

# Your Right TO BUY<sup>o</sup> Your Home



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# Your **Right** TO BUY Your **Home**

## Introduction

On 30 September 2002 the Scottish secure tenancy came into force. It replaced the previous secure tenancy held by local authority tenants and the secure and assured tenancies which applied in the housing association sector. The Scottish secure tenancy provides a single, common tenancy for virtually all tenants of local authorities and registered social landlords in Scotland and brought with it quite significant changes to the right to buy.

If you are a Scottish secure tenant with your council or a registered social landlord (such as a housing association), you may have the legal right to buy your home at discount. However, the precise details of your right to buy will be determined by the particular circumstances of your tenancy including when your tenancy started. This booklet aims to provide you with more information on these details and other factors which make up your right to buy at discount.

This booklet gives you advice on buying your home under the right to buy, but it is not a complete and authoritative statement of the law. If you have any questions about your own case, your landlord can give you more advice. If you want to know about your rights you can also ask your local Citizen's Advice Bureau or a solicitor and you can also get advice from the Scottish Executive Development Department.

A number of firms offer mortgages and other services to tenants who want to buy their homes. Although you are free to make whatever financial arrangements you think fit, it is advisable to take legal advice before entering into any agreement with a third party. You should remember that the choice is yours. Buying your home is one of the biggest decisions you will ever make. You do not have to buy. Only you know if you can afford to. You should get as much advice and information as you can first, so you can make the right decision.

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# The right to buy – old and new

## Changes to the Right to Buy

As a result of the Housing (Scotland) Act 2001, substantial changes were made to the right to buy (RTB). These changes came into force on 30 September 2002.

The most important changes are to the terms and conditions attached to the right to buy, including changes to the initial qualifying period and to the way in which entitlement to discount is calculated. There have also been changes to the types of houses which cannot be purchased through the right to buy and to the procedures involved. These changes are known as the “modernised right to buy”.

Some of the changes will apply to all tenants applying to buy their house from 30 September 2002, for example, the new requirement to show that you have no arrears of rent or council tax. But whether or not certain key changes relating to the qualifying period and discount entitlement apply to you will depend on whether your present tenancy started before 30 September 2002, and whether that tenancy allowed you to exercise the right to buy.

As a general rule, if your current tenancy dates back from before 30 September 2002 and it allowed you to exercise the right to buy, the old terms and conditions will continue to apply to the right to buy for as long as you remain in that tenancy. However, with some limited exceptions, if your tenancy started on or after 30 September then the new terms and conditions associated with the modernised right to buy will apply.

## What the change to the modernised right to buy means

The new modernised right to buy includes significant changes to the initial qualifying period and to the way in which the discount is calculated. Tenants who only gained the right to buy on or after 30 September 2002, must have a 5-year

continuous period of occupation of a house, or a succession of houses, with a relevant landlord before they can exercise their RTB. For tenancies which had the right to buy and which date from before 30 September 2002, the qualifying period will remain at 2 years.

In general, the level of discount has been reduced for those tenants who qualify for the modernised right to buy (i.e. those gaining the right to buy on or after 30 September 2002). If your right to buy entitlement in your current house dates from before 30 September 2002, then you can buy after a 2-year qualifying period with relevant landlords. Your discount starts at 32% for houses, rising by 1% a year up to a maximum of 60%, or starts with 44% for flats, rising by 2% a year up to a maximum of 70%. If you only gained the right to buy on or after 30 September 2002, then you can buy after a 5-year qualifying period with relevant landlords. Your discount will start at 20% after those 5 years and rise by 1% a year for all house types, up to a maximum of 35% of the market value or £15,000, whichever is the lower. The following table gives an indication of the percentage discount you may enjoy:

Years spent as tenant	RTB entitlement commenced before 30 September 2002		RTB entitlement commenced on or after 30 September 2002 <sup>(1)</sup>
	Houses	Flats	All properties
2-4	32%-34%	44%-48%	Cannot buy
5-9	35%-39%	50%-58%	20%-24%
10-14	40%-44%	60%-68%	25%-29%
15-19	45%-49%	70%	30%-34%
20-24	50%-54%	70%	35%
25-29	55%-59%	70%	35%
30 and over	60%	70%	35%

(1) Discount is subject to a maximum of £15,000

Another significant change is in the position of tenants of registered social landlords such as housing associations. Before 30 September 2002, some housing association tenants had the right to buy and this will continue for so long as they remain in those tenancies. Other tenants of registered social landlords may now be eligible to buy after a period of 10 years from 30 September 2002, although the landlord can decide to shorten this period of time or apply to have it extended. In addition, some registered housing associations have charitable status and their houses may be exempt from the right to buy.

There have also been some further, general changes to the circumstances in which particular tenants are not able to exercise the right to buy. The exemption from the right to buy for housing in sheltered housing developments has been broadened to include all housing in group housing schemes for persons with special needs.

Landlords may refuse an application to purchase where the applicant has arrears of rent or council tax or where the landlord has served on the tenant a notice of proceedings for recovery of possession.

It is also possible for Scottish Ministers, on a proposal from a local authority, to designate specific parts of that local authority's area as "pressured areas" because of the shortage of local rented housing. If such a designation is made then the right to buy will be suspended in those areas for up to 5 years for all tenancies which gained the right to buy on or after 30 September 2002. The authority can apply to have this period extended. Landlords can also apply to refuse an application in connection with a house which is scheduled for demolition.

If you are unsure about your right to buy and, in particular, the effect of these changes, you should seek advice from your landlord in the first instance.

## Who can buy?

To be potentially eligible to buy, you need to be a Scottish secure tenant of either:

- ▶ a local authority (including housing management co-operatives);
- ▶ registered social landlord; or
- ▶ a water authority.

In all cases, the right to buy may be affected by one of the specified exemptions (see below).

If you are unsure about whether you currently have a right to buy, you should check with your landlord.

### The main requirements are:

- ▶ to qualify to buy your home you must, immediately prior to applying to buy your house, have spent a total of at least 2 or 5 years (depending upon when your tenancy started – see the previous section) as a tenant of a relevant landlord;
- ▶ the property you rent must be occupied by you as your only or main home.

You need not have lived in the same property or had the same landlord all the time. As well as time spent as a tenant of a local authority or registered social landlord, you can also count time spent as a tenant of certain other Government bodies such as the Ministry of Defence (e.g. the regular armed forces) or the Forestry Commission. However, the qualifying time of 2 or 5 years as the tenant of relevant landlords should be a continuous period, unless the landlord agrees that the interruption resulted from circumstances outside of your control. Any decision to disregard an interruption arising in such circumstances rests with the landlord.

# Who cannot buy?

You cannot buy your home:

- ▶ if you do not have a Scottish secure tenancy (or a secure tenancy in the case of Scottish Homes tenants);
- ▶ if you rent from a charitable registered social landlord which normally will have obtained charitable status before 18 July 2001, unless you had a right to buy as a tenant of this landlord before 30 September 2002;
- ▶ if your home has special features for the elderly. This is subject to the landlord applying to Scottish Ministers for consent to refuse to sell. Each case is considered on its own merits;
- ▶ if it is part of a group housing scheme for people with special needs where the tenants have specific facilities for their use and/or they are provided with housing support services;
- ▶ if it is required by an islands council for accommodation connected with education;
- ▶ if your property forms part of a fully mutual co-operative housing association;
- ▶ if your landlord has fewer than 100 houses;
- ▶ if your home is earmarked for demolition and your landlord has obtained a consent to refuse to sell.

In addition, your landlord may refuse to sell if you have arrears of rent, council tax, water and sewerage charges, or other amounts owing as a result of your current or a previous tenancy, or if your landlord is in the process of evicting you on conduct grounds.

Recent changes also mean that certain groups of tenants may be excluded from the right to buy for a specified length of time (although continuing to build up time towards eligibility and discount). In particular:

- ▶ most tenants of non-charitable registered social landlords will gain the right to buy in the future. However, such landlords may continue to be exempt from the right to buy for up to 10 years from 30 September 2002, and it is possible for the landlord to apply for an extension of the exemption beyond this 10-year period;
- ▶ certain areas may be designated as pressured areas and those with a modernised right to buy living in such areas will have this suspended for periods of up to 5 years.

Again, if you are unsure about your right to buy, you should speak to a representative of your landlord.

# Buying your home

As well as the purchase price of your home being a major investment, homeowners have other costs, such as house insurance and general repair and maintenance. You should think carefully about these when you consider buying.

## Discount rates

The discount rates under right to buy will depend on when your tenancy started, the type of property you live in and the length of time you have been a tenant of a relevant landlord. For an indication of the sort of discount you are eligible for, see the table on page 5.

You can count time spent living in a house of which your husband, wife or partner was the tenant if you succeeded to the tenancy on their death. If you succeeded to the tenancy of the house on the death of a parent you can count time spent in the house back to the age of 16. However, these should be continuous periods of occupation up to your present tenancy, unless your landlord agrees to disregard an interruption resulting from circumstances outside your control.

If your house has been built or improved in the period of 10 financial years before applying to buy, your discount may be affected. This is known as the cost floor rule and applies where the landlord has incurred costs on repairs and maintenance exceeding £5,500 and/or improvement costs (building work, central heating, new kitchen, etc.) amounting to £5,000 or more. Your offer of sale will indicate if your house has been affected by the cost floor.

### Do I need a loan?

You may need to obtain a loan (mortgage) to buy your home. You will have to repay that loan plus interest, usually by monthly instalments. You would usually repay the loan over 25 years, but sometimes this can be shorter or, occasionally, longer. The lender may not be prepared to lend you the full amount, and may expect you to have saved up a deposit. You should not borrow more than you can afford and remember that you have to pay for other costs such as solicitors' fees and survey fees. The interest rate can also go up and you should allow for this possibility.

### How much would I need to borrow?

The amount you need to borrow depends on:

- ▶ the full value of your home - less
- ▶ your discount - less
- ▶ any savings you can put towards the purchase.

Once the valuation has been carried out, your landlord will tell you how much your home will cost you, taking into account the discount you are eligible for.

## How much would my mortgage repayments be?

Here are some examples of the monthly cost of mortgage repayments.

Period of Mortgage	Amount borrowed				
	£15,000	£20,000	£25,000	£30,000	£40,000
25 years	£87.69	£116.92	£146.15	£175.38	£233.84
20 years	£98.99	£131.99	£164.99	£197.99	£263.98
15 years	£118.62	£158.16	£197.70	£237.24	£316.32
10 years	£159.10	£212.13	£265.16	£318.20	£424.26

These figures are for a normal repayment mortgage at 5% with no initial deposit. There are other kinds of mortgages. Your bank or building society can tell you about them, although you can go to a recognised independent adviser to get advice on the best type of mortgage for you.

### How to use this table

Find in the top line the figure nearest to the amount of money you think you will need to borrow. The monthly repayment is in the column below, on the line opposite the number of years you are taking to pay off the loan.

For example, if you need to borrow £15,000 over 20 years, your monthly repayments will be £98.99.

You should bear in mind that mortgage interest rates can go up as well as down and you should ensure that your income can sustain higher mortgage payments before buying. The table below shows how your monthly mortgage payments would increase if interest rates went up (starting with a 25-year repayment mortgage at 5%). If you take out a £15,000 repayment mortgage over 25 years, repayments would change by about £10 a month every time interest rates go up or down by 1%.

Amount borrowed over 25 years	Rate of Interest				
	5%	6%	7%	8%	9%
£15,000	£87.69	£96.65	£106.02	£115.77	£125.88
£20,000	£116.92	£128.86	£141.36	£154.36	£167.84
£25,000	£146.15	£161.08	£176.69	£192.95	£209.80
£30,000	£175.38	£193.29	£212.03	£231.54	£251.76
£35,000	£204.61	£225.51	£247.37	£270.14	£293.72

### How to use this table

Find the figure in the left-hand column that is nearest to the amount you will need to borrow. The figures in the next column show how much you will need to repay each month if the interest rate is 5%. The figures in the other columns across the page show how your payment would go up if the interest rate went up to 6%, 7%, 8% or 9%.

For example, if you borrow £25,000 when the interest rate is 5%, you will have to repay £146.15 a month. But if the interest rate goes up to 9%, your payments will be £209.80 a month.

### Problems with mortgage repayments

If you cannot keep up your mortgage payments because you are sick or become unemployed, you can ask your lender to allow you more time to repay your loan. To cover yourself for such eventualities you may wish to consider taking out a mortgage protection insurance policy.

### Discount repayment

If you sell within 3 years of buying your home you will have to repay some of the discount to your former landlord. Page 16 of the booklet explains this more fully.

# Other costs of buying your home

## Initial costs

There are other costs associated with buying your home, and you should think carefully about these to make sure you can afford to buy it.

- ▶ You should use a solicitor to look after the legal side of buying your home. Solicitors' fees vary and you should ask for a firm quotation before making a decision.
- ▶ You should consider having your own survey done. Fees vary according to the type of survey ("homebuyers" or full structural survey) carried out. A full structural survey may be advisable if you consider that your house could have special problems, for example, because of its design or construction.
- ▶ If you take out a mortgage loan you may have to pay for the cost of arranging it. You will also have to pay a valuation fee. For a general idea of the costs involved you should speak to a number of lenders or your solicitor may be able to help.

## Getting your mortgage

A bank or building society will usually lend you an amount, normally up to three times your income, depending on the availability of loan funds and if the property you are buying meets its standard. Your first step should be to go to a bank or building society to find out the details and see if they can help you.

## Regular costs

### ‣ Building Insurance

You should make sure that your home is insured for its full value against damage by fire, flood and other accidents. Remember you should cover yourself for the full cost of rebuilding your home, not what you paid for it. If you obtain a mortgage to pay for your home, the lender usually insists on insurance. In certain circumstances your landlord may insist that you take buildings insurance out with their insurers. This will be written in to your conditions of sale. Before agreeing to this, however, you should discuss what this would mean with your solicitor. If you disagree you can ask to have the conditions amended. If your landlord refuses you can take the matter to the Lands Tribunal. However, you must do this within one month of receiving the offer of sale.

### ‣ Mortgage Protection Insurance

It is a very good idea to take out a mortgage protection insurance policy. This means that if the main earner in the family dies before the mortgage is fully repaid, the insurance company will pay it off. The cost of insurance varies and depends on the cover you require, your age and health. Some lenders also provide other types of cover within the mortgage payments e.g. combined accident, sickness and redundancy cover. Your lender, solicitor or an insurance company will be able to give you further information about this.

### ‣ Repair and Maintenance

If you buy a house, you will be responsible for repair and maintenance costs yourself. Details of your responsibilities should be provided in the conditions of sale and you may want to discuss these with your solicitor. It is important that you are aware of what additional costs may arise, as the likes of repair charges can come as a surprise to those who have not had to pay them previously.

## ► Servicing and Factoring Charges

If you are buying a flat (including 4-in-a-block, tenement and multi-storey) you may have to pay factoring and/or service charges. If your landlord has the power to act as a factor, he may continue to do so even after you purchase your home. If this is the case, then it will be written into the conditions of sale. Discuss what this means for you with your solicitor, before completing the sale. You should also ask your landlord about any liability you may have for the cost of common repairs such as the roof, communal areas, landscaped areas, etc.

You may also want to spend money on improvements of various kinds. As a homeowner that is up to you. If you plan to make major changes to your home, check with the council to see if you require planning consent. You may also need the consent of your former landlord.

## Moving later on

You can sell your home whenever you like. But if you sell within 3 years from the date you accepted the Offer of Sale you will have to repay discount. If you sell during the first year after buying, the whole of the discount must be repaid. Two-thirds must be repaid in the second year and one-third will have to be repaid in year 3. After that you can sell without repaying any discount. If your purchase has been delayed and the purchase price was reduced because you had to wait, your 3-year time for repaying discount will be backdated by the amount of the delay.

If you decide to buy your home, this section can help you understand each stage

### Step 1 - Before you buy

Buying your own home is one of the biggest decisions you will have to make. Before deciding whether to buy you should get as much advice as possible. You may find it helpful to talk with your family, friends, local Citizen's Advice Bureau, or a solicitor. A bank, building society or financial adviser may also be a useful source of advice, particularly if you need to raise a loan. If you already have a connection with any of these bodies you might want to talk it over with them first. Your landlord can also provide advice at this stage.

### Step 2 - Applying to buy

Your first step is to ask your landlord for an **Application to Buy Form (Form APP1)**. If you have trouble getting hold of the form, you can telephone The Scottish Executive Development Department on 0131-244 2105 for a form.

Read the notes carefully before you fill in the form, then return the completed application form to your landlord. Because the form is an important legal document, it is recommended that you use recorded delivery or deliver it by hand. You should make sure that you get an acknowledgement from your landlord that he has received it. You should keep a copy of the completed form for yourself.

### Step 3 - Confirming you have no arrears

Landlords can refuse to sell if you have arrears of rent, council tax, water and sewerage or other charges associated with your current or previous tenancies in that local government area. So it is important that you are up to date with all such payments when you apply to buy.

If your landlord is the local authority, they will check their records to make sure you have no relevant arrears when you submit your application.

If your landlord is a registered social landlord, such as a housing association, they will check to see if you have any rent or other tenancy-related charges outstanding. However, you will have to contact your local authority for written confirmation that you have no council tax or water and sewerage charge arrears with them. You should then attach this confirmation certificate with your Application to Buy Form (Form APP1) when you send it to your landlord. Your local authority is required to provide you with such a certificate within 21 days of you requesting it, but you should note that each one only lasts for a month, so you must submit your application within this time or you will have to get another certificate from the council.

#### **Step 4 - Arranging to have your property valued**

Once you have applied to buy your home, your landlord will arrange to have your property valued to find out the market value upon which the price you pay after discount will be calculated. You will not be asked to pay for this (although you may have to obtain your own survey for mortgage purposes). The valuer will either be a qualified person suggested by your landlord (and acceptable to you) or a valuer appointed by Scottish Ministers. If you are not offered or do not want to accept your landlord's valuer, then your home will automatically be valued by the one appointed by Ministers.

#### **Step 5 - The offer of sale**

If your landlord has agreed to sell your home to you, the next step is that he must send you, within 2 months of your application to buy, an offer to sell which tells you the price you have to pay and the terms and conditions of the sale.

If you are happy with the offer, you have 2 months to accept it. If you leave it longer than this, you may have to submit a fresh application.

If your landlord says that you do not have the right to buy your home, you must be told why in the notice of refusal to sell which he sends to you. This must be done within **1 month** of your application to buy and you then have **1 month** to refer the matter to the Lands Tribunal.

### Step 6 - Getting legal advice

You should always get legal advice, particularly if you have worries about the terms of the sale. If you do not know a solicitor, your local reference library should have a list of the solicitors in your area or check those listed in the 'phone book or Yellow Pages. This is especially important if you feel that the terms of your landlord's offer to sell are unfair, since you can only challenge them within one month of your landlord issuing the offer to sell. If you cannot agree on the terms of the sale, then you can refer the dispute to the Lands Tribunal for Scotland.

For example, if you have any questions about service charges for flats, definition of boundaries of gardens, etc. you should discuss this with your landlord. If you are still dissatisfied, then the Lands Tribunal can help to resolve the problem.

### Step 7 - Getting a mortgage

If you need a mortgage and have not already looked into the matter, this is when you should go to a bank, building society or other financial institution. The two main types of mortgage are known as repayment and endowment. Examine them carefully to see which one will suit you better. If you have a problem arranging a mortgage, your landlord may be willing to provide you with the necessary loan. However, this matter is entirely at the discretion of your landlord and you should raise it directly with them. Even if you do not need a mortgage yourself, it is worth checking if your local banks and building societies have any policy about lending on the type of house or flat you are buying. For example, some banks and building societies do not like giving mortgages on flats above the 5th floor or for houses of certain construction types. This is

important if you decide to move on later, as people wanting to buy your home would most probably need to get a mortgage from a bank or building society.

### **Step 8 - Arranging a survey**

You do not have to do this but it is strongly recommended so that you have a good idea of the condition of the house before you take over responsibility for its repair and maintenance. As you are entering into an important financial transaction when you buy your home it is essential that you have expert advice on the condition of your property before you buy it. The valuation carried out for the purposes of calculating the price is not a structural survey and may not disclose details of defects in the property.

### **Step 9 - Completing your purchase**

If you are happy with your landlord's terms for selling your home to you, and you have arranged to raise the money, you are ready to go ahead and buy. Once you, or your solicitor on your behalf, have accepted the offer to sell, you and your landlord will have a binding contract for the purchase of your home. If you decide at this stage or earlier, not to accept the offer, that is entirely up to you and you can continue to rent your home as before. You can re-apply to purchase your home at any time in the future.

The whole procedure has been designed to avoid unnecessary complications and to guarantee that the rights and duties of both the landlord and tenant are properly taken into account. If all goes smoothly, you should become the owner of your home in less than 9 months from the date of your application to buy. However, no matter how long it takes, the price you pay for your house, once agreed, will not change.

If your landlord unreasonably delays the completion of the sale of your home, you will, in certain circumstances, be able to count rent paid towards the purchase price. If you experience a delay then you may wish to discuss this with your solicitor.

## Some questions answered on buying your home

### Can my landlord refuse to sell?

If you are entitled to buy, your landlord cannot block the sale. Should your landlord refuse to sell, or issues an offer to sell containing terms which you think are unreasonable, you may take the matter up with the Lands Tribunal for Scotland, 1 Grosvenor Crescent, Edinburgh EH12 5ER (telephone 0131-225 7996).

### What if I rent from a Registered Social Landlord (for example, a housing association)?

You should automatically have the right to buy your home if you were eligible before 30 September 2002 and have not moved since. In addition, most non-charitable housing association tenants may gain the right to buy from 30 September 2012 or possibly earlier depending on the decision of the landlord. For further advice on your right to buy eligibility, you should discuss the matter with your landlord.

### What if I am a joint tenant?

Joint tenants normally buy together but they are not obliged to do so. They can agree among themselves whether one or more of them should apply to purchase the house.

### Can other members of the family join in the purchase?

Yes. If they are 18 or over and have lived with you (but not contrary to the terms of your tenancy agreement) for at least 6 months before your application to buy is served. If your landlord agrees however, then the 6 months requirement need not apply. Sharing the cost of buying with your family under the right to buy means, for example, that if your grown-up children live with you, you could buy your home jointly with them and their income could be counted towards the money you borrow.

## How will the price of my home be decided?

Your landlord will arrange to have your house or flat valued. This will be done either by a qualified valuer suggested by your landlord and accepted by you, or by one appointed by Scottish Ministers. You do not pay for this. The valuation is the price the property could be expected to fetch if it were sold on the open market without a sitting tenant, and excludes any improvements which you have made. Your discount entitlement will then be deducted from this figure.

## What terms and conditions will apply?

If you had the right to buy before 30 September 2002 and you have not moved since, then you will continue to have the right to buy under the previous terms and conditions, that is, after a 2-year qualifying period and with a maximum discount for houses of 60% and 70% for flats. If you only gained the right to buy on or after 30 September 2002, or if your current tenancy started on or after this date, you will get the terms and conditions associated with the modernised right to buy, which has a 5-year qualifying period and a maximum discount for all properties of 35% or £15,000, whichever is the lower. You should note that if you had an existing right to buy before 30 September 2002 and move after that date, even if this is with the same landlord, you will go on to the modernised right to buy terms and conditions after your move.

## What right to buy terms and conditions will I have if my landlord required me to move?

If you have the right to buy with the previous conditions (2-year qualifying period and a maximum discount of 60% or 70%) and you are required to move by your landlord, then your right to buy entitlement will normally be protected. This may be if your landlord wants to demolish or renovate your house, you are overcrowded, or for other housing management reasons.

### I succeeded to the tenancy, what terms and conditions will apply?

This will depend on when the succession took place. If you succeed to a tenancy after 30 September 2002, then you will normally require a 5-year qualifying period and your discount will be calculated according to the new rates associated with the modernised right to buy. However, if the previous tenancy started before 30 September 2002 and you have succeeded because you are a spouse, partner or joint tenant, then you should be eligible to buy on the old terms and conditions.

### Do I need to employ a solicitor?

It is advisable to have the services of a solicitor when buying a house or flat. You will find it helpful to have such expert advice when buying your home, as the wording of legal documents can be complex. You might also find a solicitor's help useful, even before you fill in the application to buy form. However, you should ask your solicitor about the likely legal costs before applying to purchase so that you will have a clear indication at an early stage of what you will have to pay. Your local reference library should have a list of the solicitors in your area.

### Will I need to have my home surveyed?

If you apply for a mortgage from a building society, bank or other financial institution, you will probably have to pay for a valuation. This will help the lender decide whether to lend on the property and if so, how much. You may, in addition, wish to arrange for a surveyor to carry out a survey before you decide to buy. A survey will ensure that you have expert advice on the condition of the property before you buy. You would be best advised, however, to consult a solicitor or the lender for more details of the likely costs.

## Can I re-sell my home?

Since you are the outright owner, you may sell your home whenever you like. But if you sell or dispose of the property within 3 years of buying it, you will usually have to repay to your former landlord part of the discount you received as follows:

- ▶ sell during first year after purchase - repay whole discount;
- ▶ sell during second year after purchase - repay two-thirds discount;
- ▶ sell during third year after purchase - repay one-third discount;
- ▶ sell fourth year after purchase or later - no repayment.

## Problems with mortgage repayments?

If you cannot keep up your mortgage repayments because you are sick or become unemployed, you can ask your lender to allow more time to repay your loan. This means you can make lower payments over a longer time. If you cannot keep up repayments, your lender may go to court and ask to take over your home. But before this happens, many lenders offer arrears counselling facilities which can involve a detailed financial analysis resulting in arranged payments to help you through a difficult period without resorting to repossession. You may wish to consider taking out additional mortgage protection insurance for such eventualities. You should note that your old landlord does not have to give you another tenancy if you lose your home in this way.

## When do I stop paying rent?

You must keep paying your rent up until the point where you become owner of your home. Your landlord can advise you further.

## What about repairs to my property while I am buying?

Until your purchase is completed your landlord must keep in good repair the structure and exterior of your home and keep in good repair and proper working order the installations in

the house for the supply of water, gas and electricity and for sanitation. He may also have other responsibilities to you and you can find out more by reading your tenancy agreement.

### Are there any houses that are excluded from the right to buy?

The following types of property are likely to be excluded from the right to buy although, in some cases, the detailed rules are quite complicated and if there is any doubt you should seek advice in the first instance from your landlord.

- ▶ Group housing schemes for persons with special needs, for example, sheltered housing schemes, where the houses are provided with special facilities or the tenants receive special support.
- ▶ Houses which have features not found in an ordinary home and which have been designed or adapted for occupation by elderly people requiring accommodation of this kind. “Amenity houses”, of this type are not automatically excluded, however, and your landlord must seek the Scottish Ministers permission to refuse to sell.
- ▶ Houses which are owned by local authorities and registered social landlords which are not eligible for a Scottish secure tenancy, for example, because they are provided for employees and linked to their jobs.
- ▶ Houses which are owned by local authorities and registered social landlords and which are let under a short Scottish secure tenancy. These tenancies can only be used in very special circumstances, for example, to provide housing on a temporary basis for various reasons.
- ▶ Houses owned by registered social landlords which have charitable status, or which have never had more than 100 properties available for letting or which are fully mutual co-operatives.
- ▶ Houses which have been identified for demolition providing the landlord has obtained the consent of Scottish Ministers to refuse to sell.

## What about pressured areas?

If there is considerably more demand than supply for social rented housing in a certain area and this has resulted at least in part from the right to buy, the local authority can apply to Scottish Ministers for pressured area status. If this is agreed, then the right to buy can be suspended for periods of up to 5 years (although tenants will continue to build up time towards their qualifying period and discount). Tenancies which started before 30 September 2002 and had the right to buy will not normally be affected by the designation. If you are likely to be affected by a pressured area designation, then the local authority should inform you of their proposal and its likely effect on you and your landlord should notify you of when the designation is made.

## Further information

There is a considerable amount of information available on buying a house – libraries, bookshops and the Internet are all good sources of written information. You can also approach your landlord, your local Citizen's Advice Bureau, a solicitor or the Scottish Executive for advice.

You may also want to read the Scottish Executive booklet 'Thinking about Buying', which provides further information on house purchase in Scotland. This may be available from your landlord, CAB or direct from the Scottish Executive at Victoria Quay, Edinburgh EH6 6QQ (telephone 0131-244 2105), as well as from the Internet on:

<http://www.scotland.gov.uk/library3/housing/gthp-00.asp>

Finally, if the right to buy procedures are changed in the future, your landlord will inform you of the alterations.

## Other opportunities

There are other ways to become a homeowner, but this depends on who your landlord is. A brief outline of the schemes available are outlined below, but to find out more about these you should, in the first instance, contact your landlord.

### CASH INCENTIVE SCHEME

If you are a local authority or registered social landlord tenant you may qualify for a grant towards the purchase of a home in the private sector. Some local authorities are now operating cash incentive schemes which aim to free accommodation for reletting to people in housing need whilst providing financial assistance to aspiring home owners. It is for each council to decide whether they wish to operate such a scheme and the rules it will operate under. They are under no legal obligation.

### VOLUNTARY SALES

Certain tenants who are not eligible to purchase under right to buy may be able to buy their home on a voluntary basis. You can ask your landlord for further details.

### SHARED JOINT OWNERSHIP

Your landlord may operate a shared joint ownership scheme where the property is owned jointly between the landlord and tenant. You can check on the availability of this with your landlord.

# Glossary

**binding contract:** where a written offer to sell is accepted in writing by or on behalf of the tenant and the acceptance is sent to the landlord.

**common repairs:** if you buy a flat you may be liable for a share of the costs of repairs and maintenance of the building of which the flat forms part.

**endowment mortgage:** a mortgage where the interest is paid and the capital should be covered by a savings plan.

**landlord:** the person you pay rent to and who is responsible for repairs to your home up until you become the owner.

**Lands Tribunal for Scotland:** the body which has responsibility for resolving disputes between the tenant and landlord about the terms of the sale.

**market value:** the price the property is valued at.

**registered social landlord:** these are landlords registered with the government agency, Communities Scotland, and may be housing associations or not for profit companies.

**relevant landlords:** landlords which normally are part of the social rented sector or have provided houses in the public sector. Time with these landlords may be counted towards eligibility time and discount. A list of such landlords is provided at the back of the Application to Buy Your Home (APP1) form.

**repayment mortgage:** a mortgage where both the interest and capital are paid.

**Scottish secure tenant:** most tenants living in housing let by a local authority, water authority or registered social landlord where the accommodation is their only or principal home. This does not cover houses provided under a contract of employment i.e. tied housing and there are also other specified exceptions.

**Short Scottish secure tenancy:** a tenancy of a house let by a local authority or registered social landlord usually on a temporary basis. Tenancies of this sort can only be used in very limited circumstances.

**unreasonable delay:** where a landlord appears to delay the sale for no good reason.

**valuation:** an inspection carried out to decide the price of the property.



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Victoria Quay, Leith, Edinburgh EH6 6QQ  
Tel: 0131-244 2105

Astron B25559 08/02

ISBN 0-7559-0556-3



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