

The following information is intended for guidance only.

You are strongly advised to seek independent Legal and Financial advice before committing to buying your home.

Request for a Postponement of Charge

Since it began in 1980 the Right to Buy Scheme has enabled many of Charnwood's residents to own their homes, aided by the discount (*postponement of charge) calculated at the time of sale.

(What you need to know...)

The council has a legal interest in your property for up to 5 years after you have bought your home. This is because the council have given you a postponement of charge (discount) off the open market valuation of the property. If the property is sold within the five-year period, then all or part of the discount must be repaid including any increased sale value. The legal interest is known as a charge. The Council's interest ranks behind a mortgage that you take out to buy the property initially.

What is a deed of postponement?

A deed or letter of postponement is a legal agreement between the mortgage provider and the council that allows the borrower to remortgage or get another secured loan during the postponement period. This means that the remortgage or loan will take priority over repaying the postponement of charge (Right to buy discount). The lender should seek the council's consent to a postponement of charge and the council is bound to provide such consent if the charge is for an approved purpose.

How do I apply for a deed of postponement?

A request for a postponement of charge must be made through your mortgage provider or legal representative. For the council to agree to a postponement of charge the loan must be for an approved purpose as specified in Section 156 of the Housing Act 1985 (as amended by Section 120 Leasehold Reform, Housing and Urban Development Act 1993). As such, the council will only approve a deed of postponement for approved improvement works**, to enable the borrower to pay our service charges or if the borrower is changing their mortgage lender same amount as outstanding on the current Mortgage.

There are no other situations where the council must agree to postpone their charge.

If the request is made during the right to buy process you will need a letter of postponement and if made within the 5-year discount re-payment period after completing right to buy you will require a deed of postponement.

The following are not considered as improvement works to your home**

- Landscaping or Gardening.
- Kitchens
- Bathrooms
- Carpets

They are not integral or necessary to maintain or repair the structure, weather tightness or safety of the property. Many other Local Authorities have a similar position.

Also, the Postponement of Charge does not include:

- Credit Card Debt or other types of debt/loan repayment.
- Payment of Rent Arrears
- Holidays
- Vehicle Purchases
- Replacement of existing or building of a new garage/shed/store/outbuilding.
- Purchases of another property or land

- Any amount of the new charge that is greater than the amount outstanding on the charge taken out to buy the property initially.

It does not affect any agreement between the Lender and their Borrower should they still wish to approve the additional monies.

The following information must be provided when requesting a postponement of charge:

- A detailed written explanation
 - The property address.
 - Confirmation of the amount of the existing mortgage
 - If the request is for home improvement, we also require the following.
1. Written quotations, on a contractor's letterhead, for the works that are intended to be carried out on the property. The quotation must detail the applicable VAT in the overall quotation build up. If two or more Contractors are appointed to undertake different elements of work, a quotation from each Contractor as set out above must be provided.
 2. An RICS independent current market valuation that shows present value and then demonstrates the subsequent increase in value upon completion of the works.
 3. Upon receipt of this detailed information Charnwood Borough Council will assess the liability and associated risk with the transaction. A decision will then be made. There is no formal or set when decision must be made.
 4. In the event of a successful application Charnwood Borough Council will require copies of final paid invoices for all works completed as part of the agreement. It is advised that Charnwood Borough Council may exercise the right to inspect the works.

On receipt of the above Charnwood Borough Council will review and respond accordingly.