

THE RIGHT TO BUY SCHEME – FACT SHEET

This fact sheet aims to give general information about the Right to Buy. Please note that Basildon Council officers can only give informal advice. This document is not an exact statement of the law.

Who has the Right to Buy?

As a Basildon Council tenant you may be eligible to buy your home under the Right to Buy scheme if:

- You are a secure tenant.
- Your home is your only or principal home.
- You have been a public sector tenant for at least 3 years.

You may not be able to buy your home if:

- Your property is “sheltered accommodation”.
- Your home is particularly suitable for elderly persons.
- The property is occupied as part of your employment – for example, caretaker.
- A court has made a possession order that says you must leave your home.
- You and/or your partner are bankrupt.
- You are not a secure tenant.

If you were a tenant with another council or housing association this may count towards your tenancy years eligibility.

Applying to Buy

You can obtain an application form, (Form RTB1) by:

- Request when visiting Basildon Council offices.
- Phoning Basildon Borough Council on 01268 533333 and we will send an application form out to you in the post. There is also a Government booklet about the Right to Buy that we can send you.
- By accessing the internet at www.direct.gov.uk

Your Landlord’s Response Notice

Once we have received your completed application form, we will send a receipt letter with a reference number. A formal notice (Form RTB2 Response Notice) will be sent 28 days later that will tell you if your claim has been admitted. This time span can extend to 8 weeks if we have to contact landlords outside our district to confirm your previous tenancies. If we have to deny your application, we will explain why this has happened.

Valuation of your home

If your application can proceed, a Valuer from Basildon Council's Corporate Property Services team will visit you at home to value the property at market value as of the date of application.

If you have bought a property before under Right to Buy, some or the entire discount you received previously will be deducted from your discount when you buy again.

We will calculate how much money has been spent on the property by your landlord in the last 11 years, as we cannot sell the property for less than Basildon Council has spent on it. This figure is called the cost floor figure.

S125 Sale Offer Notice

When we receive the valuation for freehold properties, which are usually houses or bungalows, we calculate the price of the property and send out a Sale Offer letter (called a Section 125 Notice). The letter gives details of:

- The valuation.
- The discount.
- The sale price.
- Any known structural information relating to the property.

Other terms and conditions of the sale.

If your home is a leasehold property, for example a flat or a maisonette, when we receive the valuation we will request the service charge information for your home. Once this is received, we will send you a Sale Offer letter (called a Section 125 notice), which gives details of:

- The valuation.
- The discount.
- The sale price.
- An estimate of the service charges.
- Any known structural information relating to the property.
- Other terms and conditions of the sale.

Your Response to the Sale Offer

You are required to respond to the Sale Offer within 12 weeks.

Acceptance of Offer

If you wish to proceed with purchasing your home, you need to organise how you plan to pay for it and the firm of solicitors you want to use for the legal work involved. We require your signed acceptance form to be returned (this form is sent with the sale offer letter) so that we are aware of your intention to purchase.

To withdraw your Right to Buy application

You may withdraw your application at any time prior to completion of the purchase, either by writing in a letter signed by all parties to the application or by completing the withdrawal slip that is provided with your sale offer letter.

Appeal Against the Valuation

If you disagree with the valuation, you have the right to appeal to the District Valuer for a redetermination of value. Information regarding this is in the Sale Offer letter.

Delay

If you believe there has been a delay in processing your Right to Buy application, you have the right to serve an Initial Notice of Delay (Form RTB6). If Basildon Borough Council does not respond with the document required within one month, you can complete and serve a second notice called an Operative Notice of Delay (Form RTB8). If these notices are valid, then the rent due while there is a delay will be taken off the purchase price. These notices can be obtained from the [GOV.UK](https://www.gov.uk) website.

Freehold properties

If you are buying a freehold property, you will need to buy Bricks and Mortar insurance for the building. The mortgage lender often offers this although you can purchase it independently.

Leasehold Properties

If you are buying a leasehold property, the Bricks and Mortar insurance is included in the service charges. It is worth pointing this out to your prospective lender so that you do not pay for it twice. If your home is being sold as a leasehold property, details will be given with the Sale Offer letter about the estimated service charges that may be payable for services provided to your block. These may include:

- Building insurance.
- External repairs and maintenance to the block and any communal areas.
- Communal lighting.
- Communal caretaking.
- Lifts/lift maintenance.
- Door entry systems.
- Communal heating systems.
- Any improvements.
- Management costs.
- Reserve Account.

There may also be estimated charges for improvement contributions/redecoration and repairs including making good of structural defects.

Structural Survey

We strongly recommend prospective purchasers have a full structural survey of the property. You can arrange for this privately or some mortgage lenders can arrange this for you. We recommend that quotes are obtained for the survey so that you are aware of the costs. Contact details for local chartered surveyors can be found in the Yellow Pages or by visiting the website www.ricsfirms.com

Cost of buying your home

Make sure you are aware of the initial costs that are likely to be incurred when you are buying your home, for example:

- Stamp Duty.
- Legal and survey fees.
- Valuation fees and costs associated with taking out a mortgage.
- Many lenders encourage applicants to take out mortgage protection insurance, life assurance and/or critical illness cover.

Regular insurance costs of home ownership

- Buildings.
- Contents.
- Life.
- Mortgage payment protection insurance.

Repair and maintenance

If you purchase a house or bungalow, you will be responsible for repairs and maintenance regardless of the condition of the property when you purchased it. It is your responsibility to get professional advice on the condition of your home before you complete the purchase. If you are buying a flat on a long lease, you will have to pay the landlord service charges. In addition, you are responsible for the costs relating to the inside of your home.

Mortgages

It may be worth asking the lender to go through an assessment of your income and expenditure and assess whether you are able to afford the mortgage. Please note: Basildon Council obtains reports about the property during the Right to Buy process and is required by law to provide applicants with any known structural information held on file but this is not the same as a structural survey.

We recommend that you check whether there are set up charges for your mortgage before you attend an interview with the prospective lender. Some companies and financial advisors charge an hourly rate and, in some cases, administration fees. Some companies charge up front arrangement fees that may be around £3,000. We also suggest you find out as much information as possible about the types of mortgage available and from a variety of sources. Many companies only tell you about their products and they may not be best for you. There are many types of mortgages with differences in the way that interest is charged to the account. Information on types of mortgages can be obtained from

the Financial Services Authority (FSA) consumer helpline on 0845 606 1234 or from their website www.fsa.gov.uk

No mortgage – Cash purchase

If you intend to buy the property without a mortgage, it may be worth making enquiries with mortgage lenders to see if the property type can be mortgaged. This is because if you wanted to sell the property in the future and mortgage finance is not available, it could be difficult to sell. It may be worth bearing in mind that some mortgage lenders' policies may change over time for certain types of property.

Solicitors

We do not recommend a specific firm of solicitors but suggest it is worth approaching different firms for quotes. Some companies charge one price for all the work involved. Some charge a price plus 'disbursements' which are extra charges for each letter etc. There are some companies that do not charge for their work if the sale does not complete. You can find addresses and phone numbers for local solicitors in the Yellow Pages or on the internet at www.lawsociety.org.uk

Once you have funding and appointed a solicitor, you need to inform us of the details and then your papers will be passed to Basildon Council's Legal Services Team for the conveyancing work to be done. Your solicitor will keep you updated and let you know when there is a proposed completion date. Please make sure that your rent account is clear in time for the completion of the sale to be finalised.

Selling on

If you purchase your home and wish to sell it within five years from the date of purchase, some or all of your discount may need to be paid back to the council. As follows:

- First year - the whole discount will have to be repaid.
- Second year - four fifths must be repaid.
- Third year – three fifths must be repaid.
- Fourth year – two fifths must be repaid.
- Fifth year – one fifth must be repaid.

In addition the amount of discount to be repaid if you sell within 5 years of purchase will be a percentage of the resale value of the property, less the value of any improvements. For example, if your home was valued at £100,000 at the time you bought it from your landlord and you received a discount of £20,000 that means your discount was 20%. If your home is valued at £150,000 when you wish to sell it, and you want to sell within the second year of purchase, you will have to repay £150,000 x 20% discount x 4/5 i.e. £24,000.

Right of First Refusal

If you buy your home under the Right to Buy and you wish to sell or dispose of it within 10 years, you will be required to offer it to either Basildon Borough Council (in the first instance) or to another social landlord in your area at full market value.

Please remember that buying your home will be one of the most important and life-changing decisions you will ever make. If you do not make your mortgage payments you are at risk of having your home repossessed.