



# Buying your own home

Please read this leaflet together with our booklet: **Interested in buying your own home? A legal guide to Right to Buy.**

## Can I buy my own home?

The Government has set out the requirements that you need to meet before you can buy your own home.

They are:

- You were a secure tenant of a local authority, and we became your landlord via a stock transfer, and you hold a protected assured tenancy; or
- Your home was built or purchased using certain public funds on or after 1 April 1997; or
- Your home was transferred from a Local Authority on or after 1 April 1997.

You may also be eligible under Sanctuary's Voluntary Sales Policy if you were a former secure tenant of a previously non-charitable housing association that has merged with Sanctuary Housing Association.

There are exceptions to the above, so even if you appear to meet the criteria, your application may be denied.

## Can I buy my home with a family member?

When you apply, you can include up to three family members who are not themselves tenants, for example your son or daughter. They must have lived at the property for 12 months or more and live there as their only or principal home. You must provide evidence that they have lived with you for the qualifying period.

## Important things to consider when buying your home

Buying a home is a long-term financial commitment. We recommend that you think about whether you can afford it and how you would cope if circumstances were to change, for example:

- If interest rates were to rise, pushing up your mortgage payments
- If you or your partner were unable to work
- If you need to find spare cash for repairs and maintenance, such as replacing the roof or boiler
- If property values go down and your mortgage is more than your home's selling price. This is called 'negative equity'.

## What are the costs involved when buying my home?

**Surveyor's survey** This survey investigates the structural condition of your home. The cost will vary depending on the grade of survey you have requested. There are two types of property survey recommended by the Royal Institution of Chartered Surveyors:

- **The homebuyer survey and valuation report** is suitable for most modern homes that are conventional in type and construction. It focuses on any significant defects or problems that are in need of expert attention. The surveyor will also give a professional opinion on particular features of the property and its value on the open housing market.
- **Structural or building survey** is suitable for all types of properties. It is especially recommended for properties of unusual construction. It involves a detailed examination of all accessible parts of the property. A building survey does not include a valuation but your surveyor can provide this separately, if you need one.

**Stamp duty land tax (SDLT)** The cost will depend on the value of your home. Here's a guide:

- **You will not pay SDLT** if the purchase price of your home is up to £125,000 (for more information, visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk))
- **You will pay SDLT** on increasing portions of the property above £125,000.

These figures are correct as at the time of publication and may be subject to change.

## What can I expect to pay after I've bought my home?

**Mortgage** Unless you are going to buy your home with cash, you need a mortgage. There are many types of mortgages, which your bank or building society can give you advice about.

We strongly advise that you seek independent advice when considering a mortgage. The mortgage process is regulated by the Financial Services Authority (FSA). You can check whether your bank, building society or mortgage broker is regulated by the FSA by visiting [www.fsa.gov.uk/fsaregister](http://www.fsa.gov.uk/fsaregister)

The FSA also provides useful information about mortgages, including comparison tables. Visit [www.moneymadeclear.org.uk](http://www.moneymadeclear.org.uk) or call the **FSA Consumer Helpline 0300 500 5000**.

**Insurance cover** There are four main types of insurance you need to consider:

- **Building insurance** will be required by your mortgage lender. It is essential to cover the cost of rebuilding your home if it were to be destroyed by fire or some other incident. In the case of flats, we arrange the building insurance and the cost is included in your service charges. However, you still need to insure the interior of the flat and contents
- **Contents insurance** insures the contents of your home against theft and other risks
- **Life insurance** is required in order to pay off your mortgage if you die before the end of the mortgage period. It means your loved ones will not be left with the heavy burden of the mortgage debt
- **Mortgage payment protection insurance** could cover your payments if you lose your job. You need to think seriously about how you would meet your mortgage repayments if you lost your income.

## What if my home has been designated as 'defective'?

Certain types of houses and flats have been designated as 'defective' under Part XVI of the Housing Act 1985 due to:

- Their design or construction; and
- Their value has been reduced substantially because their defects have become 'generally known'.

We will tell you before you buy your home if it is defective. You must then consider whether it is wise to buy. You may find it difficult to sell it in the future because potential buyers may be unable to get a mortgage.

If you decide to buy, it's very important that you find out the structural condition of your home. Also, you should make sure that the purchase price takes into consideration the structural problems and that it may be difficult to sell in the future.

## What if I want to sell my property in the future?

You can sell your home at any time. If you wish to sell within the relevant discount repayment period, which is generally five years, you will need to repay part of the discount you received.

The amount of discount to be repaid will be a percentage of the sale value of the property (which is the same percentage as your original discount), not taking into account any improvements you have made.

Here's a guide to how much you would need to repay:

Repayment period	Discount
Year one	100%
Year two	80%
Year three	60%
Year four	40%
Year five	20%
After year five	0%

### Discount repayment 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 that your discount was 20 per cent.*

*If your home is valued at £150,000 when you sell it, and you want to sell within the second year of purchase, you will have to repay £150,000 x 20 per cent discount x 4/5 i.e. £24,000.*

*You may agree to transfer your property to a third party in the future, either before you buy your home or within the discount repayment period. If you do so, then the repayment of your discount will start from the date that you enter into the agreement.*

## What is the 'right of first refusal'?

If you buy your home and you wish to sell it within ten years, you must first offer it back to us or to another registered social housing provider in your area at the full market value.

## Right to Buy sales people

Be careful of Right to Buy sales people offering you deals on your doorstep. You may commit yourself to a deal you can't afford or costs you did not take into account. We strongly advise that you take time to read all the information and think things over before signing any documents.

They may also charge you for some services that we can provide free of charge.

This form will help you to budget for buying your home. You may also find it useful to weigh up the advantages and disadvantages before you buy.

	Costs of buying option	Costs of your alternative (for example, the cost of renting)
<b>One-off costs:</b>		
Legal fees		
Survey fees: homebuyer survey/ valuation, structural or building survey		
Land registry fee		
Stamp duty (if applicable)		
Other costs		
<b>TOTAL</b>		
<b>Annual costs:</b>		
Mortgage repayments		
Council tax		
Household utilities (gas, electricity, water etc)		
Building/contents insurance		
Other insurance (e.g. life, mortgage protection)		
Internal repairs/maintenance costs		
External repairs/improvements		
Upkeep garden/tree work costs (if applicable)		
Service charges/ground rent (if applicable)		
Other costs		
<b>TOTAL</b>		

<b>Advantages of buying</b>	<b>Advantages of your alternative option</b>
<b>Disadvantages of buying</b>	<b>Disadvantages of your alternative option</b>

This leaflet can be translated into other languages, large print and Braille or recorded on to an audio CD. Please contact your local office for details.

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