



Transferable Discount Scheme 2010/11

This leaflet explains how the Transferable Discount Scheme can help Haringey Council tenants buy a home on the open market. It also gives information on the costs of being a homeowner.

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1. What is the Transferable Discount Scheme?

The scheme helps Haringey Council tenants who wouldn't normally be able to buy a property to become homeowners. It can give them a grant to help buy a house or flat on the open market, in return for vacant possession of their council property. Therefore the scheme also helps release more properties for re-let to homeless families.

Only a small number of tenants can receive a grant each year because the money available is limited.

The scheme is run by Homes for Haringey's Home Ownership Team.

2. Who can apply for a grant?

The scheme is only open to secure tenants of Haringey Council who meet **all** of the following conditions.

- You must have been a tenant of Haringey Council for at least two years (please note, time spent in temporary accommodation such as a bed and breakfast, hostel or hotel does not count).
- Your council home must have two or more bedrooms.
- Your council home cannot be in sheltered housing.
- Your council home must be your only or main home.
- You cannot already own a property (or a share in one).
- You cannot have received Housing Benefit for any part of the 12 months prior to applying for a grant.
- You must have no rent or council tax arrears and you cannot owe any Housing Benefit overpayments. Any suspended or 'written-off' arrears or overpayments will be put back on your account and you must pay these back in full before you can be offered a grant.
- You must be able to get a mortgage.
- You must have at least £4,000 savings (to cover the one-off costs of buying a property).
- You cannot apply for the scheme at the same time as applying for the Right to Buy.
- You cannot be in breach of your tenancy agreement. This means you cannot have been issued with a valid notice to quit or a notice seeking possession. You also cannot have a court order against you requiring you to give up possession of your council home and you cannot have broken the terms of a suspended possession order against you.
- You cannot have been declared bankrupt, be waiting to hear the outcome of a bankruptcy petition against you or have made an arrangement with creditors (people or organisations you owe money to) and you still owe them money.

Can I buy a property with anyone else?

Yes. You can buy with up to three members of your family aged over 18. They do not need to be joint tenants with you, but they must not own a property already.

- The names of all tenants who want to buy must be on the title deeds of the property that is being purchased. If a joint tenant decides that they do not want to buy, they must confirm this in writing. They will not be re-housed by the council if they later present themselves as homeless.
- Family members who are not joint tenants are known as 'sharers' and they cannot get the grant without you (the tenant) also wanting to buy.
- A person living with you as your husband or wife, but not actually married to you counts as a member of your family.

What type of property can I buy?

- It must be large enough for your household.
- It must be in the United Kingdom (England, Scotland, Wales or Northern Ireland).
- The maximum purchase price is £250,000.
- You cannot buy a mobile home, a plot of land to build on, or a shared ownership property.

3. How much money can I get?

The grants are means tested and the amount of grant you will be offered will depend on:

- how many bedrooms your council home has;
- how much you earn;
- whether you have any savings or any other money to put towards buying a property; and
- the purchase price of the property you are buying.

Please also note that the grant is not released to you directly but is paid to your solicitor who can only release the money to the seller of the property you are buying on the day of completion.

The maximum grant

The maximum grant you can be offered varies from year to year. This financial year (1 April 2010 to 31 March 2011), the maximum grants are as follows:

Council property	Maximum main payment (paid on completion)	Maximum bonus payment (paid 28 days after completion)	Total maximum grant
Bedsit or 1-bedroom	Nil	Nil	Nil
2 bedrooms	£15,000	£1,000	£16,000
3 bedrooms	£21,000	£1,000	£22,000
4+ bedrooms	£29,000	£1,000	£30,000

Please note that grants are not available to tenants in bedsits or 1-bedroomed properties. This is because one of the main aims of the scheme is to release family-sized accommodation for re-let to homeless families.

The main payment

You will only be given a grant for the amount of money (up to the maximum grant amount) that you need along with your mortgage and savings to be able to buy the property that you have chosen. Therefore we calculate the 'main payment' element of your grant as follows:

Purchase price _____ £

Less £ _____ your mortgage (see **note*** below)

Less £ _____ your savings and any other money you have to put towards the purchase, but not including the first £4,000 (which you need to cover the one-off costs of buying)

Equals shortfall of _____ £ the 'main payment' element of your grant will be this shortfall, but only up to the maximum amount allowed. See the table above for the maximum amounts.

Note* You should get a mortgage which is approximately three times your yearly salary (if you are buying on your own) or two and a half times your joint salary (if you are making a joint application). These are standard mortgage lender multipliers which are recommended by the Financial Services Authority and we will not approve your application if your mortgage is below or too far above these amounts, unless there are exceptional circumstances.

The bonus payment

To get the maximum bonus payment of £1,000 you cannot owe the council any money and you must leave your council property in a re-lettable condition at the time agreed with the Home Ownership Team (no later than 12 midday).

Money will be deducted from the bonus payment for the following:

- rent arrears, council tax arrears, housing benefit overpayments (including any suspended or 'written-off' arrears or overpayments which will be reinstated);
- the cost of repairs and/or redecoration which are needed as a result of your tenancy (other than general wear and tear) before the property can be re-let;
- inspector's time at a rate of £50 per hour or incomplete hour if your council property is not ready for inspection at the agreed time on the day of completion.

4. Applying for a grant

Below is a step-by-step guide of how the scheme works.

Step 1 – completing the application form

To apply, you must complete an application form. Please ask the Home Ownership Team for an application pack. Their contact details are given on page 14. Alternatively, you can download an application from our website at www.homesforharingey.org

When you have filled in the form, you should return it to the Home Ownership Team along with the following:

- a provisional mortgage offer (also known as a 'mortgage promise' or 'mortgage certificate') from a building society or bank for the maximum amount that you would be able to borrow based on your income; and
- proof of savings for each applicant (such as copies of bank statements and savings books); and
- proof of salary for each applicant (a completed 'Employment details' form or certified accounts for the last two financial years, and the name and address of their accountant if they are self employed).

Please note that your application will be returned to you if any documents are missing or if the form is not filled in correctly.

Step 2 – getting a letter of acknowledgement

We will send you a letter of acknowledgment when we receive your application and we will let you know within three weeks if you qualify for a grant. Please don't start looking for a property until you have received a Grant offer letter (see step 3).

Step 3 – getting a Grant offer letter

Limited money is available each year for the scheme so the grants are awarded on a first-come, first-served basis.

- If money is available and you qualify for a grant, we will send you a **Grant offer letter**. We will give you three months to find a suitable property and complete your purchase.
- If you qualify for a grant but all of the money for the year has already been allocated to tenants with Grant offer letters, you will be added to our **Grant offer waiting list**. When this happens we have to wait for a tenant's grant offer to run out before we can give a grant offer to the person at the top of the waiting list. We will tell you your position number on the waiting list and estimate the earliest time that we will be able to offer you a grant.
- If you do not qualify for a grant, we will write to you and explain why.

Step 4 – finding a property, getting a survey, arranging a mortgage and instructing a solicitor When you get your Grant offer letter, you should start looking for a suitable property. You must also think carefully about whether you can afford to buy. Sections 5 and 6 of this leaflet may help you decide this.

Please do not commit yourself to purchasing your chosen property until we have approved it. We will not be liable for any costs (e.g. solicitors' or surveyors' fees) that you may incur in connection with this scheme. If you have any doubts about the suitability of the property you want to buy, please contact the Home Ownership Team.

Advice on getting a mortgage

Before getting a mortgage, think carefully about the costs involved and the choices available. **Compare the different mortgage deals on offer before you make any decision.** You can get independent information from:

- magazines such as *What Mortgage?* or *Your Mortgage*;
- the leaflet *How to buy your home* from the Council of Mortgage Lenders (telephone 020 7437 0075);
- a guide to mortgages from the Financial Services Authority (telephone 0845 606 1234); and
- a citizens advice bureau.

Before you sign up for any deal, ask who the mortgage adviser works for, whether they sell mortgages or other financial services, and whether they get a commission for selling you a particular product.

Also, **before signing anything make sure you read and understand the terms and conditions of the mortgage, including the small print.** In particular, make sure you understand the following:

- what is the interest rate and could you afford the mortgage repayments if the rate goes up?
- what would happen if you missed any of the mortgage repayments?
- what would happen and how much would it cost if you wanted to repay the mortgage early?

Also, take time to consider the following:

- can you afford the loan, and the other costs of buying and looking after your home?
- what would happen if you lost your job, or fell ill?
- if you are buying a flat or maisonette, consider the service charges you will have to pay as a leaseholder, which could be substantial.

Once you have found a suitable property, you must provide us with the following information:

- a letter from the estate agent that confirms that your offer has been accepted and the purchase price;
- a copy of your mortgage offer;

- a copy of the mortgage lender's valuation report (see the **note*** on the next page); and
- the name, address, telephone number and fax number of your solicitor.

Note* Please remember that your mortgage lender's valuation is not a full survey and it may not tell you about any structural faults in the property. You may want a more detailed independent structural survey from a surveyor or structural engineer which you will need to arrange and pay for yourself.

We will then advise you of the actual grant amount that you will receive (as you will only get a grant for the amount of money that you need along with your mortgage and savings to be able to buy the property that you have chosen). For further information on how the grants are calculated, please see section 3, 'How much money can I get?'

Step 5 – exchanging contracts and arranging the completion date

We will confirm in writing to your solicitor that we have approved the property you want to buy and we will advise them to exchange contracts. Your solicitor will then make arrangements for you to complete the purchase of your property on a certain date ('the completion date'). Your solicitor must confirm this date with the Home Ownership Team, giving at least one week's notice. They must also give us their bank details and sign an undertaking to follow our instructions regarding payment of the grant and the council's second charge on the property.

Please note the following:

- If your purchase does not go ahead and you have to find another property, you must get our written approval before making an offer to buy it.
- If you are near to completing your purchase but will not be able to meet the deadline, we may be able to allow you more time if you ask for an extension. Otherwise your grant offer will be automatically withdrawn and you will be added to the bottom of the 'Grant offer waiting list' (see step 3).

Step 6 – grant sent to your solicitor

Both the 'main payment' and the 'bonus payment' elements of the grant are paid to your solicitor two days before the completion date.

- Your solicitor cannot give the '**main payment**' to the seller until we have authorised them to do so. This will be once you have vacated your council property on the day of completion.
- Your solicitor must hold onto the '**bonus payment**' for 4 weeks. See step 8 and section 3, 'How much money can I get?' for further details.

If for any reason your completion does not go ahead, your solicitor must return the whole grant to the council.

Step 7 – the day of completion

On the day of the completion your council property must be in a re-lettable condition and be ready for inspection at the time agreed with the Home Ownership Team (usually 11.30am but no later than 12 midday). Failure to meet these conditions will result in your grant being reduced or withdrawn.

A member of staff from the Home Ownership Team will visit you at your council home to check that the property has been left in a fit state for re-letting (an exact description of how we expect your council home to be returned will be included with your Grant offer letter). They will also collect the keys to the property and bring a 'Termination of tenancy form' for you to sign.

Once you have vacated your council property, we will instruct your solicitor to release the 'main payment' to the seller.

Step 8 – the bonus payment

We will write to your solicitor 4 weeks after the completion to advise them how much money (if any) we require back from the £1,000 bonus payment and we will instruct them to pay you the remainder. See section 3, 'How much money can I get?' for further details.

Step 9 – the legal paperwork

Your solicitor will register the council's second charge on your new property at the Land Registry and send us copies of the legal papers for our records. The charge is designed to enforce the three year penalty clause - if you sell your property within the first three years of purchase, you will have to pay back one-third of the grant for each year or part year left. See section 7 'Moving on' for more details.

5. The costs of owning your own home

Becoming a homeowner is probably the biggest financial decision you will ever make and it is important that you take time to consider whether it is the right choice for you. As well as buying a home, you will be responsible for repairing and maintaining it. And if you buy a flat, you will also be responsible for paying service charges. You therefore need to work out whether you can afford to pay both the one-off costs and the regular costs of owning a home.

The one-off costs include the following.

- **Solicitor's fees** – you will need a solicitor or a licensed conveyancer to do the legal work involved in buying a home. You should ask for an estimate of charges before you ask one to act on your behalf. A citizens advice bureau can give you a list of local solicitors and licensed conveyancers.
- **Stamp duty** – this is a government tax that you have to pay when you buy a property over £125,000. The amount you have to pay is between 1% and 4% of the purchase price. However, in some disadvantaged areas you do not have to pay stamp duty on properties that cost under £150,000 (as at 2010).
- **Land registry fee** – this is a fee you pay to the Land Registry to register your ownership of the property. The amount you have to pay will depend on the purchase price, but it is likely to be between £50 and £280 (as at 2010).
- **Mortgage fees** – you will usually have to pay the cost of arranging your mortgage and also pay a valuation fee. These fees can vary depending on the mortgage deal you choose, but they are usually between £200 and £800 (2010 prices). Some banks or building societies will not give a mortgage on flats in high-rise blocks above five floors, or on properties that are not built from traditional materials or to a traditional design (for example, prefabricated buildings).

So, in some cases you may have difficulties in getting a mortgage and you may have to pay for the property from your own savings. You may also find it difficult to sell your home in the future if your buyer has similar problems in getting a mortgage.

- **Survey fees** – it is your responsibility to get advice from a qualified surveyor on the condition of the property you wish to buy before you complete the purchase. A survey can cost between £250 to £700 (2010 prices).

The regular costs include the following.

- **Your mortgage** - the amount of mortgage you can have is usually based on your yearly salary. You repay the mortgage, with interest, over a fixed length of time, normally 25 years. Your monthly repayments will depend on the amount of the loan, the interest rate and the length of time over which you will repay the loan. For example, with a mortgage of £100,000 over 25 years, your monthly repayments at 5.5% interest would be £614.09.

A mortgage can be a big financial responsibility and you will need to be sure you can afford the monthly repayments, particularly if interest rates go up. **If you do not keep up the regular monthly payments on your mortgage, you may lose your home.**

Warning!

Before taking up a mortgage offer, read everything carefully and get independent advice about anything you feel unsure about. See page 6 for

- **Life assurance** - it is usually best to have a life insurance policy so if you die before the mortgage is repaid, the insurance will pay it off.
- **Mortgage payment protection insurance** - if you cannot work because of an illness or accident, or if you become unemployed, this is designed to make your mortgage repayments for you during this time.
- **Buildings insurance** - this is essential as you must cover the possibility of damage to the building (inside and outside) from fire, flood, storm and so on. For a leasehold property, the cost is usually included in your service charges. For a freehold property, you must arrange insurance cover separately.
- **Contents insurance** - you should insure the contents of your home against the risk of theft, fire, flood and other risks.
- **Repairs and maintenance**
 - If you have a **house** and you become the freeholder, you will be responsible for all repairs and maintenance to the property. Minor repairs can be fairly cheap and you might be able to carry out some of the work yourself, but some problems (such as repairs to the roof or the heating system) can be very expensive.
 - If you have a **flat or maisonette**, you will usually be responsible for all repairs inside your home. This includes repairs to:
 - the pipes and cables inside your home;
 - your central-heating system; and
 - the fixtures and fittings.

You will also have to pay a share of the landlord's costs in repairing, maintaining and improving the outside, the structure and the shared (communal) areas of the building the flat is in, and the grounds and estate around it. These are called service charges (see below).

- **Service charges** - if the property is leasehold, you will have to pay service charges for your share of the cost of work (minor repairs or large jobs such as replacing the windows or roof) and services (such as cleaning, lighting and controlled-entry systems) the landlord provides to the building your

home is in, and the grounds and estate around it. The bills for major works can be very high, and we would advise you to regularly save some money towards these.

- **Council Tax** – you are responsible for paying this. However, if you have a low income, you may be entitled to Council Tax Benefit, or you may qualify for a Council Tax reduction if you live alone or have a long-term illness or disability.
- **Water rates** – as a tenant, you may pay a water charge as part of your rent but, if you buy your home, you will have to pay the charge directly to the water company. The charges are usually fixed for the year and you can arrange to pay by monthly instalments.
- **Gas, electricity, and other utility services** – there are different ways you can pay these bills, such as meters, direct debit, or other monthly payment schemes. Your service supplier will give you advice about their different schemes.

What if I get into debt?

Getting into debt can lead to many problems. It may mean that people take legal action against you and you may have to pay court costs on top of your debts. If there is a county court judgement against you, you will also find it very difficult to get loans and hire purchase from reputable banks, building societies or other companies.

You can get confidential debt advice and financial counselling from your local citizens advice bureau. They may be able to help you make arrangements with the people you owe money to, to pay off your debts in instalments.

What if I have problems paying my mortgage?

As a tenant, you may be able to claim Housing Benefit to help with your rent. But as a home owner, you will not receive any Housing Benefit to help with mortgage costs. You may be entitled to Income Support to help you with your mortgage costs, but you will not normally receive this until nine months after you first claim it.

If you fall behind with your mortgage repayments because you are ill or unemployed, you can ask your lender for more time to repay your loan. This means you can make lower payments over a longer time, but your lender will not keep allowing you to do this.

If you fall behind with your mortgage repayments, your lender may take you to court to repossess your home and clear the debt. The council does not have to give you another council property if you lose your home in this way.

6. Budget planner

Becoming a homeowner can be stressful and very expensive. You may be tempted to 'splash out' on new furniture or fittings, and this can lead to problems with paying regular bills. You may not have experience of managing a home budget and it is important to organise your money so that you can pay essential bills.

This budget planner is designed to help you work out how to organise your money and to help you decide whether you can comfortably afford to be a homeowner without over committing yourself. You can work it out either weekly or monthly. Be realistic, and if anything, overestimate your spending.

Outgoings	Now £	Future £
Mortgage		
Buildings insurance		
Contents insurance		
Life assurance		
Service charges		
Decorating, repairs and improvements		
Council Tax		
Water rates		
Electricity		
Gas		
Food and housekeeping		
Prescriptions and health expenses		
Maintenance payments		
TV licence		
Childcare		
School meals or meals at work		
Travel or car costs		
Phone		
Clothing		
Entertainment and leisure		
Hire purchase, credit or catalogue payments		
Other		
Total outgoings:		

Income	Now £	Future £
Your wages		
Your partner's wages		
Pension		
Income Support or tax credits		
Child Benefit		
Other benefits		

Total income:		
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7. Moving on

Can I sell my new property?

Yes, but if you sell within three years, you will have to pay back a third of the grant for each year or part year left. So if you sell within the first year, you will have to repay the whole grant. If you sell at any time during the second year, you will have to repay two-thirds and if you sell in the third year, you will have to pay back one-third. After the three years, there are no penalties.

Can I re-mortgage my new property in the first three years?

Yes, but if you are borrowing extra money you can only re-mortgage if the extra money is for an 'approved purpose' (such as home improvements, service charges or re-mortgage fees). You will need a 'Deed of postponement' from the council's Legal Services department and there is a £75 administration fee for this (as at 2010).

How is the council's second charge on my property removed?

After the three years have passed, your solicitor can ask the council's Legal Services department to remove the second charge. There is a £50 administration fee for this (as at 2010).

8. Useful contacts

You can get an application pack (which includes an application form) by contacting our Home Ownership Team or by downloading one from our website at www.homesforharingey.org

The Home Ownership Team will be happy to give you advice on the Transferable Discount Scheme. Please contact them if you have any questions, if you need help filling in your application form or if you would like to arrange an appointment to see an officer in person. Their contact details are given below.

Home Ownership Team Homes for Haringey 13-27 Station Road Wood Green London N22 6UW Phone: 020 8489 3357, 020 8489 3653 or 020 8489 3231 Fax: 020 8489 1998 E-mail: tds@homesforharingey.org Website: www.homesforharingey.org	Haringey Council Legal Services Alexandra House 10 Station Road Wood Green London N22 7TR Phone: 020 8489 0000 Fax: 020 849 3835
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Citizens advice bureaus

There is a general phone line – 0870 126 4030.

Hornsey Hornsey Town Hall The Broadway London N8 9JJ	Tottenham Tottenham Town Hall Approach Road Tottenham London N15 4RY	Turnpike Lane 14a Willoughby Road Turnpike Lane London N8 0JJ
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Tottenham Legal Advice Centre

(if you live or work in Tottenham)

754-758 High Road

Tottenham

London

N17 0AL

Phone: 020 8808 5354

Drop-in advice: Mondays 2pm to 4pm, Tuesdays and Thursdays 10.30am to 1pm

If you want this in your own language please tick the box, fill in your name and address and send to the freepost address below

Shqip

Nëse dëshironi ta keni këtë në gjuhën tuaj, ju lutemi vendosni shenjën ✓ në kuti, shënoni emrin dhe adresën tuaj dhe niseni me postë falas në adresën e mëposhtme.

Kurdî

Ku hun wena la zîmanixa daxwâzin. Lewira îflaret bîkin Navixa û navnîflanaxa tije bikin â bîflenin ê navnîflana jêr la vepêre.

عربي

إذا كنت تود هذا الكتيب بلغتك، فالرجاء وضع علامة على المربع، واكتب إسمك وعنوانك وارسلهما بالبريد المجاني إلى العنوان المبين بأسفل

Português

Se desejar receber o folheto na sua própria língua, por favor assinale a quadrícula, preencha com o seu nome e morada e envie para o endereço 'freepost' (com porte pago) abaixo indicado.

বাংলা

আপনি যদি এটা আপনার নিজের ভাষায় পেতে চান তবে অনুগ্রহ করে সঠিক বাক্সে টিক দিন, এবং আপনার নাম ঠিকানা লিখে নিচের ঠিকানায় পাঠিয়ে দিন, এর জন্য কোন ডাকটিকিট লাগবে না।

Limba română

Dacă doriți un exemplar al broșurii în limba dvs. maternă, vă rugăm să bifați caseta corespunzătoare, să ne dați numele și adresa dvs., și să trimiteți formularul la adresa de mai jos, fără timbru postal.

Français

Pour recevoir ces informations dans votre langue, veuillez cocher la case, inscrire vos nom et adresse et nous renvoyer ce formulaire, sans affranchir, à l'adresse ci-dessous.

Soomaali

Haddii aad kan ku rabto afkaaga fadlan xarriijin ku dhig sanduuqa yar, ku qor magacaaga iyo cinwaankaaga oo markaas u dir cinwaanka boosta lacag la'aanta ah ee hoos ku qoran.

Ελληνικά

Αν θέλετε αυτό το έντυπο στη γλώσσα σας, παρακαλούμε σημειώστε το τετράγωνο, συμπληρώστε το ονοματεπώνυμο και τη διεύθυνσή σας και στείλτε το στην παρακάτω διεύθυνση χωρίς ταχυδρομικό τέλος.

Türkçe

Bu kitapçığın Türkçe'sini istiyorsanız, kutuyu işaretleyip, adınızı-soyadınızı, adresinizi yazdıktan sonra, lütfen bunu posta pulu yapıştırmadan aşağıdaki adrese gönderin.

Please indicate if you would like a copy of this booklet in another language not listed or any of the following formats and send to the freepost address below.

- Large print ● On disk
● On audio tape ● Braille
● Another language *Please state:* _____

Name: _____

Address: _____

Haringey Council, Translation & Interpreting Services
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