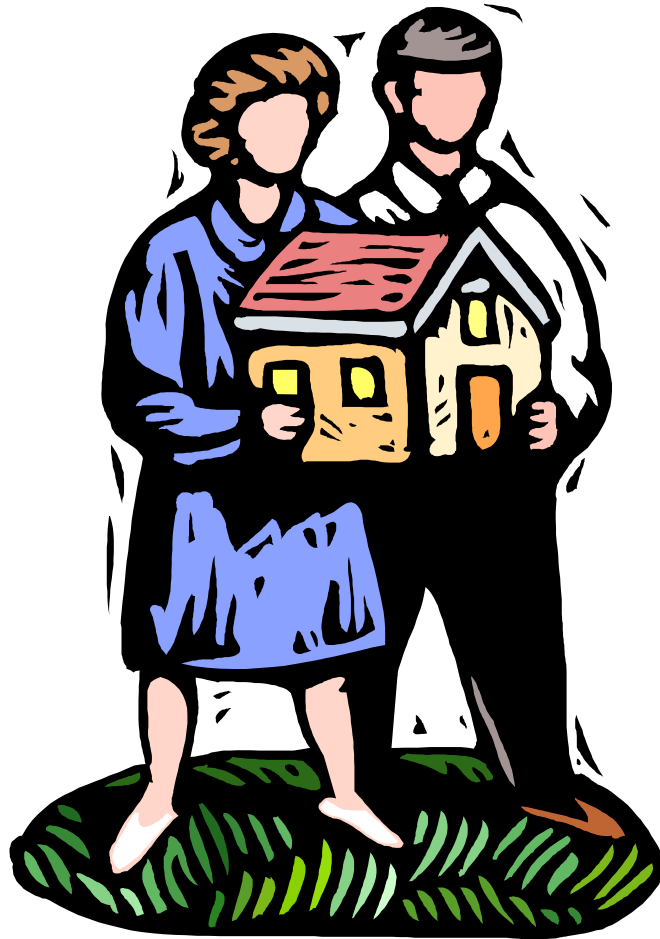


Castlebar Town Council

Tenant Purchase Scheme



Guide and Application for Tenants

Tenant Purchase Scheme

Who is eligible to purchase?

If you have been a tenant of a local authority house for at least one year, you may apply to the local authority from which you rent your house to purchase it either outright or by way of shared ownership.

Is there a closing date?

This particular scheme was introduced in 1995. However we have recently been advised by the Department of the Environment, Heritage and Local Government that it is to be phased out over the next 2 years and replaced with a different scheme.

How is the purchase price calculated?

The price of the house will be its market value, as determined by the local authority, in its existing state of repair and condition, less discounts. The structural condition of the house will be taken into account and any increase in the market value due to improvements you made to the house will be disregarded in calculating the price.

What discounts are available?

You will be allowed discount of 3% of the value of the house for each year of tenancy (up to a maximum of 10 years) of a local authority house plus €3,810. With 10 years tenancy, you qualify for a discount of €33,810 on a house valued €100,000. The purchase price of your house would therefore be €66,190.00.

How is outright purchase financed?

The purchase price will be payable at the point of sale and the tenant, as purchaser, will be responsible for raising the necessary finance. If you need to get a mortgage loan, as most purchasers will, you have the choice of applying to Mayo County Council or to a bank or building society. Mayo County Council will may be able to offer you:

- A loan at a variable interest rate (i.e. it varies up or down as interest rates generally change); at present the variable interest rate is 5.25% or
- A loan with the interest rate fixed for the first five years of the loan. The present rate for these loans is 5.50%.

In addition a charge of 0.598% applies in respect of mortgage protection insurance.

Building societies and banks have agreed to consider loan applications from tenants purchasing their houses outright on the same basis as if you were applying for a loan for a private house. You will not need to put down a cash deposit on the dwelling or to have the money invested with the society or bank. You will have the same range of options as any other borrower in regard to the type of loan, interest rates, etc.

What about shared ownership?

Shared ownership enables a tenant who cannot afford outright ownership of a house in one step to buy a share in the house now and the remainder at later stages but within 25 years. The share you buy initially would normally be 50% of the purchase price of the house. The local authority would own the remaining share and its value increases in line with inflation.

How is shared ownership financed?

You can obtain a mortgage loan from Mayo County Council to meet the cost of the share you are purchasing; this loan may be a variable or fixed rate one. You will then have to meet the repayments on this loan and pay a rent to the local authority for the share you have not yet bought. This rent is calculated at 4.3% of the value share in the ownership held by the local authority and is payable monthly. Rent is increased by a fixed 4.5% on the 1st July each year. If you require more information on this option please contact the Housing Section in Mayo County Council, Aras and Chontae, The Mall, Castlebar, Co Mayo.

Can a tenant contest a local authority valuation?

Yes, but you must submit a valuation certificate from a qualified valuer to support your claim. In the event of a significant difference between the authority's original valuation and that submitted by the tenant, the authority will refer the matter to the Valuation Office.

Are any houses not for sale?

In general, all houses are included in the scheme with the exception of houses provided for and occupied by elderly persons and flats. Authorities may, at their discretion, exclude houses for reasons of good estate

management, because of their structural condition or if they have proposals to carry out remedial works to them.

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

No. The sale price of your house will reflect its existing state of repair and condition. The local authority is under no obligation to put any house being purchased into good structural condition prior to sale. No warranty by the local authority shall apply, or be deemed to be implied, as to the state of repair or condition, or the fitness for human habitation of any house sold under the purchase scheme.

Who is responsible for the maintenance after purchase?

Like all homeowners, you will be fully responsible for the upkeep and maintenance of your house from the date you sign the purchase agreement with the local authority.

Do tenant purchasers qualify for tax relief?

Yes. You may qualify for the usual income tax relief on mortgage interest. Currently the ceiling on mortgage interest for income tax relief in the case of first time purchasers is €4,000 for a single person and €8,000 for a married couple. Your local Inspector of taxes will give you full details.

Is mortgage protection insurance required?

Mortgage protection insurance is compulsory in the case of a local authority mortgage and is currently charged at the rate of 0.5616% per annum which is added to the interest rate on your loan. Building societies and banks also normally require and arrange mortgage protection insurance.

Stamp Duty?

No stamp duty is payable on the sale of the house.

Are there restrictions on the use/resale of the house?

Yes. 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 the house within a period of 20 years from the date of purchase or before you have acquired full ownership, you must get the consent of the local authority.

Examples of sale prices and weekly outgoings

	€	€
Market Value	70,000	80,000
Discount (10 years tenancy)	21,000	24,000
Grant	3,810	3,810
Sale Price	45,190	52,190
Weekly Outgoings		
Mortgage Repayment based on Outright Purchase Over 20 Years at variable rate of 2.25% (includes mortgage protection insurance)	58.88	68.00

In addition, the above outgoings may be further reduced by income tax relief.

What do I do next?

Simply detach the application form, complete same and return it to Castlebar Town Council. Upon receipt of same the Council will arrange for a valuation to be placed on the dwelling and will advise you accordingly. This valuation is valid for a period of six months during which time you must decide whether you wish to proceed, and if so to make the necessary financial arrangements to complete the purchase. *Please note that Castlebar Town Council will only consider applications from persons whose rent account is up to date.*

Where can I get further information?

If you require any further information please contact Ms Laura Heneghan on (094) 9023350.

Castlebar Town Council
Marsh House,
Castlebar,
Co. Mayo

Phone: 094 9023350
Fax: 094 9024969
email: castlebartc@mayococo.ie

COMHAIRLE CONTAE MHAIGH EO

CASTLEBAR TOWN COUNCIL

Application To Purchase Council Dwelling
Under The 1995 Tenant Purchase Scheme.

Name of Tenant (s): _____

Address: _____

Telephone Number: _____

Date of Birth: _____

Please state whether
You will:-

(A). purchase your house outright or _____

(B). avail of a loan from a Bank or Building Society _____

(C). avail of a council loan or _____

(D). avail of a shared ownership lease _____

I fully understand that the council will NOT be liable for pre purchase or
post purchase repairs.

I accept that no warranty shall apply or be deemed to be implied as to the state
of repair or condition or the fitness for human habitation of my house sold
under this scheme.

Signed: _____
Tenant (s)

Date: _____

Please return to:

Castlebar Town Council, Marsh House, Castlebar, Co. Mayo.