



Your guide to the Right to Acquire, the Right to Buy and the Preserved Right to Buy

This leaflet gives information on the Right to Buy, the Preserved Right to Buy and the Right to Acquire which will not apply to the majority of residents because of the Trust's charitable status. However it does apply to some residents, for instance those who have the Preserved Right to Buy if they were previously council tenants and became Guinness Trust tenants as a result of a stock transfer.

Have you got a Right to Acquire?

The Right to Acquire may be available to you if:

- You are an **assured tenant** of the Guinness Trust and have had a tenancy provided by the Trust for two complete years, the armed forces, local authorities or other public sector bodies. If the tenancy commenced on or after 18 January 2005 you will need to have spent at least 5 years in the above public sector tenancies.
- You occupy the property as your only or principal home.
- Your home is a self-contained property.
- Your home was built or purchased by a Registered Social Landlord (RSL) funded on or after 1 April 1997 through Social Housing Grant provided by the Housing Corporation or was transferred from a local authority to an RSL on or after this date.

Have you got a Right to Buy, or a Preserved Right to Buy?

The Right to Buy is only available to a small number of tenants of the Guinness Trust Group. For example, it may be available to secure tenants of non charitable members of the group. **However the majority of tenants will be exempt from the Right to Buy because of the Trust's Charitable status.** There are some exceptions such as residents of stock transfer estates where there is a Preserved Right to Buy.

Providing you meet the above requirements, you must also ensure that:

- You have spent at least two complete years tenancy in accommodation provided by the Trust, the armed forces, local authorities or other public sector bodies. If your tenancy commenced on or after 18 January 2005 the residency requirement has increased to five years.
- You occupy the property as your only or principal home.
- Your home is a self-contained property.

The **Preserved Right to Buy** is available to you if:

- You are an **assured tenant** of the Trust and you were a tenant of a local authority prior to the transfer of your home to the Guinness Trust by stock transfer, and you have had no breaks in your tenancy since the transfer of your home.
- You occupy the property as your only or principal home.
- Your home is a self-contained property.

You may share the Right to Acquire or the Right to Buy or the Preserved Right to Buy with up to three members of your family (who are not joint tenants) if:

- The family member is your husband or wife or,
- The family member has been resident in the property throughout a period of not less than 12 months prior to applying to buy the house. Proof of this must be provided.
- The property is their only or principal home.

You will not be eligible to exercise the Right to Acquire or the Right to Buy or Preserved Right to Buy if:

- You are not a tenant of the Guinness Trust Group.
- You have not spent a minimum of two years (or five years if your tenancy commenced on or after 18 January 2005) as a secure tenant of a local authority, in armed forces accommodation or as an assured tenant of another social landlord.
- You have an assured short hold tenancy.
- You or any of the persons sharing the Right to Acquire or Right to Buy do not occupy the property as an only or principal home.
- You were granted your tenancy in connection with your employment.
- Your home is sheltered accommodation or is particularly suitable for persons aged 60 or over.
- You are obliged to give up the possession of the dwelling by order of the Court.
- If you or a member of your household has been served with a demotion or suspended possession order under the Anti-Social Behaviour Act 2003.
- If one of the persons who has the Right to Buy or Acquire has been declared bankrupt, is about to be declared bankrupt or has unfulfilled credit arrangements.
- If you have been served with a notice of intention to demolish your home.
- If you have failed to pay rent for a period of 4 weeks after it has been demanded.
- If you are in breach of a Court Order requiring payment of rent arrears.
- NB Tenants of charitable Housing Associations are generally exempt from the Right to Buy unless there are special circumstances such as they have a Preserved Right as part of a stock transfer.

What kind of properties can you buy?

You can buy:

- Houses which the landlord owns the freehold of or has an interest sufficient to grant a lease for a term exceeding 21 years.
- Flats for which the landlord owns a freehold or has an interest sufficient to grant a lease for a term of not less than 50 years.

You cannot buy:

- Sheltered accommodation
- Temporary housing
- “Tied” accommodation i.e. service tenancies
- Homes rented from another landlord
- Accommodation particularly suitable for occupation by persons aged 60 or over, the physically disabled, the mentally ill or the mentally disabled, (e.g. bungalows), taking into account its location, size, design, heating system and other features, although you can challenge decisions about this.
- Some properties in rural areas designated by order of the Secretary of State.

Cancellation of Repairs and Improvements

- Once you have claimed the Right to Acquire or Right to Buy, your property will be withdrawn from ALL programmed repair and improvement schemes planned for your home. Where the Trust has a statutory obligation to carry out certain repairs to your home, usually those of an emergency nature, these will be met up to the date of completion of the sale.

The procedure for claiming the Right to Acquire

- An application form (RTA1) will be supplied on request by post or alternatively you can pick one up at your local office.
- You will need to complete this as the date it is served to us determines the date at which the property will be valued and the date at which your tenancy claims will be calculated.
- If you need assistance with this form we will do our best to help you.
- We will then provide you with a RTA2 form which admits or denies your application within 4 weeks of your application or 8 weeks if you are claiming tenancies with other landlords in your minimum qualifying period. If we deny the Right to Acquire, the decision will be explained.
- Once your application has been admitted, our appointed Valuation Officer will contact you to arrange an appointment and assess the current market value of the home.
- If you are buying a flat we will also establish if any works are likely to be required to common parts of the building within the next 5 years.
- We will provide you with an offer (section 125 notice) within 8 weeks (for a house) or 12 weeks (for a flat) after you have received your RTA2 form. This notice will set out the terms and conditions of the sale.

- You then have 12 weeks from the date of the offer notice to respond to the offer letter by:
 - withdrawing your Right to Acquire claim
 - appealing against our decision
 - accepting our offer
- If you fail to respond within the specified period, a further notice will be served requiring your response within 28 days. If no response is made the application will be cancelled.
- Please note that the application can be withdrawn at any stage if you wish.

The procedure for claiming the Right to Buy or Preserved Right to Buy

- An application form (RTB1) will be supplied on request by post or alternatively you can pick one up at your local office.
- You will need to complete this as the date it is served to us determines the date at which the property will be valued and the date at which your tenancy claims will be calculated.
- If you need assistance with these forms we will do our best to help you.
- We will then provide you with a RTB2 form which admits or denies your application within 4 weeks of your application or 8 weeks if you are claiming tenancies with other landlords in your minimum qualifying period. If we deny the Right to Buy, the decision will be explained.
- Once your application has been admitted, our appointed Valuation Officer will contact you to arrange an appointment and assess the current market value of the home.
- If you are buying a flat we will also establish if any works are likely to be required to common parts of the building within the next 5 years.
- We will provide you with an offer (section 125 notice) within 8 weeks (for a house) or 12 weeks (for a flat) after you have received your RTB2 form. This notice will set out the terms and conditions of the sale.
- You then have 12 weeks from the date of the offer notice to respond to the offer letter by:
 - withdrawing your Right to Buy claim
 - appealing against the landlord's decision
 - accepting the landlord's offer
- If you fail to respond within the specified period, a further notice will be served requiring your response within 28 days. If no response is made the application will be cancelled.
- Please note that the application can be withdrawn at any stage if you wish.
- The appointed Valuation Officer will provide us with an open market value of your home which will be confirmed within the offer notice.
- If you are eligible for the Right to Buy then you will be entitled to a discount on the valuation of your home. The longer you have been a tenant of ours or another Right to Buy landlord or any of the public bodies listed in the 'Right to Buy Your Home' booklet, the more discount you will receive up to a maximum of £30,000 if you live in the South West and £38,000 in the South East. This figure varies depending on where you live and is determined by the Secretary of State. If you do not already have this booklet, we will supply one on request or you can pick one up from our offices.
- The minimum discount allowed for a house for 2 years tenancy is 32% of the market value of the property. There is additional discount of 1% for each complete year of tenancy, up to a maximum of 60% for 30 years or more. For a flat or maisonette the minimum discount allowed for 2 years tenancy is 44% of the market value. There is an additional 2% discount for each extra year of tenancy up to maximum of 70% for 15 years or more. But whatever % you are eligible for your discount cannot be greater than the maximum discount for the area you live.

- Tenancies created on or after 18 January 2005 will need a minimum qualifying period of 5 years and will receive a minimum discount of 35% for a house and 50% for a flat or maisonette.
- Your discount may be reduced if you have ever received a previous discount for a Right to Buy purchase; or if the amount that has been spent on the property in the last 10 – 11 years, over and above repair costs of £5,500, is greater than the discounted price.
- The price you will pay for your home will be the open market value minus the discount you are entitled to.
- If you do not agree with the open market value determined, you must inform us within 12 weeks of the date of your offer (section 125 notice) in writing, stating your reasons for disagreeing, and will we arrange for the District Valuer to redetermine the value. The District Valuer's valuation is the final decision, even if it has been determined at a higher price the original valuation.

Dealing with delays

Delays in telling the Trust that you want to purchase

Whether you are applying for the Right to Acquire or a Right to Buy, you must inform us of your intentions within 12 weeks of the date of the offer notice.

- If you do not respond within 12 weeks, we will send you a reminder giving you a further 28 days to respond, otherwise your application to purchase your home will be withdrawn and you will need to reapply.
- If you respond within the 28 day reminder period then your application can continue to be processed.

Delays in dealing with your application

Whether you are applying for the Right to Acquire or a Right to Buy:

- We must admit or deny your right to acquire or buy within 4 weeks of the receipt of your form RTA1 or RTB1.
- We must send you an offer notice, setting out the sale price and term and conditions of sale
- within 8 weeks (if a house) 12 weeks (if a flat) of the date of your RTA2 or RTB2 form.
- We must not unduly delay the conveyancing process.

Whether you are applying for the Right to Acquire or a Right to Buy:

If these time limits are exceeded then you are entitled to serve a notice of delay on us by:

- Completing form RTA6 or RTB6 (which will be provided on request or can be picked up from our offices).
- We must respond within 28 days with a valid counter notice explaining the reasons for the delay. The first notice then has no further effect. However, if we continue to delay the process, you must complete a second RTA6 or RTB6.

- If we do not respond within 28 days, you can serve an Operative Notice of Delay and should complete form RTA8 or RTB8. Following this, you may be entitled to a credit on your rent account. Any credit due would be calculated and taken in account on completion.
- The forms for the delay process can be obtained from us or your local office of the Deputy Prime Minister.

Delays in completing the purchase

Whether you are applying for the Right to Acquire or a Right to Buy:

- You will be required to pay any outstanding debts to the Trust before completion takes place.
- You must also ensure that rent is paid up to the date of completion.

Completion of your purchase

- If you do not complete the purchase of your home within 12 weeks from the date of the offer notice, we will serve upon you a first notice to complete. This requires you to complete within 56 days.
- Failure to complete within 56 days will result in a final notice being served upon you. This requires you to complete within a further 56 days, otherwise your application will be withdrawn and you will need to reapply.

The costs involved in buying your home

Whether you are applying for the Right to Acquire or Right to Buy you are not charged for processing the application or valuing your home. However there are other costs that you need to consider.

- Legal fees – You are advised to instruct a solicitor or licensed conveyancer to act for you in completing the purchase. You will have to pay for the work they do on your behalf. These will include conveyancing, which can be £250 upwards, and if appropriate, any legal costs for arranging a mortgage. Costs vary so you should “shop around” and get quotes. To avoid unnecessary expense, you should not employ a solicitor until you are sure that you want to buy your home.
- Mortgage fees and valuation fees payable to your lender.
- Surveyor’s fees – if you need a mortgage to buy your home, the lender will normally arrange a survey for which you will pay a fee. Costs will vary depending on the type of survey you have carried out e.g. standard Home Buyer’s Survey is likely to cost between £250 and £500. A full structural survey could cost in the region of £600. Even if a survey is not required, it is in your own interests to determine the structural condition of the property and the repairs that may be needed in the future.
- Land registration fees which can be £40 upwards.
- Stamp Duty – this is an additional charge. According to current legislation this affects properties costing more than £125,000 and above and starting at 1% of purchase price increasing on a sliding scale with higher rates for more expensive properties.

Regular costs of home ownership which you must consider

- Mortgage payments which are paid in monthly instalments. Mortgage interest rates vary so you need to guard against over committing yourself when you take out the loan.
- Building and contents insurance – you will need to insure your home against fire, flood, subsidence and storm damage and you should consider insuring the contents of your home as well.
- Utilities – you will continue to receive gas, electric and telephone bills and you will be billed direct for your water rates.
- Council tax
- Service charges – you will have to pay service charges for communal services that we will continue to provide.
- Major maintenance and repair costs towards your home – As a home owner, you will now have to pay for any repairs to your property, both inside and out. You will also need to plan for regular maintenance such as external painting and roof repairs.
- Major repairs – Flat owners. When major repairs are needed the Trust is required to consult you about the proposed works if they are to cost more than £250 per leasehold flat. You will receive a letter describing the proposed works and an invitation to nominate a contractor from whom a tender may be requested. Any tender submitted by the nominated contractor will be considered with others in the formal tendering procedures. You will be served a notice detailing the two lowest tenders for the work and an estimate of the amount you will be required to pay. You will have a month to comment and your comments will be taken into consideration before entering into the contract for the work. In an emergency this procedure cannot be followed.

Risks of repossession

You must be aware that you may be at risk of losing your home if you do not meet your mortgage payments. Your lender could take possession proceedings against you if do not keep up with your payments.

How long does the whole process take?

From start to finish the time it will take to purchase your home will depend on a number of things, some of which will be our responsibility and some which will be down to you and your legal advisor. The minimum period is likely to be 5 – 6 months but will increase if there are any appeals against valuation, or boundary disputes.

Selling your property

You can sell the property at any time but if this is within 5 years of purchase, you may be required to repay all or part of the discounts that you were allowed on the sale. The amounts repayable will depend on the re-sale value of your property, the % discount allowed on the original sale and the value of improvements that you have made.

For Right to Acquire and Right to Buy transactions made on or after 18th January 2005, the % discount allowed at the time of the original sale will be applied to the resale value of the property after making an allowance for improvements you have made. The amount repayable will depend on the number of years since the sale. This means that the discount repayable will increase or decrease in proportion to any increase or decrease in value of the property.

Deferred Sales Agreements

If you make an agreement on or after 18th January 2005 to sell the property to another party, discount will be repayable in the following circumstances, even if the sale takes place after the end of the discount repayment period.

- The agreement is made before an application is made for the Right to Acquire or Right to Buy.
- The agreement is made before the end of the discount payment period.

If the property is sold within ten years of purchase, the property should be offered back to us at market value. However, there are some exceptions to this.

Right to Acquire and Right To Buy Advice is Free

The Trust provides free advice on buying your home. If you are approached by private companies or individuals with offers of help, check out what they will gain from it. They may help submit a 'Right to Buy' application, but make a charge for this service. They may also try to get you to enter a deal where they end up owning the property.

We would like to emphasise that you can apply directly to Trust, at no cost to you if you qualify for the Right to Acquire or the Preserved Right to Buy. Help will be given, if needed, to complete the form. Advice on how the scheme works generally is also available from the Office of the Deputy Prime Minister – www.odpm.gov.uk