buy you should consider whether you should get an independent survey from a qualified surveyor or a structural engineer or an architect. If you apply for a mortgage, the bank or building society will have a survey done, but this is may just be a valuation to establish whether your home is adequate security for their loan. It may not uncover any structural problems there may be (see also section 6.2).

### step 7 – getting legal advice

Before making a final decision, you will need legal advice. You may know a solicitor or a licensed conveyancer, if not your bank or building society may suggest one. Your local library should also have a list of the solicitors in your area, and details about the type of work they do. **You should always ask your a solicitor or licensed conveyancer for a fee quotation before you employ them.**

### step 8 – telling your landlord whether you want to proceed

When you have received your Section 125 notice you will have to decide if you want to either:

- ▶ proceed to buy your home for the full Right to Buy price, less any discount for which you are eligible

or

- ▶ forget about buying, withdraw your application and carry on paying rent.

You have 12 weeks from receiving your section 125 notice to make your decision. When you have decided, you must tell the home sales section in writing. If you have asked to have your house valued by the District Valuer you will receive a revised offer notice. Once again you will have 12 weeks from that notice to decide whether you wish to proceed and tell the home sales section in writing. Amongst the Section 125 (Offer Package) the home sales section will supply you with an acceptance slip to sign and return if you wish to proceed

Alternatively a cancellation form is supplied if you want to withdraw the application. If you do not intend going ahead, it is important to let the home sales section know as soon as you are able so records can be amended. Delays could affect you in any Capital Works Programme.

It is important that you also contact and cancel the application even if you have a mortgage company or broker acting on your behalf.

If you do not notify the home sales section of your decision within 12 weeks, they will send you a reminder. If you do not reply within 28 days, the home sales section will think you don't want to buy and **your application will be cancelled.**

If you are unable to decide what you want to do within the 12 week time limit, you can ask the home sales section for an extension of time. If you are unable to decide for a good reason (for example, if you were in hospital and you could not return the form in time), you should tell the home sales section and your time limit will then be extended automatically.

Notifying Incommunities that you want to proceed does not legally commit you to the purchase. You can still change your mind. **But if you do not tell the home sales section what you want to do, you will receive a final reminder, then your application will be withdrawn.** After that you would have to start the whole process again. If the value of your home has gone up in the meantime, then you may have to pay more.

### **step 9** – arranging a mortgage

If you need a mortgage to finance the purchase, this is the stage at which to approach a bank or building society.

### **step 10** – completing your purchase

When you are satisfied with the terms of your landlord's offer, and you have arranged any mortgage that you need, you are ready to go ahead and buy. You should tell us that you are ready and ask your solicitor for advice on the legal documents and making your payment. Your solicitor or conveyancer will deal with the arrangements for completion. In most cases it will take a couple of months before you become the owner of your home.

You have a reasonable amount of time to arrange your mortgage, to get legal advice or to discuss the terms of the sale with your landlord.

It is a good idea to let the us know as soon as you are ready to proceed. If we don't hear from you, you may get a warning notice, this is explained in section 5.2.

## 4.0 how is the price payable for your home arrived at?

Incommunities will value your home at the market value as explained in Section 3. However the Right to Buy scheme gives tenants a discount on the market value of their homes. The calculation of your discount is different depending on whether you have the Preserved Right to Buy or the Right to Acquire – see section 1.1.

### 4.1 calculating your discount – Preserved Right to Buy

The longer you have been a tenant, the more discount you get, up to a maximum discount, currently £24,000 within Yorkshire and Humberside. Subject to this maximum limit, the discount you get depends on the time you have spent as a public sector tenant, with:

- (a) Incommunities
  - (b) Any other public sector landlord.
  - (c) The Armed Forces.
- or
- (d) A number of other public bodies – the home sales section can advise.

(If you have succeeded to the tenancy you may be entitled to claim some or all of your predecessor's tenancy).

If you were a tenant of the BCHT Group, now Incommunities, on or before 18<sup>th</sup> January 2005 and had a continuous tenancy you must have an aggregate of 2 years Public Sector tenancy or had Armed Forces Service to be eligible to buy your home. The discount available then is 32% for houses and 44% for flats. If you are buying a house, you will get 1% more discount for each extra year, up to a maximum limit of 60%. If you are buying a flat you will get 2% more discount for each extra year, up to a maximum limit of 70%. But, whatever percentage you are eligible for, your discount cannot be greater than the maximum discount set out above.

If you became a tenant with Incommunities after 18<sup>th</sup> January 2005 then you must have an aggregate of at least five years to be eligible to buy. The discount available to you after five years is 35% for houses and 50% for flats. If you are buying a house, you are eligible for 1% more discount for each extra year, up to a maximum limit of 60%. If you are buying a flat, you are eligible for 2% more discount for each extra full year, up to a maximum limit of 70%. **But, whatever percentage you are eligible for, your discount cannot be greater than the maximum discount set out above.**

The qualifying period for discount can include time spent in different homes and with different landlords and this doesn't have to be continuous.

If you lived with your parents after the age of 16 and you later became the tenant of the same house or flat, you may be able to count that time too.

If you are buying jointly with someone who has a qualifying period longer than yours, you will get their higher rate of discount.

#### 4.2 calculating your discount - Right to Acquire

If you became a tenant of Incommunities or other public sector landlord on or before the 18<sup>th</sup> January 2005 then you will qualify for the Right to Acquire if you have been a public sector tenant for two years in total you will then be entitled to a discount of £9,000 unless that amount is greater than 50% of the value of the property, in which case the discount will be 50%.

If you became a tenant of Incommunities or other public sector landlord after the 18<sup>th</sup> January 2005 then you will qualify for the Right to Acquire if you have been a public sector tenant for five years in total, you will then be entitled to a discount of £9000 unless that amount is greater than 50% of the value of the property in which case the discount will be 50%.

### 4.3 the cost floor

The discount may be reduced by a rule called the cost floor. If your home has recently been purchased or built by your landlord or he has spent money on repairing or maintaining it. The discount you receive must not reduce the price you pay below what has been spent on building, buying, repairing or maintaining it.

If you have the Preserved Right to Buy we will take into account costs over the previous 15 years, if the cost of works carried out over a 15 -16 year period is greater than the market value of your home, you will not receive any discount.

If you have the Right to Acquire the costs will be looked at over 10 - 11years.

### 4.4 what if I have purchased before?

If you have purchased under the Right to Buy scheme before, the amount of discount in financial terms you received then will be deducted from your discount when you buy again.

#### repayment of discount

You can sell your home whenever you like. However, if you sell within the discount repayment period you may have to repay some or all of the discount. The discount repayment period depends when you applied to purchase your home.

If you applied to purchase your home before **18<sup>th</sup> January 2005** then if you sell within **three years**, you will have to repay some or all of the discount. If you sell within the first year after your purchase the whole of the discount will have to be repaid. Two thirds must be repaid if you sell in the second year, and one third will have to be repaid in the third year. After three years, you can sell without repaying any discount.

If you applied for the Right to Buy on or **after 18<sup>th</sup> January 2005** and sell within **five years** of buying it, you will have to repay some or all of the discount.

- ▶ during the first year, all of the discount will have to be repaid.
- ▶ during the second year, four fifths must be repaid.
- ▶ during the third year, three fifths must be repaid.
- ▶ during the fourth year, two fifths must be repaid.
- ▶ during the fifth year, one fifth must be repaid.

The repayment of discount will be a percentage of the market value of the property when it is resold within the first five years of purchase. An allowance will be made for improvements that you have carried out during the period in which you are the owner.

After five years has lapsed you will not have any discount to repay.

There are exemptions from the requirement to repay in certain circumstances, in particular, disposals that happen as a result of a court order made under the Matrimonial Causes Act, or as a result of a death and certain disposals between family members.

If repaying the discount would cause you hardship and your circumstances justify it, your landlord can decide not to ask you to pay some or all of what you owe.

From 18<sup>th</sup> January 2005, if, at a time before you buy or while the discount is still repayable, you enter into an agreement that you will transfer your property to someone else in the future, then you will have to repay your discount. The amount repayable will be the amount of discount due at the time you enter into such an agreement. For example, if you enter into such an agreement before you buy or during the first year after buying, you will have to repay the full amount of the discount.

#### 4.6 Incommunities option to repurchase

If you applied for the Right to Buy on or after 18<sup>th</sup> January 2005 and purchased your home and you wish to sell within ten years of buying, you must first offer it back to your landlord. This is not an option of choice. This will be registered as a restriction on your property.

If we wish to purchase your home it will be at full market value. The market value must be agreed between parties and if they cannot agree to your price then the price must be decided by the District Valuer (who is independent to Incommunities).

If we don't accept your offer within an eight week period you will be free to sell the property on the open market.

#### 4.7 buying a flat or maisonette why is this different from buying a house?

- ▶ you will purchase the freehold of a house and will own the property outright. You will usually purchase a long lease of a flat or maisonette which allows you and your successors to live in it for a fixed time, usually 125 years. The building will still be owned by Incommunities who will be responsible for it's upkeep and any communal areas and facilities.
- ▶ leaseholders pay a nominal rent (known as a 'ground rent') of £10 a year.
- ▶ leaseholders pay service charges which are a share of the cost of maintaining the building. These can be several hundred pounds each year, or even more if the block needs major repairs or maintenance such as a new roof or new windows.
- ▶ leaseholders can sell their properties at any point during the lease. The person who buys it takes over the remainder of the lease. So if you buy your home on a 125 year lease, and sell it after 10 years, the buyer will get a 115 year lease.

### typical lease terms:

- ▶ we will be responsible for repairing the structure and exterior of your flat and the communal parts of the building. This includes day to day repairs and maintenance also major maintenance and refurbishment works (for example, repairing the roof or replacing a lift), which can be very expensive. You will have to pay a reasonable share of the costs of these works.
- ▶ you will be responsible for keeping the inside of your flat in good repair.
- ▶ we will for the most part provide services like grounds maintenance, neighbourhood warden scheme, lighting and cleaning staircases and passage ways. The level of services offered may vary from property to property. You will have to pay a reasonable share of the costs for these works and services.
- ▶ you will also usually have to pay a charge towards our costs of managing the block. This will be specified as a management charge on the service charge bill.

### service charges – more information

Service charges are what you pay towards the costs your landlord incurs in providing the repairs and other services mentioned above. These can vary widely. If your home is a flat in a tower block which is quite old and needs refurbishment. service charges for can be very high. To get an idea of how much service charges are in your block, you could ask someone who has already bought a flat what charges they have had to pay. Or you could contact the Leasehold Manager or your local residents or leaseholders' association.

You will receive your service charge bill twice a year, normally issued at six month intervals around April and October.

There is a right to a loan from ourselves to help pay a service charge for repairs in certain circumstances. The service charge bill will tell you about this.

You have the right to dispute unreasonable service charges, if you are unable to agree the charges with ourselves then you have a right of appeal to the Leasehold Valuation Tribunal Service.

### [service charges – information in your offer notice](#)

Your Offer Notice must provide you with an estimate of any service charge you will have to pay during the first five years of your lease. If the lease says you must pay some of the costs of improvement, the estimate must cover these too. We are not allowed to charge you more than that estimate, except to take account of inflation. After the first five years there is no specific limit on charges for repairs carried out.

The estimate of service charges in your offer notice will also cover charges for building services such as caretaking, concierge or the Neighbourhood Warden Service, charges of this kind can change, even during the first five years of a lease.

The offer notice will include information about any known structural defects affecting the building. If we intend to put them right during the first five years, the estimate of service charges for repairs must deal with this. But you may also have to pay a share of the costs of work done after the first five years.

## 5.0 delays by your landlord, delays by you

### 5.1 delays by your landlord

Occasionally there may be delays in dealing with a sale, this section outlines what to do if you do not think your purchase is progressing satisfactorily.

If the home sales section does not send you the **Form RTB 2** (the notice telling you if you have the right to buy) or the **Section 125 notice** (offer notice) within the times mentioned in the step by step guide above, or is otherwise delaying the sale, you may claim a reduction in the purchase price. To get this reduction, you must complete an **initial notice of delay (Form RTB 6)** and send it to the home sales section. They then have at least one month to take the next step in the sale process. If they have taken the next step or if there is no action they can take to speed up the sale they are likely to send you a **counter notice**.

If the home sales section does not send you a counter notice within the time allowed, you can send them an **operative notice of delay (Form RTB 8)**. This has the effect that the rent you pay while the delay goes on will then be taken off the price for your home. You can repeat this procedure whenever there is a delay in the process.

The forms RTB 6 and RTB 8 are available from the home sales section or from the Housing Corporation.

If there are any other problems with the sale and you cannot resolve them with us, you should seek advice from a Citizens Advice Bureau or from a solicitor.

## 5.2 delays by you

If you do not respond to the landlord's offer notice (see Section 3, Step 8) within 12 weeks, your landlord may serve a written notice requiring you to respond to the offer within 28 days. If you do not do so your application for the Right to Buy will be deemed to be withdrawn.

If you respond to the offer notice but do not proceed to complete the purchase your landlord can send you a warning notice. This will ask you either to complete the purchase within eight weeks or to write and tell your landlord that you disagree with the terms of the sale. If you don't, your landlord will send you a second notice asking you to complete your purchase. **If you don't do this, your application will be treated as withdrawn.**

Your landlord cannot send you a warning notice until at least three months after your Section 125 notice.

## 6.0 costs you are likely to incur when buying your home

You are likely to have to pay a number of costs in connection with your purchase, here is a list of some of the costs you may expect to meet:-

### 6.1 legal costs

You will need to employ a solicitor or a licensed conveyancer to handle the legal side of buying your home. Always ask for an estimate of how much their advice will cost before selecting your legal representative as fees vary.

### 6.2 survey fees

As you will be aware, purchasing your home is a massive commitment and to satisfy yourself you should have a survey of your home done. These can cost around £200 - £600, or more depending on what type of survey you choose:

**Mortgage Valuation.** If you take out a mortgage your bank or building society will require a valuation report which you will pay for. This is not a detailed survey and is primarily intended for you lender. The cost of such a report is likely to be £200 - £300.

**An RICS/ISVA Home Buyers' Survey and Valuation.** This is a report and valuation in a standard format, intended to tell the buyer of all significant defects. It is likely to be adequate for most properties and provides a guide to value. It is likely to cost around £200 - £500.

**A Building Survey.** If your home is old or has any special problems you should consider one of these This involves a detailed examination of the property. It may cost about £600.

You can get a survey done after we send you your section 125 notice (Offer Notice). You should ask for an estimate of the cost before you ask anyone to go ahead with the survey as fees vary.

### 6.3 Land Registry fee

You will have to pay the Land Registry to register you as the new owner. This is normally taken care of by your solicitor or licensed conveyancer.

### 6.4 stamp duty

Stamp duty has to be paid on the Right to Buy purchase price, but only if the price is over a certain level. Your solicitor will advise you.

### 6.5 mortgage arrangement costs

Most buyers need to take out a mortgage to finance their home purchase. Many banks and building societies will charge an arrangement fee for setting up a loan. These are often in the region of £200 - £300. In addition if you approach a broker or other agent to arrange a loan on your behalf they may charge you for their services.

## 7.0 costs of home ownership

Buying your home is a major financial commitment. As the owner of a dwelling house you are likely to have to make a number of regular payments. Apart from paying for it (upfront in cash or with a loan), you will then have to maintain it. If you buy a flat on a long lease, you will also have to pay service charges (see section 4.7). This section will tell you what costs you are likely to face.

### 7.1 mortgage payments

Unless you are going to buy your home with cash, you will need a mortgage (ie. a loan). The amount you will need to borrow will be the value of your property, less the discount you receive, less any cash or savings which you put towards the purchase. The amount you can borrow will depend on your income and the lender may not be prepared to lend you all the money you need to buy your home, if so, you will have to pay the rest from your savings.

You will have to repay the loan, plus interest, by instalments (usually, monthly). Normally, mortgages have to be repaid over a period of 25 years, but this can be shorter. The interest rate on most mortgages is variable, this means that the amount of the monthly payments can fluctuate. If you can't keep up the repayments on your mortgage, the lender may go to court and if a possession order is granted you may lose your home. If this happens the Local Authority may not be duty bound to find you permanent rehousing.

If you sell your home the money from that sale is used to pay off the rest of your mortgage. But remember that the value of homes can go down as well as go up, in some cases people find themselves in 'negative equity'. This is when the amount owing on your mortgage is more than the amount you are selling it for. If this happens you will still be responsible for paying any shortfall to your lender. You may be particularly susceptible to negative equity if you purchase one of the designated defective types of house.

## 7.2 insurance

You will have to take out insurance cover for your home and mortgage. There are four main types:

- ▶ **buildings insurance.** Your mortgage lender will insist on this. It covers the full cost of rebuilding your home if it were destroyed by fire or some other incident. In the case of flats, this insurance is arranged for the whole block by Incommunities, in which case you will be expected to contribute towards the costs of the insurance through the service charges.
- ▶ **contents insurance.** You may want to insure the contents of your home against theft and other risks especially if you live in a flat or maisonette where the risks are greatly increased.
- ▶ **life assurance.** If you die before the end of the mortgage period this policy will pay off the balance owing on the loan. It means that your family is not left with the heavy burden of mortgage debt.
- ▶ **mortgage payment protection insurance.** You need to consider how you would meet your mortgage repayments if you lost your income, say through unemployment or ill-health. Mortgage payment protection insurance is designed to meet these payments in these circumstances.

There are many insurance policies on the market with different levels of cover, terms and costs. You should seek professional advice from an independent financial adviser and shop around for policies that best suit your needs.

### 7.3 repair and maintenance

If you buy your house, you will be responsible for the costs of all repairs and maintenance required to the property from the date of purchase regardless of the condition of the property when you bought it. You will no longer be able to call on your landlord's repair service to carry out repairs and you will have to find your own tradesmen. This may involve you in large expenditure. Incommunities houses are not new and are likely to require regular repair and maintenance. If you are buying a flat on a long lease, you will have to pay the service charges. What this means is described earlier.

### 7.4 council tax and water charges

You will have to pay Council tax and water charges separately to the Council and the water services company.

### 7.5 gas, electricity or other utility services

You will have to pay your utility company for any gas, electricity or other services supplied to your home.

## 8.0 your home may be **repossessed** if you do not pay your mortgage

If you cannot keep up the repayments on your mortgage, the lender may go to Court and ask to take over your home. Your landlord does not have to give you another tenancy if you lose your home in this way.

If you lost your job through unemployment you may not receive benefits in respect of your mortgage payments for the first nine months, even then the benefit would only cover the mortgage interest payment and not the full amount of the mortgage.

## 9.0 costs which you are likely to incur as a homeowner to keep your property maintained

You are likely to incur expenditure in order to keep your home maintained and in good repair. You will be responsible for minor works such as routine decorating and repainting inside and out. You will also be responsible for any major repair works which may arise from time to time such as repairs to the hot water, heating installations or repairs to the roof and structure. You will no longer be able to call upon your landlord's repair service and will need to locate and pay for tradesmen to deal with such work.

If you buy a flat or maisonette then under the terms of your lease you will be responsible for payment of a service charge to your landlord. This is explained in detail in Section 3. What this means is that your landlord will be responsible for maintaining and repairing the exterior and structure and any common parts of the building in which the flat is located, but you will be charged a proportion of these costs applicable to your flat. Depending on the type and age of the building in which the flat is located these costs can vary considerably. If major works are required such as re-roofing the annual service charge can be very high

## 10.0 defective dwellings (within Incommunities these are Unity, Airey, Wates and Cornish type dwellings)

Defective dwellings are types of houses and flats which have been designated as defective under Part XVI of the Housing Act 1985, because

- ▶ they are defective by reason of their design or construction ***and***
- ▶ their value has been reduced substantially because their defects have become generally known.

If your home is a defective dwelling, we will tell you before you buy. You should then consider very carefully whether you want to proceed. You might have difficulty in getting a mortgage and the property may be difficult to sell later. If you do decide to buy, it is very important to find obtain a detailed survey (see section 6) and to make sure that the price you pay reflects the defect.

for further **advice** and help regarding the Right to Buy

**contact:-**

Incommunities  
home sales section  
Trust House  
5 New Augustus  
Bradford  
BD1 5LL

telephone: 01274 254261 / 254264 / 254265  
or 01274 254390

**alternatively you could seek help from your local housing office:-**

**aire-wharfe**

6-14 Devonshire Street,  
Keighley, BD21 2DG  
Tel: 0845 166 0100

**east**

Headway Business Centre,  
Knowles Lane,  
Bradford, BD4 9SW  
Tel: 01274 257200

**north**

Ravenscliffe Centre,  
Ravenscliffe Avenue,  
Bradford, BD10 0JJ  
Tel: 01274 254400

**shipley**

The Old School,  
Wrose Brow Road,  
Windhill, Shipley, BD18 2NT  
Tel: 01274 257300

**south**

Park View Mills,  
Wibsey Park Avenue,  
Bradford, BD6 3QA  
Tel: 01274 254900

**west city**

City House,  
21-27 Cheapside,  
Bradford, BD1 4HR  
Tel: 0845 166 0200

If you would like this information in any other format including large print, audio CD/tape, Braille or translated into another language please telephone 01274 254321.

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