



Home ownership - **THE REAL COSTS**

THE GOVERNMENT REQUIRES US TO PROVIDE YOU WITH THIS INFORMATION PURSUANT TO SECTION 189 HOUSING ACT 2004

If you just compare the cost of a mortgage with the cost of your rent, you may think it's cheaper to buy. But there are lots of costs involved in home ownership. It is a major step in your life.

The Government is concerned that tenants do not always receive good advice when they ask private companies and individuals for help in buying their homes. Sometimes, tenants are asked to pay a lot of money for things that landlords will do for nothing - for example, Preserved Right to Buy and Right to Acquire application forms are available free from New Charter.

Beware of people who offer to buy your home on your behalf and find you somewhere else to live or offer you a sum of money if you agree to sell your home to them at a future date.

You could end up homeless and having given away any value in your home.

As an Assured Tenant of New Charter, who was previously a tenant of Tameside MBC immediately before the stock transfer on 27th March 2000 you may have the preserved right to buy your home. As an Assured Tenant of New Charter since 27th March 2000, you may have the right to acquire your home. The Government requires us as your landlord to provide certain information with regard to these rights.

Who has the Preserved Right to Buy/Right to Acquire?

If you were a secure tenant of Tameside MBC immediately before 27th March 2000 and then became an Assured Tenant of New Charter and have held a continuous Assured Tenancy with New Charter since, then you may qualify to exercise the preserved right to buy. It does not matter if you have moved to another New Charter home providing your tenancies have been continuous. If you are an assured tenant of New Charter and your tenancy started on or after 27th March 2000 then you may qualify to exercise the right to acquire.

You cannot exercise the Preserved Right to Buy/Right to Acquire if:

- *you do not occupy your property as your only or principal home.*
- *your property is not self-contained.*
- *you have breached a suspended order for possession and your tenancy has not been revived by an Order of the Court.*
- *the Court has made an Order requiring you to leave your home.*
- *you are an undischarged bankrupt, have a bankruptcy petition pending against you, or have made an arrangement with people you owe money to, on how you will repay them.*

Exceptions to the Preserved Right to Buy

Even if you qualify to exercise the Preserved Right to Buy there are certain properties which cannot be sold to you under this scheme. If you live in one of these, you cannot buy your home.

The exceptions are if your home:

- is particularly suitable for occupation by elderly persons.*
- is due to be demolished.*
- sheltered housing for the elderly, the physically disabled, the mentally ill or the mentally disabled. Special rules must be met in these cases. 'Sheltered housing' normally means that the property is one of a group of such dwellings, that a warden service is provided, and that there is a common room nearby. Housing for the disabled means a property that is one of a group and has features that are substantially different from those of ordinary dwellings and with special facilities that are provided nearby.*
- houses and flats on land which has been bought for development, and which are being used as temporary housing before the land is developed.*
- the tenancies of employees who have to live in homes owned by their employers so that they can be near their work.*
- the tenancies of employees whose home is inside the boundaries of a school, a social service home, another type of operational building or a cemetery.*
- the tenancies of members of a police force whose homes have been provided free from rent and rates.*
- the tenancies of fire authority employees who have to live near to the station they work in and whose homes have been provided by the employer.*

- temporary lettings (of up to 3 years) of homes usually let to the employees mentioned above.**
- some homes which are let as part of business or agricultural premises (for example public houses, farms, ships).*
- homes which the landlord has leased from someone else and which have to be given up empty when the owner wants them.*
- almshouses.*
- 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.*
- tenancies given to students so they can follow certain full-time courses at a university or college. This rule does not apply if the tenancy continues for more than 6 months after the tenant stops attending the course.**
- the tenancies of people moving into the area from another district to take up a job and given a home temporarily while they look for a permanent home. This rule does not apply if tenants are still living there after one year.**
- tenancies for homeless people secured under section 193 of the Housing Act 1996.*
- the tenancies of people who used to be squatters but have now been given a licence to occupy a home.*
- long fixed-term leases (of over 21 years).*
- temporary lettings to people who were not secure tenants in their previous homes which are being improved or repaired.*

*** For exclusions (i), (n), (o), (viii) and (ix) to count, the tenant must be notified before the start of the tenancy.**

Exceptions to the Right to Acquire

Even if you qualify to exercise the Preserved Right to Buy, there are certain properties which cannot be sold to you under this scheme. If you live in one of these, you cannot buy your home:

- Dwellings in rural areas.*
- Properties owned by a Co-operative Housing Association.*
- Where the landlord does not have a sufficient legal interest in the property.*
- Property let in connection with employment.*
- Certain properties for the disabled or elderly, or persons with special needs.*
- Properties held on Crown tenancies.*
- Properties where the debt attached to it is greater than the sale price.*
- Certain properties which New Charter acquired after 27th March 2000.**
- Where your tenancy agreement does not permit the Right to Acquire.**

How to claim the Preserved Right to Buy/Right to Acquire

1) You can obtain an information pack and application form by writing to us:

New Charter Housing Trust Group
Group Legal Services
Cavendish 249
Cavendish Street
Ashton-under-Lyne
OL6 7AT

This is provided free of charge.

We can only send you a pack upon written application and you will need to quote your property reference number and tenancy commencement date when you apply.

- 2) Once you have considered the information pack, if you wish to apply, you need to complete the application form and accompanying declaration form in full and return them together to the address above. Please ensure you complete all the relevant details otherwise the forms will have to be returned to you.
- 3) New Charter will need to validate the details given in your application and will write to you within 4 weeks of your application to confirm or deny your application. In some circumstances where the information cannot be validated by New Charter alone, the response period may be up to 8 weeks from the date of your application.
- 4) If your application is confirmed, then New Charter will arrange for the property to be valued, so that a formal offer can be sent to you with all the relevant sale details.

What will the purchase price be?

The purchase price is calculated by obtaining a figure reflecting the open market value of your home, but discounting the value of any improvements you have made to the property.

The discount you are entitled to will be deducted from the open market value and providing the figure is not less than costs incurred by New Charter in acquiring or improving the property then this figure will be the purchase price.

Preserved Right to Buy

Example 1

Open Market Value	£90,000
Less Discount	£26,000 (max)
	<u>£64,000</u>
Landlords cost of acquisition and improvement	<u>£65,000</u>
Price payable	£65,000

Example 2

Open Market Value	£90,000
Less Discount	£26,000 (max)
	<u>£64,000</u>
Landlords cost of acquisition and improvement	<u>£62,000</u>
Price payable	£64,000

The discounts are subject to change by Government. For a Right to Acquire the maximum discount is currently £9,000.

Delay Notice Procedures

During the process of your application if you believe that New Charter is delaying matters, you can serve Notice on us requiring us to progress matters under Sections 153A and 153B of the Housing Act 1985 for the Preserved Right to Buy or Sections 153A and 153B of the Housing (Right to Acquire Regulations) 1997 for the Right to Acquire.

If you do not progress your application then we may serve notices on you requiring you to complete your purchase within a specified time. These notices are served under Section 140 and 141 of the Housing Act 1985 for the Preserved Right to Buy and Section 140 and 141 of the Housing (Right to Acquire) Regulations 1997 for the Right to Acquire

Cost of Home Ownership

The big cost of buying your home under the Preserved Right to Buy or Right to Acquire is the initial purchase price from New Charter. But being a home owner has other costs. You should think carefully about these before you decide to buy.

A Mortgage

Unless you are going to buy your home with cash, you will need a loan (a mortgage). You will have to repay the loan plus interest, usually by monthly instalments. The cost of a mortgage can vary substantially, and you should shop around to get the best offer. Remember also that the amount you have to repay may vary with interest rate changes.

The table shows how much your repayments would vary, based on borrowing £80,000 over 25 years. You will be aware that mortgage interest rates have been on the increase.

Your home is at risk of being re-possessed if you do not keep up with your mortgage payments

Interest Rates	4%	5%	6%	7%	8%	9%
Monthly Repayment	£422.27	£467.67	£515.44	£565.41	£617.45	£671.36

Life Assurance

It is a very good idea to take out a life insurance policy. This means that if the main earner in the family dies before the mortgage is fully repaid, the family can pay it off. Costs will depend on your age and health.

Mortgage Payment Protection Insurance

This is also recommended. It can cover mortgage repayments for up to 18 months in the event of redundancy, sickness or accidents.

Housing Benefit

If you receive Housing Benefit towards your rent, this will no longer be paid if you buy.

If you need to claim Benefits in the event of being unable to work or through sickness or having lost your job, no payments will be made for the first nine months of your claim.

Building and Contents Insurance

You should make sure your home is insured for its full value against damage by fire, flood and other accidents. We currently pay for the Buildings Insurance on your home. As an owner you are no longer eligible for membership of the Tenants Contents Insurance Scheme, and you would have to find your own contents insurance.

Council Tax, Water Charges and Other Utilities

You will still be responsible for the payment of your Council tax and payment to United Utilities for your water charges, together with other services such as gas and electricity.

Repairs, Maintenance and Improvements

If you buy your home you will be responsible for all repair maintenance and improvement costs. New Charter will not carry out any future improvements to your home.

If you are buying your flat, New Charter will arrange for repairs to the structure and outside of the property and for the rest of the building, but you will have to contribute towards our costs through service charges.

You will require New Charter's consent for any improvements you may wish to carry out to your home. There may be costs and conditions attached.

Service Charges

You will also have to pay an annual amount of money called a Service Charge. This is for services which New Charter will continue to provide even when you have bought your home. For example, these may include grass cutting, private street lighting and paths and ongoing environmental improvement works.

Service charges may cost you around £400 upwards per year.

In addition, if you are a leaseholder you will have to pay money into a sinking fund to pay for future improvements to the building in which your property is situated.

One-off Costs

There are some costs that you will face when you buy your home. Unlike the costs above, you will only have to pay these once.

Legal Fees

To look after the legal side of buying your home.

Home Survey

A structural survey of your home to satisfy yourself (and your mortgage lender) that your home does not have any special problems.

Legal Costs of Arranging a Mortgage

If you are not paying for your home with cash, you will have to pay for the cost of arranging the mortgage. These differ between lenders. Once again, it is a good idea to shop around.

Land Registry Fees

Once a sale is completed, you must pay the Land Registry to register you as the new owner of your home.

Stamp Duty

This is a sort of tax which you pay on the transfer of property, which may be payable by you if you buy your home.

Be very cautious about people visiting door to door offering mortgage and right to buy services. The Financial Services Authority has very strict guidelines on the sale of mortgage products. You may feel pressurised to exercise your rights by inducement and misleading information. If you are in any doubt, sign nothing and seek advice from an independent financial adviser.

REMEMBER - BUYING YOUR HOME INVOLVES MANY COSTS. THINK CAREFULLY AND TAKE PROPER INDEPENDENT ADVICE BEFORE YOU TAKE THIS MAJOR STEP.

اگر آپکو ترجمے میں مدد کی ضرورت ہو تو براہ مہربانی محلے کے کسی ممبر کو ملیں۔

در صورت نیاز به کمک ترجمه ای، لطفاً به یکی از کارمندان ما مراجعه کنید.

श्री तमारे आभातर करवामा मदद श्रोती होय तो, मदरेआनी करी स्टाइना सभ्यने भणो.

যদি আপনার অনুবাদের জন্য কোন সাহায্যের সরকার হয়, মেহেতবাণী করে কর্মীদের কোন সদস্যকে বলুন।

Si vous avez besoin d'assistance avec cette traduction prière de contacter un membre du cadre.

Se precisa de alguma ajuda com esta tradução faz favor contactat um membro do quadro.

Jeśli potrzebujesz pomocy w tłumaczeniu, zwróć się do kogoś z personelu.

This leaflet is available in large print, audio and Braille.



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