

## **YOUR RIGHT TO BUY YOUR HOME**

The Right to Buy was introduced in 1980. It means you can buy your council home at a discount to the full market value, based on the number of years you have spent as a public sector tenant. There is a maximum limit to the discount you can have, so please check with our Right to Buy section. However, there can be some pitfalls and we need to make you fully aware of these.

### **Offers of help**

If you are approached by a person or a company offering to help you to buy your home under this scheme, check out what's in it for them. If they tell you that the Right to Buy scheme is about to end, talk to your Landlord, Thanet District Council first. The Government has stated that they are still fully committed to the principle of Right to Buy.

Right to Buy application forms are available free of charge from the Council, and our advice is free as well. So do not pay out any money up front to companies offering to help. Speak to us first on 01843 577213/577214.

Tenants do not always receive the best advice from private companies and individuals offering this kind of service, so be wary. For example: some companies offer tenants money up front in a deal under which the company ends up owning the property after three years. This is good for the company, which can charge a higher rent than the local authority could when it lets the property, but is not always good for tenants, because the money they get may not be enough to buy another home. Some tenants have found themselves homeless after agreeing to such deals.

Remember, you will not receive Housing Benefit if you buy your home.

### **Costs**

Buying your home is probably the biggest financial commitment you will ever make, so take some time to consider whether it is the right choice for you. Remember too, that the value of homes can go down as well as up. Some of the costs involved in buying your home are shown below:

1. Home loan or mortgage -you will probably need a mortgage to buy your home and there are many different types of mortgage available. It is worth speaking to several banks and building societies to find out which best suits your needs. A reputable independent financial adviser may also be able to help. The Financial Services Authority (FSA) have a consumer Helpline on 0845 606 1234 and also have a free guide to mortgage information. Make sure that you can afford the repayments on the mortgage, because if you can't keep up the payments, the mortgage lender may go to court and take over your home. Other costs involved are:
  - Arrangement fee - some mortgage lenders charge this for certain sorts of mortgage, such as a fixed rate or discounted mortgage.
  - Valuation fee – all mortgage companies insist on this and it will probably cost between £150-£200. It is also advisable to have a more in-depth survey done, in case there are any major defects, and this can cost £200 to £500 plus.

- Stamp Duty – this is a tax that people pay when they become homeowners and this is worked out as a percentage of the price you pay for a property that is worth more than £60,000.
- Solicitors fees – you should use a solicitor or licensed conveyancer to look after the legal side of buying your home. You can contact several solicitors and ask for an estimate of the costs involved. They will be happy to provide this information to you.
- Make sure you read all small print on any mortgage offers or legal documents. Don't be afraid to ask if you don't understand something. Any reputable company will be happy to explain things to you.

2. Insurance cover – There are four main types to consider when buying your home and you can shop around for these insurance policies to find the ones that suit you best.

- Buildings Insurance – This covers the full cost of rebuilding your home if it is destroyed by fire or some other incident. Your mortgage lender will insist that you have this cover – although you do not normally need to purchase theirs.
- Contents Insurance – This insures the contents of your home against loss because of the above or through theft.
- Life assurance – needed to pay off your mortgage if you die before the mortgage is repaid, which means that your family would not have this debt to worry about.
- Mortgage payment protection insurance. This will help you to meet your mortgage repayments if you lost your income through accident, unemployment or ill health. This is important because if you buy your home and if you lose your job you will not normally receive income support on the repayments for the first 9 months. After this, you would only receive enough to cover the interest on the loan repayments and would have to make up the shortfall.

3. Repairs and Maintenance

- If you buy a house, you will be responsible for all repairs and maintenance on it, large or small, so you should make sure that you always use competent contractors. As a tenant, these costs would have been part of your rent. You may also need any necessary planning and building regulations consents for any alterations or extensions etc.
- If you are buying a flat, you should be aware of other costs in addition to all of the above such as ground rent and service charges. There are four additional bills:
  1. Ground rent payable yearly in advance
  2. A bill issued on 1<sup>st</sup> April for service charges, which is payable in advance
  3. A bill issued on 1<sup>st</sup> October for service charges, which is payable in advance.
  4. A final bill issued yearly in arrears for the balance of any charges for services, which were not fully covered in the previous financial year by the two payments sent in April and October.

If you are considering buying your flat, it may be worth while speaking to our Leaseholders Unit on 01843 577268 about possible costs.

## **Helplines**

- Thanet Council Right to Buy unit 01843 577213/577214.
- Leaseholders Unit 01843 577268.
- Useful guides such as *How to Buy Your Home* are available from the Council of Mortgage Lenders on 020 7440 2255.
- Financial Services Authority on 0845 606 1234

You can also visit our website on [www.thanet.gov.uk](http://www.thanet.gov.uk) or e-mail us on [housing.righttobuy@thanet.gov.uk](mailto:housing.righttobuy@thanet.gov.uk).

Copies of this leaflet are available in large print, or on audio tape, to order, please telephone 01843 577213/577214.