

Advanced mortgage advice

R07 July 2015 edition

Web update 3: 27 January 2016

Please note the following update to your copy of the July 2015 edition of the **R07: Advanced mortgage advice** study text:

Chapter 6, section G1, page 6/16

Please delete the first two paragraphs and replace with:

Since the introduction of the Housing Act 1980, tenants who have lived in a council house for a qualifying minimum period of time, or in another 'right to buy' property belonging to local authorities, councils and registered social landlords, have a right to buy it at a substantial discount of up to 70% of its value (this percentage applies to both houses and flats). Currently, the minimum period for which the tenant must have lived in the property is three years. The discount is based on the number of years the tenant has been a council tenant (maximum 30 years). The tenant does not have to have lived in the same council house over that period. If a secure tenancy was in existence before 18 January 2005, or the individual was a public sector tenant before that date and has been continuously since that time, they had the right to buy after two years as a public sector tenant.

Since 6 April 2015 the maximum discount is £77,900 (35% after between three and five years' residency, and after five years the discount goes up another 1% for each further year up to a maximum of £77,900, or £103,900 in London). The maximum discount will increase annually by the percentage change in the Consumer Price Index (CPI). Tenants in flats get a 50% discount after between three and five years' residency, and after five years the discount goes up 2% for each further year.

Chapter 6, Key points, page 6/30

Please delete the first two bullet points under 'Housing schemes' and replace with:

- The Right to Buy scheme was introduced in 1980 and gives tenants with at least three years' tenancy the right to purchase their home at a discount.

- The cap on the amount of discount for Right to Buy is £77,900 (35% after between three and five years' residency, and after five years the discount goes up another 1% for each further year up to a maximum of £77,900, or £103,900 in London). Tenants in flats will get a 50% discount after between three and five years, and after five years the discount goes up 2% yearly.

Chapter 6 self-test answers, page viii

Change the answer to number 12 to:

12. Three years.