

The information in this leaflet is also available in other languages, in larger print, Braille or on audiotape or CD. Please contact the customer service team at your area housing office if you need any of these services.



 Yate 01454 821100
Kingswood 01454 821300
Patchway 01454 821500



Merlin Housing Society

Building 1 | Riverside Court | Bowling Hill | Chipping Sodbury | Bristol | BS37 6JX

www.merlinhs.co.uk

MER12_14 Published May 2012



How to buy your home

A guide to the Right to Buy and Right to Acquire schemes

Introduction

This booklet provides a summary of the statutory Right to Buy (RtB) and Right to Acquire (RtA) schemes. It does not replace your legal rights and you should always take independent advice to check your own situation.

Independent advice can be obtained from a solicitor, a licensed conveyancer, a law centre or a Citizens' Advice Bureau.

Our policies will change and so will the law, so we may change any non-legal procedures that we have set out in this booklet.

Buying your home

Buying your home is the biggest financial decision you'll ever make, so you need to consider whether it's the right choice for you. Before you do so it's important that you know about all of the costs associated with owning your home.

If you buy a house you will become responsible for all repairs and maintenance to your home, for its insurance and for paying any mortgage. If you currently pay service charges for communal services such as grounds maintenance, you will continue to do so even though you own your home. If you buy a flat you will also continue to pay a service charge for any works or services to the building and its communal parts.

There are two ways you are able to purchase your home. You will need to check your tenancy agreement to see if you are eligible.

The Right to Buy (RtB)

The RtB is a statutory right subject to certain criteria. It means you may be able to buy your home from us at a discounted rate. The value of the discount is set by the Government currently at a cap of £75,000.

Qualifying for the RtB

To qualify you must be living in a Merlin home and have been a council or housing association tenant for at least five years.

If you were living in your home when it was transferred from South Gloucestershire Council in February 2007 to Merlin Housing Society you may have a Preserved Right to Buy. Please contact our Commercial Services Team to check.

If any family members have lived in your home for the past 12 months, they may also be able to join you in the Right to Buy.

You can not buy your home if:

- a court makes a possession order.
- you are an undischarged bankrupt or have other legal problems with debt.

Some homes are not available to buy under the scheme. These include sheltered housing, homes due to be demolished and some in rural areas such as an Area of Outstanding Beauty.

The discount

If you are eligible for the scheme then you will be entitled to buy your home with a discount. This discount is applied a percentage of the open market value of your home and will vary depending upon how long you have been a public sector tenant. Tenancies with other landlords may count towards your entitlement.

The percentage of discount for a house starts at 35% for five years of public sector tenancy and increases by 1% per year of tenancy to a maximum limit of 60%. The percentage of discount for a flat starts at 50% after five years and increases by

2% per year after to a maximum limit of 70%.

However the maximum discount permitted under Government guidelines is £75,000. Here are examples of how the discount works.

If the property is a house and the applicant has been a tenant for 18 years:

Market Value:	£140,000
Percentage discount:	18 years of tenancy is 48%
Value of discount:	48% of £140,000 = £67,200
Purchase price:	£140,000 - £67,200 = £72,800

In this example the property is a house and the applicant has been a tenant for 25 years:

Market Value:	£140,000
Percentage discount:	25 years of tenancy is 55%
Value of discount:	55% of £140,000 = £77,000
Purchase price:	£140,000 - £75,000 (the maximum amount permitted) = £65,000

If the property is a flat and the applicant has been a tenant for nine years:

Market Value:	£98,000
Percentage discount:	9 years of tenancy is 58%
Value of discount:	58% of £98,000 = £56,840
Purchase price:	£98,000 - £56,840 = £41,160

The cost floor limit

Your discount may be reduced by a special rule called the cost floor. This may apply if your home has recently been purchased or built, or we have spent money repairing and maintaining it. Under the cost floor, the discount you receive must not reduce the price you pay below what has been spent on building, buying, repairing or maintaining it over the last 16 years.

The Right to Acquire (RTA)

You may have the RTA for your home if it was built with public funds, or if it transferred from a local council to a housing association, after April 1997.

If you hold an eligible secure or assured tenancy type you may qualify for the RTA. You must have spent a total of two years as a public sector tenant or been in public sector tenancy before 18 January 2005. If your first public sector tenancy was created after 18 January 2005 then you must have spent a total of five years as a tenant.

The discount for the RTA in the south west is £11,000.

You will not be able to purchase your home if:

- your home is part of a supported housing scheme
- you are renting your home under license (contractual tenancy) or you have an Assured Starter tenancy
- you have breached a Court Order
- you have an un-discharged Bankruptcy Order
- your home has been adapted for disabled residents
- your home has had a demolition notice served against it
- your Right To Buy is suspended under a court order due to anti-social behaviour
- there was legal action pending or your tenancy was not secure on 12th February 2007.

What do I do next?

You will need to contact your area housing office and ask for a RtB or RTA pack to be sent to you. Alternatively you can download the forms via the internet at

www.direct.gov.uk/righttobuy.

When you have completed the forms you will need to return them to the Commercial Services Team at **Merlin Housing Society, Building 1, Riverside, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX.**



Once you have applied to purchase your home we'll get a market valuation of the property. This will take into account the condition of the property and any improvements we've made. We will not take into account any improvements you have made to the property when calculating its value.

After we have valued the property we will send you an offer notice with the purchase price. If you think the price is too high, you can ask us to pay for an independent valuation from the District Valuer. If this happens, we'll use this valuation even if it is higher than the original.

After you have been sent the purchase price you have 12 weeks to decide whether you want to proceed with purchase. If you do decide to proceed we will ask a surveyor to measure the property, and prepare the necessary sale plans. Once this has been done, the plans and related documents will be sent to our solicitor for the completion of the sale.

If you don't have the money available to buy your home, you will have to get a mortgage from a bank or building society. Many mortgage schemes have a minimum income level which you will have to meet to be eligible. Most will not accept people on means-tested benefits.

You can change your mind at any stage and cancel your application. You are free to re-apply at a later date.



What are the costs involved in buying my home?

As well as the actual cost of buying your property, there are a number of one-off costs involved in buying your home. These include:

Stamp Duty Land Tax (SDLT)

This is a tax you have to pay if you buy a property worth more than a certain amount.

If you buy either a freehold or a leasehold property and the purchase price is more than £125,000, you pay SDLT of between one and 15 per cent of the whole purchase price. See the table below for more detail.

Purchase price of residential property	Rate of SDLT (percentage of the total purchase price)
£0 - £125,000	0%
£125,001 - £250,000	1%
£250,001 - £500,000	3%

You can check current rates of stamp duty on the HM Revenue & Customs website.

Legal advice

You should use a solicitor or licensed conveyancer to look after the legal side of buying your home. Their fees vary, so always ask how much their advice will cost before you appoint anyone.

Survey

You should have the property surveyed. Survey fees vary, but you should allow between £250 and £600 depending on the level of detail required.

Valuation fees and mortgage application costs

If you get a mortgage, you may have to pay the cost of arranging it. You may also be charged a valuation fee by the mortgage lender.

There are also a number of regular payments you will need to pay as a homeowner. These include:

- Mortgage payments - remember that interest rates can increase which may mean higher payments each month. You may also wish to take out a mortgage “Payment Protection Insurance” to cover the risks of losing your job or suffering serious illness or other major problems.
- Life insurance to cover the risk of death of one of the people paying the mortgage.
- Buildings insurance. This will be a requirement if you are taking out a mortgage on a house. You may also want to take out adequate contents insurance.

- Council Tax - you must continue to pay Council Tax to the council.
- Utility bills - You will also continue to pay for all the services - water, gas, electricity, sewerage.
- Any service charges you currently pay us in addition to your rent, will still be payable to us even if you own your home.

If you decide to sell your home within the first five years or your home is repossessed by your mortgage lender during that time, you will have to repay some or the entire discount. How much you have to pay back depends on when this happens. Check with your local Citizens Advice Bureau if you are worried about this. You can find out more about this in the section **Selling your home after you have bought it.**

Buying the lease to your flat

If your home is in a block of flats, you will be buying a lease to the property and will become a leaseholder. In this situation we will remain the freeholder and you will be granted a lease for a set number of years.

Although you will no longer be liable for rent you will need to continue to pay for things such as Ground Rent (£10 per year), buildings insurance and service charges. As a leaseholder you will be responsible for payment of service charges for items such as the cost of regular day-to-day maintenance of the block and also a contribution towards major works, like repairing the roof or replacing a lift, which can be very expensive.

Service charges also include the cost of services provided to the blocks, such as the cost of lighting the stairwell and cleaning the communal windows, grounds maintenance, TV aerial, cleaning/caretaking and, in the larger blocks, heating and heating maintenance. You will only be charged for the

services that your property receives and this will be detailed within your lease.

You will be responsible for the repairs and maintenance to the inside of your home while we will be responsible for repairs and maintenance to the structure of the building, shared areas such as stairways and lifts, the roof and loft area, and to the outside of your flat. However, you will have to pay a contribution towards the cost of such work. Again this would be detailed within your lease.

If you apply to buy your flat, we must give you an estimate of what we expect to charge you during the first five years after you buy. We cannot charge you more than that figure during the first five years of the lease, except to take account of inflation.

As a leaseholder you will not be able to buy the freehold of the property unless all other occupiers within the block are also leaseholders and agree to buy the freehold with you.

There is no special limit on charges for repairs carried out after the first five years, so you need to remember that you may have to pay a contribution towards major works whenever your block is repaired.

Selling your home after you have bought it

If you have bought your home under the RtB, you can sell it whenever you like. However, if you sell it within five years of buying it you will have to repay some, or all of, the discount you received.

Certain sales or transfers, like those between certain family members, are exempt from the requirement to repay discount. In addition, if the repayment of discount would cause serious hardship, you can ask us to waive part or all of the discount repayment. However, this will only be granted in exceptional circumstances where the reasons for the move are justified and you can't afford to repay the discount.

You will have to repay a proportion of the discount you received if you sell during the first five years of ownership, as follows:

In the first year:
100% of the discount will have to be repaid
In the second year:
80% must be repaid
In the third year:
60% must be repaid
In the fourth year:
40% must be repaid
In the fifth year:
20% must be repaid

The amount of discount to be repaid will be a percentage of the resale value of the property, disregarding the value of any improvements you have made since the purchase.

After five years you can sell without repaying any discount. If you pay service charges to us you should inform us that you are selling your property to ensure that any outstanding charges are apportioned correctly between the buyer and seller.

What if I have made structural alterations without permission after I have bought my home from Merlin?

When you buy your property from us, one of the terms of the sale is that you need to get our written consent to make any structural alterations to your property at any time after you buy it. This includes works to repair non-traditional, or pre-cast reinforced concrete (PRC) homes. This is in addition to obtaining any planning or building control permissions which may be required.

When you sell your property you may be asked by the prospective purchaser to produce evidence that consent has been granted. If you made alterations without permission, you may need to apply for this retrospectively, which may delay the selling process.

If I am selling a flat are there any additional requirements?

If your home is a flat, you should inform us that you intend to sell and ensure that all service charges are paid up to the date of the sale.

If you are renting out, rather than selling your flat, you must let us have your correspondence address to which service charge bills can be sent. You should also let us know how we can contact you in case we require access to the flat, for example if there is a water leak which affects your flat or other properties in the block.

What is the right of first refusal?

The Government has introduced a new rule called the Right of First Refusal, which means that if you buy your home under the RtB, then if wish to sell within ten years, you must first offer it back to us. If we wish to buy it back then we would have to pay you the full market value, less any discount due to be repaid if the property is sold within five years of the original RtB purchase.

Getting more information

Direct Gov

www.direct.gov.uk/righttobuy

Department for communities and local Government

RTB@communities.gsi.gov.uk

www.communities.gov.uk/righttobuy

www.communities.gov.uk/buyingcouncilflats

www.communities.gov.uk/buyingcouncilflats

www.communities.gov.uk/buyingcouncilflats

The Money Advice services

The Financial Services Authority (FSA)

Authority (FSA)

www.moneyadvice.service.org.uk

0300 500 5000

The Leasehold Advisory Service (LEASE)

Service (LEASE)

www.lease-advice.org

0207 383 9800

Financial Inclusion Team at

Merlin Housing Society

01454 821100

The Commercial

Services Team at Merlin

Housing Society

01454 821100

Send completed RTB/A

forms to:

The Commercial Services Team

Merlin Housing Society

Building 1

Riverside Court

Bowling Hill

Chipping Sodbury

BS37 6JX