



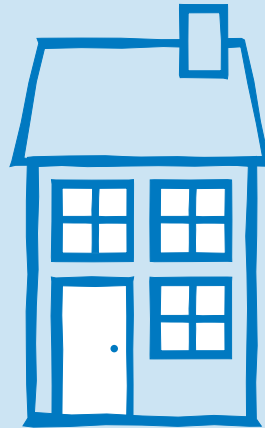
The Scottish  
Government

# Your **Right**

to Buy

# Your **Home**

A guide for Scottish Secure Tenants



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Clarity approved by  
Plain English Campaign

# About this booklet

**This booklet is for Scottish secure tenants. If you are not a Scottish secure tenant, you do not have the right to buy and this booklet will not apply to you.**

Some people want to buy their homes and the fact that you have picked up this booklet probably means that you are one of them. If you are a Scottish secure tenant with your council or a registered social landlord (often called a housing association), you may have the legal right to buy your home at a discount. This will depend on the particular circumstances of your tenancy, including when your tenancy started, what area you live in and what kind of property you live in.

**Not everyone who wants to buy their home will be able to do so. There are circumstances where you will not have the right to buy, or where your right to buy will be suspended for a number of years.**

The right-to-buy rules are complicated. Section 1 of this booklet aims to explain them as simply as possible. This will help you to see if you have the right to buy your home. After reading this booklet, you should contact your landlord to check if you have the right to buy.

The rules for council tenants and tenants of housing associations and other registered social landlords are slightly different.

- › **If you are a council tenant**, you should read part 3 of the first section of this booklet.
- › **If you are a housing association tenant**, you should read part 4 of the first section.

We have divided these parts of the booklet into different situations based on the date your tenancy started. You should look at the part that applies to you. It will help you to understand your own position when reading this booklet if you know the date your tenancy started.

**Although some aspects of the right to buy were changed by the Housing (Scotland) Act 2010, it did not change any existing rights or entitlements. If you had the right to buy on 1 March 2011 and have not ended or changed your tenancy since then, you keep the right to buy on the same terms as you had before.**

Deciding whether to buy your home is one of the biggest steps you will ever take. If you do have the right to buy your home, section 2 of this booklet will give you some advice about what is involved.

**This booklet is a guide only and not a complete statement of the law. It cannot cover every circumstance. You should get as much advice and information as you can so you can make the right decision. Remember that if you do have the right to buy, only you know if you can afford to do so.**

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# Section 1

## The right to buy rules

# Part 1 – Some background to the right to buy

The right to buy was introduced in October 1980 and gave tenants the right to buy their homes at a discount, depending on how long they had been living in the property.

## Old right to buy

The Housing (Scotland) Act 1987 gave most council and housing association tenants the right to buy their homes. There was a two-year qualifying period and a discount of up to 70% of the market value of the property for a flat and 60% for a house. In this booklet this is called the **'old right to buy'**. From January 1989 all new housing association tenants received 'assured tenancies' which did not include a right to buy. Existing housing-association tenants on that date had 'secure tenancies' and kept their right to buy.

## Modernised right to buy

The Housing (Scotland) Act 2001 introduced the Scottish secure tenancy from 30 September 2002. This provided a single, common tenancy for nearly all tenants of local authorities and housing associations in Scotland and made important changes to the right to buy. The qualifying period increased from two to five years and the maximum discount was reduced to 35% or £15,000, whichever was lower. This is called the **'modernised right to buy'**. Housing association tenants who previously did not have the right to buy now had a modernised right to buy but this was

suspended for 10 years until 2012. The Act also gave housing associations the right to apply to extend this suspension beyond 2012.

### **Further changes – Housing (Scotland) Act 2010**

On 1 March 2011, the Housing (Scotland) Act 2010 came into force. It introduced further changes to the right to buy. The main changes are that the right to buy is removed from:

- ▶ new-build and new-supply social housing;
- ▶ people who take up a tenancy with a social landlord for the first time; and
- ▶ with some exceptions – tenants who return to the social rented sector after a break.

### **Why has the law changed?**

Although there are tenants who want to buy their homes, many people and families also want to rent their homes in what is called the social rented sector. This means houses and flats provided mainly by local authorities (councils), housing associations and co-operatives. These are called social landlords and they offer the kind of secure and affordable accommodation many people prefer. It is important to have a good supply of affordable rented homes available to help build diverse and secure communities with a mixture of owner-occupiers and tenants. The right-to-buy rules were changed to help make sure future generations can have access to affordable homes.

## Part 2 – Your qualification period and discount

### Remember

In most cases, the **old right to buy** applies to tenancies which began before 30 September 2002.

The **modernised right to buy** applies to tenancies which began on or after 30 September 2002.

If you took up a tenancy for the first time after 1 March 2011, **you will not have the right to buy.**

**If you return to social housing after 1 March 2011, after a voluntary break, you will not have the right to buy. However, there are a few exceptions to this. We explain these more fully on page 28.**

If you have the right to buy, the following table shows the qualifying periods and the discount you may be entitled to for both the old and modernised right to buy. In the old right to buy, the biggest discount you could get was 70% for flats and 60% for houses. (Some tenants who began their tenancy with a housing association before 30 September 2002 received ‘assured tenancies’ and are not entitled to the old right to buy.) In the modernised right to buy, there is no difference between flats and houses, and the discount cannot be more than £15,000.

Your landlord will be able to confirm how long you have been a tenant and what your discount would be.

Years spent as a tenant	Tenancy began before 30 Sept 2002		Tenancy began on or after 30 Sept 2002	Tenancy of new-supply house began on or after 1 March 2011 or if 'new tenant' after 1 March 2011
	Houses	Flats	All properties	All properties
0 to 2	Cannot buy	Cannot buy	Cannot buy	Cannot buy
2 to 4	32% - 34%	44% - 48%	Cannot buy	Cannot buy
5 to 9	35% - 39%	50% - 58%	20% - 24% or £15,000	Cannot buy
10 to 14	40% - 44%	60% - 68%	25% - 29% or £15,000	Cannot buy
15 to 19	45% - 49%	70%	30% - 34% or £15,000	Cannot buy
20 to 24	50% - 54%	70%	35% or £15,000	Cannot buy
25 to 29	55% - 59%	70%	35% or £15,000	Cannot buy
30 and over	60%	70%	35% or £15,000	Cannot buy

## Succeeding to the tenancy

You can count time spent living in a house if you succeeded to (took over) the tenancy when your husband, wife, civil partner, partner, parent, or the person who was a joint tenant with you died. These must be continuous periods of occupation up to your present tenancy, unless your landlord agrees to ignore an interruption resulting from circumstances outside your control.

## The cost-floor rule

If your landlord has bought or built your home in the 10 years before you apply to buy it, or has spent at least £5,000 on repairs and improvements (for example, building work, central heating or a new kitchen), they can state a minimum price for your house. This is called the 'cost floor'.

If the minimum price is more than the market value, you will be offered the house at the market value but you won't get any discount.

Your offer of sale will show if your house has been affected by the cost-floor rule.

## Repaying discount

If you sell within three years of buying your home, you will have to repay some or all of the discount to your former landlord. You will have to repay all of the discount if you sell in the first year, 66% in the second year and 33% in the third year. Some landlords may make it a condition of sale that you cannot rent out your property within the discount period.

## Part 3 – Right to buy for council tenants

If you are a housing association tenant please go straight to part 4.

### Situation 1 – you were a tenant before 30 September 2002 and have not moved home.

If you had the right to buy before 30 September 2002, and you have not moved since, you keep the old right to buy with a two-year qualifying period and discount of up to 70% of the market value of your home if it is a flat and 60% if it is a house. The qualifying period can include time you have spent with any social landlord. It does not have to be your present council but the tenancies must have been continuous (landlords can ignore a break that was outside your control).

### You do not have a right to buy in the following circumstances.

- › If the property you rent is not your only or main home.
- › If your home has features that are substantially different from an ordinary house and it has been designed or adapted for people of pensionable age who need these special features. The council can apply to Scottish Ministers for consent to refuse the sale and, if this is granted, you cannot buy. Each case is considered on its merits.

- › If the council plans to demolish your home. The council can apply to Scottish Ministers for permission to refuse to sell it. If this is granted, you cannot buy.
- › If the property is part of a group housing scheme such as sheltered housing where tenants have specific facilities for their use or they are provided with support services, or both.
- › If the property is needed by an islands council for accommodation connected with education.
- › If the property is a police house and the council needs it for police operational reasons.
- › If the council are in the process of evicting you because of your behaviour, such as anti-social behaviour or for breaking your tenancy conditions.

### **Your council may also refuse to sell.**

- › If you have missed rent payments or council tax, water or sewerage charges, or if you owe other amounts as a result of your current tenancy or a previous tenancy.

**Situation 2 - your tenancy started on or after 30 September 2002 or you moved to another tenancy after 30 September 2002.**

**Important - this applies if you transferred to another council tenancy on or after 30 September 2002, no matter how long you have previously been a tenant with the council or any other social landlord. This can also apply if you moved on a transfer or mutual exchange, or you got your tenancy through assignation or succession. These terms are explained in the glossary. It does not apply if you succeeded to the tenancy as a joint tenant, husband or wife, civil partner or partner.**

You have a **modernised right to buy**, which means that you will get up to a 35% discount off the market value of your home or £15,000, whichever is lower, and there is a five-year qualifying period before you can buy. The qualifying period can include time spent with any social landlord. It does not have to be your present council but the tenancies must have been continuous (landlords can ignore a break that was outside your control).

**If you have an old right to buy with your landlord and make the choice to move to another property owned by the council or any other social landlord, for whatever reason, you will lose the old right to buy and move to the modernised right to buy. As a result, this will affect your discount. If you move to a property that your landlord has recently built or bought, you may have your right to buy suspended for the time you live in that property. We explain this more fully on page 17 (situation 4). If you move to a 'pressured area', you will have your right to buy suspended for the time you live in that area. We explain this more fully below. Because of this, you should think very carefully before moving from your home and make sure that you get advice. In the first instance, your landlord will be able to tell you how your right to buy would be affected. For example, you will not lose your right to buy if the council gets a court order so that you have to move because your home is overcrowded or they need your home for another purpose, or if you agree to move because your home is due to be demolished.**

**You do not have a right to buy in the following circumstances.**

- › If the property you rent is not your only or main home.
- › If your home has features that are substantially different from an ordinary house and it has been designed or adapted for people of pensionable age who need these special features. The council can

apply to Scottish Ministers for consent to refuse to sell it and, if this is granted, you cannot buy. Each case is considered on its merits.

- › If the council plans to demolish your home. The council can apply to Scottish Ministers for permission to refuse to sell it. If this is granted, you cannot buy.
- › If the property is part of a group housing scheme such as sheltered housing where tenants have specific facilities for their use they are provided with support services, or both.
- › If the property is needed by an islands council for accommodation connected with education.
- › If the property is a police house and the council needs it for police operational reasons.
- › If the council are in the process of evicting you because of your behaviour such as anti-social behaviour or for breaking your tenancy conditions.

**Your council may also refuse to sell.**

- › If you have outstanding arrears of rent, council tax, water or sewerage charges, or if you owe other amounts as a result of your current tenancy or a previous tenancy.

## **You may have your right to buy suspended in the following circumstances.**

- › If your local council has designated the area or type of property you live in as 'pressured'. Councils can do this to protect social rented housing when the need for social housing in an area or a particular type of house is, or is likely to be, a lot greater than the housing available. This applies if the situation is likely to be made worse by tenants buying their homes. These suspensions can last for up to 10 years. At the end of 10 years, councils can continue to designate areas as pressured. During that time you still build up time towards your qualifying period and discount but you cannot buy your home while the designation is in place. Councils have to follow strict guidelines before they can decide that an area or type of property is pressured.

Your landlord will be able to tell you if the area you live in has been designated as a pressured area. If you are thinking about moving to a different area, you should also ask if that area is pressured.

### Situation 3 - you became a tenant after 1 March 2011.

- › If you are a first-time council tenant **and** your tenancy began after 1 March 2011, you do not have the right to buy any property you rent from the council.
- › If you were previously a council tenant (or the tenant of any other social landlord) and have returned to the sector after a break and now rent a council property, you do not have the right to buy any property you rent from the council.

However, this does not apply if you have had a break because the council had asked you to move, for example if you have been accommodated elsewhere (decanted) by the council, or the council wants to demolish your home. The council can also ignore a break that was outside your control.

### **Situation 4 - you become the tenant of a 'new-supply' council property on or after 1 March 2011.**

New-supply housing means:

- ▶ property that has been built since 25 June 2008;
- ▶ property that the council has bought since 25 June 2008;
- ▶ a property that the council has bought from you and is then renting out to you (Mortgage to Rent). The council must tell you, at least seven days before conclusion of the missives, that you lose your right to buy in these circumstances.

If you move to take up the tenancy of new-supply council housing, you will generally not have the right to buy. This may only apply for the time you live in that property.

- ▶ If you become a tenant for the first time after 1 March 2011, you do not have the right to buy your house now or in the future.

- › If you move to a new-supply council home and when you moved you had an old right to buy or modernised right to buy in your previous home, you will not be able to buy the new-supply home. (There are some limited exceptions to this, for example if you move to this kind of home because the council gets some types of order to repossess your home, or if your council does not tell you at least seven days before you take up the tenancy that you will not have a right to buy the property.) **But**, if you move again later to a house that is not new supply, **you will have the modernised right to buy**. This means that you do not lose your right to buy. However, it does mean that you cannot use that right while you are living in a new-supply house.

### Example 1

You have been the tenant of your home since 1995. You have the old right to buy and decide to move to a new-supply home.

You lose the old right to buy and do not have any right to buy while you are living in the new-supply house. If you later move again to a property that is not new supply, you will have the right to buy it but under modernised terms.

## **Example 2**

You have been the tenant of your home since October 2002. You have the modernised right to buy and decide to move to a new-supply home.

You keep the modernised right to buy but cannot use it while you are living in the new-supply home. If you later move again to a property that is not new-supply, you will have the right to buy it under the modernised right to buy terms.

## **Example 3**

You moved to a new-supply home after 25 June 2008 but before 1 March 2011.

You have the right to buy that home under modernised terms.

## Part 4 – Right to buy for housing association tenants

**You do not have to read this section if you are a council tenant.**

### **Situation 1 – you were a tenant before 30 September 2002 and have not moved home.**

If you had the right to buy before 30 September 2002, and you have not moved since, then you keep the old right to buy with a two-year qualifying period and a discount of up to 70% of the market value of your home if it is a flat and 60% if it is a house. The qualifying period can include time spent with any social landlord. It does not have to be your present housing association but the tenancies must have been continuous (landlords can ignore breaks that were outside your control).

If you only gained the right to buy on or after 30 September 2002 you will have the terms and conditions associated with the modernised right to buy. This has a five year qualifying period and a maximum discount for all properties of 35% or £15,000, whichever is lower.

## **You do not have a right to buy in the following circumstances.**

- › If the property you rent is not your only or main home.
- › If your home has features that are substantially different from an ordinary house and it has been designed or adapted for people of pensionable age who need these special features. Your landlord can apply to Scottish Ministers for consent to refuse the sale and, if this is granted, you cannot buy. Each case is considered on its merits.
- › If your landlord plans to demolish your home. Your landlord can apply to Scottish Ministers for permission to refuse to sell it. If this is granted, you cannot buy.
- › If the property is part of a group housing scheme such as sheltered housing where tenants have specific facilities for their use or they are provided with support services, or both.
- › If the property is part of a co-operative housing association.
- › If your housing association has never had more than 100 houses; or
- › If your landlord is in the process of evicting you as a result of your behaviour, such as anti-social behaviour, or if you have broken your tenancy conditions.

## **Your housing association may also refuse to sell.**

- › If you have missed rent payments, council tax, water or sewerage charges, or if you owe other amounts as a result of your current tenancy or a previous tenancy.

**Situation 2 - your tenancy started on or after 30 September 2002 or you moved to another tenancy after 30 September 2002.**

**Important - this applies if you transferred to another tenancy on or after 30 September 2002, no matter how long you have previously been a tenant with the housing association or any other social landlord. This can also apply if you moved on a transfer or mutual exchange, or you got your tenancy through assignation or succession. These terms are explained in the glossary. It does not apply if you succeeded to the tenancy as a joint tenant, husband, wife, civil partner or partner.**

You have a **modernised right to buy**, which means that you will get a discount of up to 35% of the market value of your home or £15,000, whichever is lower. There is also a five-year qualifying period before you can buy. The qualifying period can include time spent with any social landlord. It does not have to be your present housing association but the tenancies must have been continuous. (Landlords can ignore breaks that were outside your control.)

**If you have an old right to buy with your housing association or any other social landlord and choose to transfer to another property, for whatever reason, you will lose the old right to buy and move to the modernised right to buy. As a result, this will affect your discount. If you move to a property that your landlord has recently built or bought, you may lose your right to buy altogether for the time you live in that home. We explain this more fully on page 29 (situation 4). If you move to a 'pressured area' you will have your right to buy suspended for the time you live in that area. We explain this more fully on page 26. Because of this, you should think very carefully before moving from your home and make sure that you get advice. In the first instance, your landlord will be able to tell you how your right to buy would be affected. You will not lose your right to buy if, for example, your landlord gets a court order so that you have to move because your home is overcrowded, they need your home for another purpose, or if you agree to move because your home is due to be demolished.**

## **You do not have a right to buy in the following circumstances.**

- ▶ If the property you rent is not your only or main home.
- ▶ If your home has features that are substantially different from an ordinary house and it has been designed or adapted for people of pensionable age who need these special features. Your landlord can apply to Scottish Ministers for consent to refuse the sale and, if this is granted, you cannot buy. Each case is considered on its merits.
- ▶ If your landlord plans to demolish your home. Your landlord can apply to Scottish Ministers for permission to refuse to sell it. If this is granted, you cannot buy.
- ▶ If you rent from a charitable housing association which got charitable status before 18 July 2001 (unless that housing association got your property on a stock transfer and your right was protected as part of the transfer).
- ▶ If the property is part of a group housing scheme such as sheltered housing where tenants have specific facilities for their use or they are provided with support services, or both.
- ▶ If the property is part of a co-operative housing association.
- ▶ If your housing association never had more than 100 properties.
- ▶ If your landlord is in the process of evicting you as a result of your behaviour, such as anti-social behaviour, or if you have broken tenancy conditions.

## **Your housing association may also refuse to sell.**

- › If you have missed rent payments, council tax, water or sewerage charges, or if you owe other amounts as a result of your current tenancy or a previous tenancy.

## **You may have your right to buy suspended in the following circumstances.**

- › If your local council has designated the area or type of property you live in as 'pressured'. Councils can do this to protect social rented housing in their area when the need for social housing in an area or a particular type of house is, or is likely to be, a lot greater than the housing available. This applies if the situation is likely to be made worse by tenants buying their homes. These suspensions can last for up to 10 years and they affect housing association properties as well as council properties. At the end of 10 years, councils can continue to designate areas as pressured. During that time you still build up time towards your qualifying period and discount but you cannot buy your home while the designation is in place. Councils have to follow strict guidelines before they can decide that an area or type of property is pressured.

Your landlord will be able to tell you if the area you live in has been designated as a pressured area. If you are thinking about moving to a different area, you should ask if that area is pressured.

- › If your housing association has the right to buy suspended.

The 2001 Act made non-charitable housing associations and housing associations who received charitable status after 18 July 2001 exempt from the modernised right to buy for a 10-year period until September 2012. You can only be affected by this if you did not already have the right to buy before 30 September 2002. Tenants of some houses built or bought by housing associations after 30 September 2002 do have a right to buy. Your landlord will be able to give you advice.

These housing associations can apply for the suspension to be extended. If ministers grant an extension, your right to buy will continue to be suspended. You will continue to build up time towards your qualifying period and discount but you will not be able to buy your home until the suspension ends.

### **Situation 3 - you became a tenant after 1 March 2011.**

- › If you are a first-time tenant with a housing association and your tenancy began after 1 March 2011, you do not have the right to buy any property you rent from the housing association.
- › If you were previously a housing association tenant (or the tenant of any other social landlord) and have returned to the sector after a break, you do not have the right to buy any property you rent.

This does not apply if you have a break because the housing association has asked you to move, for example if you have been accommodated elsewhere (decanted), or the housing association wants to demolish your house. The housing association can also ignore a break that was outside your control.

**Situation 4 - you become the tenant of a 'new-supply' housing association property on or after 1 March 2011.**

New-supply housing means:

- ▶ property that has been built since 25 June 2008;
- ▶ property that your housing association has bought since 25 June 2008;
- ▶ a property that the housing association has bought from you and is then renting out to you (Mortgage to Rent). The housing association must tell you at least seven days before conclusion of the missives that you lose your right to buy in these circumstances.

If you move to take up the tenancy of a new-supply property provided by your housing association, you will generally not have the right to buy. This may only apply for the time you live in that property.

- ▶ If you become a tenant for the first time after 1 March 2011, you do not have the right to buy your home now or in the future.

- › If you move to a new-supply house on or after 1 March 2011 and when you moved you had an old right to buy or modernised right to buy in your previous home, you will not be able to buy the new-supply home. (There are some limited exceptions to this, for example if you move to this kind of home because your landlord gets some types of order to repossess your home, or if your landlord does not tell you at least seven days before you take up the tenancy that you will not have a right to buy the home). **But**, if you move again later to a home that is not new supply, **you will have the modernised right to buy**.
- › This means that you do not lose your existing right to buy, but that you cannot use that right while you are living in a new-supply home.

### Example 1

You have been the tenant of your home since 1995. You have the old right to buy and decide to move to a new-supply home.

You lose the old right to buy and do not have any right to buy while you are living in the new-supply home. If you later move again to a home that is not new supply, you will have the right to buy it under modernised terms.

## **Example 2**

You have been the tenant of your home since October 2002. You have the modernised right to buy and decide to move to a new-supply home.

You keep the modernised right to buy but cannot use it while you are living in the new-supply home. If you later move again to a home that is not new supply, you will have the right to buy it on the modernised right-to-buy terms.

## **Example 3**

You moved to a new-supply home after 25 June 2008 but before 1 March 2011.

You have the right to buy that home under modernised terms.



# Section 2

# Buying your home

## Part 1 – Costs involved in buying your home

The purchase price of your home is probably the biggest investment you will ever make. However, you should remember that you will have to pay other ongoing costs as well, such as buildings insurance, general repair and maintenance costs and property management (factoring) charges.

**These can all be expensive and this can come as a surprise when you have been renting and not used to paying these costs. You should think carefully about these when you consider buying. You can get more information about the costs you will have to pay in this section.**

Once you have bought the property you will be responsible for paying for repairs and maintenance on it including your share in shared areas like roofs, stairs and lifts. In the case of major repairs, local-authority grants are **sometimes** available.

You may be interested in getting an idea of the value of your home before deciding if you want to take the idea of buying any further. For a rough idea, you can look at the price of properties similar to yours that are advertised by local estate agents and solicitors, or in the local press.

## Do you need a loan?

The usual way to pay for a home is to take out a mortgage. Banks and building societies will only give you a mortgage if they are sure you can meet the repayments. If you have had previous credit problems, you may not be able to get a mortgage. You will have to repay the mortgage loan plus interest, usually in 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.

## How much would you need to borrow?

The amount you need to borrow depends on the full value of your home, less:

- ▶ your discount; and
- ▶ any savings you can put towards buying the home, after paying the other costs.

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

## How much would your mortgage repayments be?

The best person to give you examples in your own case is your mortgage lender. This is because the amount you have to repay will depend on what the interest rate is at the time you get your mortgage. Before you sign up for a mortgage, your lender will usually give you examples of what you would have to repay at different interest rates.

This will help you understand what your payments would increase to if the interest rate goes up.

**The interest rate can go up and you should allow for this possibility as this can make your repayments a lot more expensive. You should always get trusted, professional financial advice on whether you can get a mortgage, and whether you can afford the repayments.**

## Other costs of buying your home

### Initial costs

#### › Legal fees

You should use a solicitor to look after the legal side of buying your home. Solicitors' fees vary, so shop around. You should ask for a firm quotation before making a decision.

#### › Arrangement fee

If you take out a mortgage, you may have to pay for the cost of arranging it.

### › Mortgage valuation fee

You will have to pay for the mortgage valuation fee. This is something mortgage lenders ask for to decide if they are willing to give you a loan, and for how much. It is not the same as the valuation that is done to tell the landlord the cost of your home.

### › Survey fee

Even though a simple valuation will be done to find out the value of the property, you should also consider having your own more detailed survey done to make sure there are no problems with the structure of the property that could lead to problems or expenses later on. Fees vary according to the type of survey carried out. A full structural survey may be a good idea if you think that your home could have special problems, for example, because of the way it is designed or built.

**For a general idea of all the costs involved, speak to a number of lenders. Your solicitor may also be able to help. There are also independent mortgage advisers who can offer independent advice on a range of mortgages from different lenders.**

## Regular costs

### › Buildings insurance

You should make sure that your home is insured for its full value against damage by fire, flood and other accidents. You should cover yourself for the full cost of rebuilding your home, which may be more than what you actually paid for it. If you get a mortgage to pay for your home, the lender usually insists that you take out insurance. In certain circumstances your landlord may insist that you take buildings insurance out using their insurers. This will be written in your conditions of sale.

### › Mortgage protection insurance

It can be a 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. There are also other types of cover that help pay the mortgage if you are sick or made redundant. The cost of insurance depends on the cover you need, your age and health. Your lender, solicitor or an insurance company will be able to give you more information about this.

### › Repair, maintenance and factoring charges

If you buy a home, you will be responsible for the repair and maintenance costs. Details of your responsibilities should be provided in the conditions of sale and you may want to discuss these with your solicitor. You should ask your landlord about any liability you may have for the cost of shared repairs such as the roof, shared areas and landscaped areas.

You may also want to ask your landlord if they are planning any major repairs in the next few years which would involve you paying a share.

You may also have to pay regular factoring or service charges. This mainly applies to flats (including four-in-a-block, tenement and multi-storey) but may also apply to houses if there are shared areas like gardens or courtyards that need to be maintained. If your landlords have the power to act as a property manager (factor), they may continue to do so even after you buy your home. If this is the case, it will be written into the conditions of sale. Before you complete the sale, discuss what this means for you with your solicitor.

**You may not have had to pay repair or factoring charges as a tenant and you should remember that they can be expensive regular payments and you will have to budget for them. These payments can add a significant amount to the money you pay out every month.**

### › Improvements

You may also want to spend money on various improvements. 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 need planning permission. You may also need the permission of your former landlord.

## **Moving later on**

You can sell your home whenever you like. But if you sell within three years from the date you accepted the offer of sale, you will have to repay some or all of your discount.

## Part 2 – The buying process

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 make. We strongly advise you to get legal advice when buying your home and you should think about finding a solicitor at this stage (see step 6).

You should first check with your landlord that you have the right to buy. After that you should get as much advice as possible to help you decide whether buying your home is the best thing for you. You may find it helpful to talk with your family, friends, local Citizens Advice, or a solicitor.

If your landlord tells you that you do not have the right to buy and you disagree with this, you should get advice, as it may be possible to challenge that decision.

If you need to ask for a loan (mortgage) to pay for your home, you should also speak to a bank, building society or financial adviser to check that you will be able to get one. Lenders are strict about giving home loans and they have to be sure you can meet the repayments. You will not be able to go any further if you cannot get a mortgage. Lenders will tell you how much they might be able to lend based on your circumstances.

## Step 2 - Applying to buy

You need to get an **Application to Buy Form (APP2)**. These are only available online and you can ask your landlord to download one for you. You should be very cautious if anyone else offers you an application form and offers to act on your behalf. Never commit yourself to anything before getting advice first.

Read the notes carefully before you fill in the form. Then return the filled-in form to your landlord. Because the form is an important legal document, it is best if you send it by recorded delivery or deliver it by hand. Make sure that you get an acknowledgement from your landlord that they have received it and keep a copy of the filled-in form for your own records.

## Step 3 - Confirming you have no arrears

Landlords can refuse to sell if you owe any rent, council tax, water and sewerage or other charges (arrears) associated with your current or previous tenancies in that council area. So make sure that you are up to date with these payments when you apply to buy.

If your landlord is the council, they will check their records to make sure you have no arrears when you send them your application. If your landlord is a housing association, they will check to see if you owe any rent or other charges. However, you will have to contact your council 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 (APP2) when you send it to your landlord. Your council must give you this certificate within 21 days, but each one only lasts for a month, so you must send 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. They will use this to work out the price you will pay after the discount has been taken off. You will not be asked to pay for this. (However, you may have to arrange 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 do not want to accept your landlord's valuer, 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, they must send you an offer to sell within two months of your application to buy. This tells you the price you have to pay and the terms and conditions of the sale. You have one month to challenge any conditions you are unhappy with. If you are happy with the offer, you have two months to accept it. If you leave it longer than this, you may have to send in a fresh application.

If your landlord says that you do not have the right to buy your home, they have to tell you why in the notice of refusal to sell which they send you. They must usually do this within one month of your application to buy. You then have one month to appeal the decision to the Lands Tribunal for Scotland.

## Step 6 - Getting legal advice

If you have not done so before, at this stage you should always get legal advice. Most solicitors deal with buying and selling property (conveyancing) and can advise you every step of the way. 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 or on the internet. This is especially important if you are worried about some of the conditions of sale, since you can only challenge them within one month. For example, you may have questions about service charges, the exact details of what you are buying, such as where the boundaries of your garden will be, and so on. If you cannot agree on the terms of the sale, you can refer the dispute to the Lands Tribunal for Scotland.

**Before you go ahead, make sure that you ask your solicitor for an estimate of the fees they will charge. Remember, you are paying your solicitor to act for you and it is for them to deal with your landlord's solicitors on your behalf.**

## Step 7 - Getting a mortgage

Before getting to this stage you should know if you will be able to get a mortgage and how much you will be able to get (see step 1). This is now the time to decide which lender you want to use and tell them the price of the property. There are many types of mortgage. Get advice and examine them carefully to see which one will suit you best.

**Even if you do not need a mortgage, it is worth checking if your local banks and building societies have any policy about giving mortgages for the type of house or flat you are buying. For example, some lenders will not give mortgages on flats above the fifth floor or for houses which are built of certain materials. This may not matter to you at the moment, but if you decide to move on later, you are unlikely to sell your home if people wanting to buy it cannot get a mortgage.**

## 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. You will be responsible for repairs once you buy the house and you will want to make sure that there are no structural problems. The valuation that is done to work out the price is not a structural survey and may not show up details of faults 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 your solicitor has accepted the offer to sell on your behalf, you and your landlord will have a binding contract for buying your home. If you decide not to accept the offer, that is up to you and you can continue to rent your home as before.

If all goes smoothly, you should become the owner of your home in less than nine 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 there is a delay, you may want to discuss this with your solicitor.

Equally, if you break the contract, your landlord may charge you for the costs involved that they have to pay.

Although the process of buying your home looks complicated, especially if you have never done it before, it has been designed to avoid unnecessary complications and to make sure that the rights and duties of both the landlord and tenant are taken into account. In most cases things should go smoothly and your solicitor should help and advise you throughout.



# Section 3

# Further questions

## Section 3 - Further questions

This booklet is not a legal document and cannot cover every possible situation that might arise about your right to buy or buying your home. This section answers some of the questions you may have.

### Can my landlord refuse to sell?

If you are entitled to buy, your landlord cannot block the sale. If your landlord refuses to sell, or sends you an offer to sell which contains terms which you think are unreasonable, you can take the matter up with the Lands Tribunal for Scotland.

### What if I am a joint tenant?

Joint tenants normally buy together but they do not have to. They can agree among themselves whether one or more of them should apply to buy the property.

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

Yes, if they are 18 or over and can provide evidence that they have lived with you for at least six months, and this did not go against the terms of your tenancy agreement. Your landlord may agree that the six-month condition does not have to 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. The valuation is the price the property could be expected to fetch if it was sold on the open market without a sitting tenant. Any improvements you have paid for are not counted in the price. Your landlord will then take your discount from this figure.

## **I have been in the armed forces and am now renting from a social landlord. Can I buy my home?**

If you have been in the services and were housed by the regular armed forces for five years or more, you will get a modernised right-to-buy entitlement and should be able to use the years spent in armed forces accommodation towards your qualifying period as long as you transfer direct to the social rented sector. Special rules apply if you move to new-supply housing. (See pages 17 or 29 – situation 4.)

## **My home was transferred as part of a stock transfer from a council or housing association. Do I have the right to buy?**

You should contact your landlord in the first instance if this applies to you. If you were previously a tenant of the council or Scottish Homes and transferred to a housing association under the terms of a stock transfer, and have had a continuous tenancy since before 30 September 2001, you should have the old right to buy.

## Once I have bought my home, can I sell it?

You are the homeowner and you may sell your home whenever you like. However, if you sell the property within three years of buying it, you will usually have to repay to your former landlord part or all of the discount you received.

- ▶ If you sell during the first year after buying, you will repay the whole discount.
- ▶ If you sell during the second year after buying, you will repay two-thirds of the discount.
- ▶ If you sell during the third year after buying, you will repay one-third of the discount.
- ▶ If you sell in the fourth year after buying, you do not have to repay any of the discount.

## What happens if I have problems paying my mortgage?

If you cannot keep up your mortgage repayments, you should first contact your mortgage lender. It is better to let them know about any problems right away. If you cannot keep up repayments, your lender may go to court and ask to take over (repossess) your home. But before this happens, many lenders offer counselling and may agree to take smaller payments to help you through a difficult period without the need to repossess your home. They may allow more time to repay your loan. This means you can make lower payments over a longer time.

**You should remember that your old landlord does not have to give you another tenancy if you lose your home in this way.** However, in certain limited circumstances, some landlords may be prepared to buy your home back from you and rent it back to you, allowing you to stay there. If they do this, you would not be able to buy again. **Landlords do not have to do this, and you should not assume that they will.**

## When do I stop paying rent?

You must keep paying your rent up until the point where you become the owner of your home. Your landlord can give you more advice. If you fail to make the payment to buy your home on the due date, some landlords may charge you interest as well as rent.

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

Until your purchase is completed, your landlord must keep your home in good repair and make sure installations for water, gas and electricity and sanitation are maintained. They may also have other responsibilities to you and you can find out more by reading your tenancy agreement.

## **Where do I get more information?**

There is lots of information available on buying a home – libraries, bookshops and the internet are all good sources of written information. You can also speak to your landlord, your local Citizens Advice Bureau (CAB), a solicitor or the Scottish Government for advice.

You may also want to read the Scottish Government booklet ‘Thinking about Buying’, which gives you more information on buying a home in Scotland. You may be able to get this from your landlord or local CAB, or you can get it direct from the Scottish Government Housing Supply Division.

To order more copies of this booklet, please email [rtb@scotland.gsi.gov.uk](mailto:rtb@scotland.gsi.gov.uk)

If the right to buy procedures are changed in the future, your landlord will tell you about the changes and we will publish a new booklet.

The Lands Tribunal for Scotland deals with any disputes. You can contact them at George House, 126 George Street, Edinburgh EH2 4HH (phone 0131 271 4350, [www.lands-tribunal-scotland.org.uk/](http://www.lands-tribunal-scotland.org.uk/)).

## Are there any other ways I can buy a home?

### Scottish Government schemes

The Scottish Government is committed to helping first-time buyers and people on low to moderate incomes to become home owners if this is what they want and they can afford to.

The Low-cost Initiative for First Time Buyers (LIFT) brings together several ways to help households get onto the housing ladder. These include the following.

- ▶ The New Supply Shared Equity Scheme to allow first-time buyers to buy a new-build property either from a housing association, or from a private housebuilder.
- ▶ The Open Market Shared Equity Pilot Scheme to allow first-time buyers to buy a property on the open market.
- ▶ Rural Home Ownership Grants (RHOGs). These are grants that help towards the costs of buying, building or renovating a home for people in rural areas who could not otherwise afford to buy.
- ▶ Shared ownership, where households part buy and part rent a property from a registered social landlord.
- ▶ GRO grants for owner-occupation. These are grants to private developers to build houses for sale. They are used both to introduce housing for sale in areas with little or no private housing and to help meet local shortages.

## **Voluntary sales**

Some landlords may be willing to sell your home on a voluntary basis if you do not have the right to buy. You can ask your landlord for more details.

# Glossary of terms

**Assignment, or assigned tenancy:** this is where a tenant passes on their tenancy and tenancy rights to another person.

**Cost-floor rule:** if your landlord has recently bought or built your home or has spent lots of money on repairs and improvements, they can state a minimum price for your house. If the minimum price is more than the market value, you can buy the house at the market value but without a discount.

**Factoring charges:** regular bills you will have to pay for management fees, shared repairs and maintenance.

**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 organisation which has responsibility for dealing with disputes between tenants and landlords about the terms of the sale.

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

**Modernised right to buy:** the rules applied to tenancies on or after 30 September 2002.

**New-supply housing:** mainly, housing that a landlord has built or bought since 25 June 2008. It is not affected by the right to buy from 1 March 2011.

**Old right to buy:** in most cases, the rules applied to tenancies before 30 September 2002. Also known as preserved right to buy.

**Pressured area:** a local authority area where the modernised right to buy is suspended. This can also apply to certain house types.

**Qualifying period:** the time you have to spend as a tenant before you get the right to buy.

**Registered social landlord:** these may be housing associations or not-for-profit companies.

**Social landlord:** usually a local authority (council) or housing association.

**Succession:** this is where someone living in a property takes over the tenancy when the current tenant or joint tenant dies. This is normally the husband, wife, civil partner, partner or child of the tenant.





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