



LAOIS COUNTY COUNCIL

TENANT PURCHASE SCHEME 2011

INFORMATION BOOKLET FOR TENANTS

Closing Date 31st December 2011 -
(applications will not be accepted after this time)

TENANT PURCHASE SCHEME 2011

If you have been a tenant of the local authority for over ten years, the Tenant Purchase Scheme 2011 gives you the opportunity to purchase your house at a reduced price. If eligible, you will receive a 3% discount for every year (up to year 15) that you have been a tenant of the local authority – the maximum discount that you could be eligible for is 45%.

ELIGIBILITY

Am I eligible?

You must have been a tenant of the local authority for a minimum of ten consecutive years to qualify for this scheme. During your time as a tenant of the local authority you may have lived in more than one property.

If you succeeded to the tenancy e.g. your parents or spouse/partner previously lived in your home and now you do, then the time that they lived in the property will also be taken into account.

If you have been a tenant of the local authority for *less* than ten years you may be eligible for the 1995 Tenant Purchase Scheme, this scheme is in place until 2012. Contact your local authority for further details.

I paid rent in another property provided by the local authority and now I have my own tenancy and house with the local authority, can I add all that time together?

No. If you paid rent to your parents or another person who was a tenant of the local authority, but you were not a named tenant, this time does not count towards your years of tenancy. Only the time where you have been a named tenant will count.

Are any houses not for sale?

In general, all houses are included in the scheme with the exception of houses provided for elderly persons. The local authority may, at their discretion exclude

houses because of their structural condition, due to management of the housing stock, or if there are proposals to carry out remedial works.

APPLICATION PROCESS

When can I apply?

You can apply now, by completing the local authority application form and providing the necessary documentation.

Is there a closing date for the scheme?

Yes, the closing date is December 31st 2011, applications received after this date cannot be processed.

How do I send in my application?

You can:

- hand in your fully completed form at Reception in County Hall, Portlaoise, Co. Laois;
- or
- post the form to following address: **Housing Section, Laois County Council, County Hall, Portlaoise, Co. Laois.**

PURCHASE PRICE

What discounts are available?

You will be allowed a discount of 3% off the purchase price, for each year you have been a tenant of the local authority, up to a maximum of 15 years. The maximum discount that you could be eligible for is 45%.

How is the purchase price calculated?

The local authority will carry out a valuation of the house. The price of the house will be its market value in its existing state of repair and condition, less the percentage

discount which is available to you. Any increase in the market value due to improvements you made to the house will be deducted before the purchase price is calculated.

When do I find out what the purchase price is?

The local authority will inform you of the purchase price once the valuation and calculations are complete. The purchase price is valid for a period of six months from this date of issue. The local authority will request that you reply to their notification, to indicate that you accept the purchase price.

Purchase Price calculations - Examples

Example 1

- Tenant of the council for 12 years
- Market price of the house €100,000
- Discount available $12 \text{ years} \times 3\% = 36\%$
- Purchase price of the house €64,000

Example 2

- Tenant of the council for 17 years
- Market price of the house = €180,000 - €15,000 (material improvements) = €165,000
- Discount available $15 \text{ years} \times 3\% = 45\%$ (max. discount)
- Purchase price of the house = €90,750

Example 3

- Tenant of the council for 14 years
- Market price of the house €90,000
- Discount available $14 \text{ years} \times 3\% = 42\%$
- Purchase price of the house = €52,200

What if I do not agree with the local authority valuation of the house?

You can have your own valuation carried out by an independent valuer (at your expense) and submit a valuation certificate/report to the local authority for consideration. If there is a significant difference between the local authority's

valuation and the valuation you had carried out, then the local authority may refer the matter to an independent arbitrator.

If you wish to query the valuation due to a structural issue, you may also be required to submit the report of a quantity surveyor or architect (at your expense). This will be assessed by the local authority. If structural repairs are required, a deduction may be made (to reflect any necessary repairs you need to carry out) before the purchase price is calculated.

Does the local authority have to put the house into good structural condition?

Houses are sold in their existing condition and the purchase price reflects this. There is no warranty as to the state of repair. The local authority does not have to bring a house up to a certain standard before sale.

FINANCE AND COSTS

How do I finance the purchase of the property?

The purchase price will be payable in full when the sale is completed and you are responsible for raising the necessary finance. If you need to get a mortgage loan, you have the choice of applying to a bank or building society and also to the local authority. When you accept the purchase price, the local authority will ask you to indicate how you intend to finance the purchase.

The following is a summary of the options:

1. Loan from a bank or building society

If you wish to finance the purchase through a bank/building society you will need to provide documentation to the bank/building society as required. The local authority will provide you with a detailed letter to produce to the bank/building society when applying for a loan. If you secure a mortgage with a bank/building society, the local authority will require a copy of the 'letter of loan approval' that is issued to you.

2. Loan from the local authority

If you wish to avail of a mortgage loan from the local authority you will be required to complete a separate loan application form and provide documentation necessary to assess your eligibility.

The loan available from the local authority is the 'House Purchase Loan'. The maximum loan term available is 30 years, depending upon the age of the applicants and the interest rate charged is variable and therefore may increase/decrease during the course of the loan. Repayment of a mortgage loan is by monthly direct debit through your bank.

General requirements for a local authority loan – the "House Purchase Loan" are set out in the table below.

General requirements for "House Purchase Loan"

- **The applicant(s) must be:**
 - a first time buyer(s) who have not on any previous occasion, either individually or jointly, purchased or built on his/her own behalf a house (in Ireland or elsewhere) . Certain exceptions can be considered; and
 - aged between 18 and 70 years;
 - earning under €50,000 as a single applicant and under €75,000 as joint applicant; and
 - in the case of the primary earner on the application, in continuous employment for at least 12 months (this can be self employment) and where a second income is taken into account, the same applies to the second applicant. Certain exceptions can be considered.
 - unable to secure an adequate mortgage from at least two lenders (banks or building societies) before making application

3. Payment in cash

If you wish to purchase the house outright by means of a cash purchase, you will be required to provide documentary evidence of the source of the cash.

Can I use a lump sum towards the purchase price of the house?

Yes, if you have savings you may want to use them towards the purchase price of the property. You will be required to provide documentary evidence of the source of the cash.

Are any other costs involved in the purchase?

Stamp duty is payable on the sale of the house. This will be a maximum of €100.

If you get your loan from the local authority, they may require that you pay an associated administration fee

Do tenant purchasers qualify for tax relief?

Yes. You may qualify for the usual income tax relief on mortgage interest. Mortgages taken out from 1st January 2004 to 31st December 2011, subject to qualifying mortgage criteria, are eligible for mortgage interest relief until 31st December 2017. Mortgages taken out from 1st January 2012 to 31st December 2012 will be entitled to mortgage interest relief at the reduced rates of 15% for first time buyers and 10% for non first time buyers, on the first €3,000 interest paid per individual. Your local Inspector of taxes will give you full details.

Is mortgage protection insurance required?

All local authority mortgage holders are required to have Mortgage Protection Insurance (MPI) as a condition of their loan. A group insurance scheme providing disability and life cover has been arranged and is compulsory for all eligible

customers. Banks and building societies also normally require and arrange mortgage protection insurance.

Do I need household insurance?

The mortgage loan will be secured on the title deeds of your home, therefore structural insurance (inclusive of fire and flood) will be required. It is also recommended that you would take out contents insurance.

TRANSFER OF OWNERSHIP

How is the sale finalised?

The sale is completed using a Transfer Order which transfers ownership from the local authority to the purchaser. The purchase price is to be paid in full prior to the transfer order being signed. If you are getting your mortgage from the local authority, you will also need to finalise the mortgage contract at this time.

The local authority will also check that your rent account is up to date, the sale will not be completed until the rent account is up to date.

Do I need to get a solicitor?

As you are purchasing your home, you may wish to seek your own legal advice.

Who is responsible for the maintenance after purchase?

You will be fully responsible for the upkeep and maintenance of your house after the sale is completed. You may wish to seek independent architectural advice prior to this, to ensure that you are satisfied about the condition of the house.

Can I sell or rent out the house?

The house must, unless the local authority otherwise allow, be occupied as a normal place of residence by the purchaser, the purchasers family or successor in title. If you wish to sell, re-mortgage or transfer the ownership of the house within a period of

20 years from the date of purchase you must get the consent of the local authority. Evidence of you having alternative accommodation may be required by the local authority prior to granting consent.

TENANT PURCHASE SCHEME 2011 – MAIN STEPS

Step 1 - Check eligibility for scheme based on general requirements set out in this brochure.



Step 2 - Fill out application form and send to the local authority.



Step 3 - Local Authority carry out valuation and notify you of purchase price.



Step 4 - Apply for a loan with a bank/building society or the local authority.



Step 5 - If all in order, 'Transfer Order' completed to transfer ownership to you.



Step 6 - Make monthly mortgage repayments and maintain house insurance. Inform the local authority of plans to sell or remortgage the house.