

Chapter 17

Selling

You can sell your flat (this is also known as transferring or assigning the lease) whenever you want to. You must pay any bills you owe before you move out, including your service charges.

The buyer's solicitor must tell the council's Legal Services that your flat has been sold within one month of it being sold. Their address is:

Legal Services

Haringey Council, Alexandra House
10 Station Road, Wood Green
London, N22 7TR.

Your solicitor can phone them on
020 8489 0000.

You should check with your solicitor that Legal Services knows that you have sold your flat. See 'How your name is removed from the service charge account' on page 115 for more information.

If you bought your flat under the right to buy scheme, you will have to repay the council some or all of the discount you received if you sell within the '**discount repayment period**'. This could be three years or five years, depending on your lease.

Generally, people who applied for the right to buy before 18 January 2005 will have a discount repayment period of three years, and people who applied on or after 18 January 2005 will have a discount repayment period of five years. This is because the right to buy rules changed on 18 January 2005.

Generally, if a leaseholder applied for the right to buy on or after 18 January 2005, the council also has a '**right of first refusal**' for the first 10 years of the lease. This means that if you want to sell the property within the first 10 years of the lease, you must first offer the property back to the council (or in some cases another social landlord such as a housing association). If the council decides to buy the property it must pay you the full market value. If you and the council cannot agree on the value, the district valuer must decide.

The council must accept your offer of first refusal, reject it, or name another social landlord who will buy your flat. They must do this within eight weeks of receiving your offer. If the council rejects your offer you can sell your property on the open market. But if you do not sell your

property within 12 months, you must offer the property to the council again.

Three-year discount repayment rules

If your repayment period is three years the council will reduce the amount you have to repay by one-third for each year or part year that has passed since you bought the flat.

Years since you bought the flat	The amount of discount you have to repay
1	All
2	Two-thirds
3	One-third
4 or more	None

The table above shows how this works. So, if you sell your flat within the first year, you will have to repay all the discount you received. If you sell at any time during the second year, you will have to repay two-thirds of the discount.

You will not have to repay the discount if you remortgage your flat.

Five-year discount repayment rules

The amount you have to pay back will be a percentage of the amount you sell the property for, less the value of any improvements you have made. The percentage will depend on the amount of discount you received when you bought your flat and how soon you sell it. After five years, you can sell your flat without having to pay back any money.

See example on the following page.

Example

- If your flat was valued at £100,000 when you bought it under the right to buy, and you received a discount of £16,000, this means your discount was 16%.
- If the market value of your flat at the time you sell it (less the value of any improvements you have made) is £120,000, then 16% of this is £19,200.
- If you sell your flat in the discount repayment period (the first five years of owning it), you will have to pay the council back one-fifth of £19,200 for each year (or part year) left in the discount repayment period. (See the table below.)

If you sell your flat within	Discount you must repay	Amount you must repay (in this example)
One year	100%	£19,200
Two years	80%	£15,360
Three years	60%	£11,520
Four years	40%	£7,680
Five years	20%	£3,840
Six or more years	None	None

Remember, if you agree (either before you buy your flat or during the first five years of owning it), to sell your flat to someone else in the future (known as a '**deferred resale agreement**'), you will still have to pay money back to the council. The discount repayment period starts from the date you make the agreement.

You will not have to repay the discount if you remortgage your flat.

Resale packs

If you sell your flat, your solicitor will normally ask us for a resale pack.

This is also known as a pre-assignment pack. It contains important information that your buyer will want to know about the flat, including:

- any service charges you have not paid;
- copies of the schedules of actual service charge for the last three years and the current statement of estimated service charge;
- major work that has been carried out but which you have not had the bill for yet; and
- details of any major work that is planned in the future.

Your solicitor and the buyer's solicitor use this information to decide who should pay for what. They agree these issues between themselves. We are not involved in these decisions.

We charge you for providing this information. The charge is £176.25 (£150 plus VAT as at January 2008), and you must pay us this before we provide the information. Your solicitor should write to the Home Ownership Team to ask for a resale pack. Once we have received

payment, we will fax your solicitor and post the pack to them within 10 working days.

Questions about the service charge account

If your solicitor only needs to know the balance on your service charge account when you sell your flat, or if you are remortgaging your flat, you will also have to pay a charge. The charge is £35.25 (£30 plus VAT as at January 2008), and your solicitor must pay this before we provide the information.

How your name is removed from the service charge account

The buyer's solicitor must tell the council's Legal Services that your flat has been sold within a month of the sale. To do this, they must send a **'notice of transfer'** (or 'notice of assignment') and pay a fee for the work that Legal Services has to do when the lease is transferred to the buyer. The notice of transfer costs £50 as at January 2008. The buyer's solicitor must also send the council's Legal Services a **'notice of charge'** to tell them about the new Leaseholders' mortgage arrangements. The notice of charge costs £50 as at January 2008. The cost of a combined notice of transfer

and charge is £75 as at January 2008.

Also, the buyer's solicitor must make sure that the buyer enters into a 'deed of covenant' with the council. This means the buyer agrees to follow the terms of the lease. The solicitor must send this deed to Legal Services. You can get a draft **deed of covenant** from Legal Services for £50 as at January 2008.

We can only update our records when Legal Services has received all the relevant notices and money. Once we have updated our records, we will write to the new leaseholder to tell them about their service charges.