

## Information for Tenant Buyers

### Rent to Own

#### - An affordable Option for First Time Buyers



***‘How you can own your own home with NO Stamp Duty to pay, NO mortgage, NO bank forms to fill in and NO bank charges to pay!’***

Our Rent to Own purchase scheme is the perfect solution for you if you want to buy your own home but for whatever reason are finding it hard to do so.

If you have been turned down by the bank, struggling to obtain a mortgage or just can't find the deposit, we can help.

#### **Why rent when you can buy?**

In a world where property prices are still high, mortgage rates are increasing on a daily basis and more and more people finding it harder to obtain a mortgage due to the current credit crunch, we specialise in helping first time buyers and

people who are trying to rebuild their lives after a financial difficulty or divorce to get back on that property ladder.

One of the biggest problems in buying a property has always been getting the deposit together for the banks.

As soon as you've saved enough up, you then find the property values have risen. You save some more and the prices rise again, especially over the last few years since 2003.

Maybe you have not been resident in the UK long enough to qualify for a mortgage yet but have a good income and don't want to be paying someone else's mortgage instead of your own?

**How would you like to 'lock in' a guaranteed purchase price, move in to the property in days not months and have part of your monthly rent go towards your deposit?**

**You can even delay to buy the property for 2 or 3 years down the line until you're ready!**

Well a new form of property purchasing called a Property Purchase Lease Option is helping many cash strapped buyers get on to that all important property ladder.

This concept is well known in the financial world and has been applied to the purchase of land, stocks, shares and property across the globe for many many years.

Having a Property Purchase Lease Option gives you, the tenant buyer, the right to buy your property at an agreed priced and time frame but not the obligation to buy.

We are dedicated to helping potential buyers get themselves on the property ladder so they can benefit from home ownership as their family and friends have done for many years.

We believe the traditional way of purchasing is the UK does not help struggling buyers realise their dream of owning their own home and we aim to revolutionise the way people buy property in the UK.

## What are the benefits?

Rent to Own is ideal for you if;

- ✓ You are living in rented accommodation and cant save enough for the full deposit to raise a mortgage
- ✓ Your credit history does not conform to the banks requirements
- ✓ You have been through some financial difficulty in the past and are now on route to repairing your life
- ✓ Have been separated and have equity tied up in another property
- ✓ Have not been resident in the UK long enough to qualify for a mortgage
- ✓ You are self employed and do not have enough provable income for a mortgage

An option to purchase will help you get on the property ladder for sooner than the traditional way of purchasing and without all the usual red tape that comes with that procedure.

You will not have to make a substantial down payment and you will have the chance to actually save for a deposit whilst you live in the property that for all intensive purposes is your own home.

You can try out the property first for a number of years to make sure that you are really happy in your new home.

Unlike renting from a normal landlord, any home improvements you make to your home that increases the property value will be yours to keep 100% and not the landlords.

Your purchase price is agreed right at the very start, which allows you and your family to financially budget for your eventual home ownership in a few years time. The purchase price is GUARANTEED not to change in the term of that option.

There is no gazumping or chain problems as whilst you hold the option (remember you have the right to buy but not the obligation) no other purchaser is ever involved.

If the property goes up in value whilst you have been there, above the agreed purchase price, you keep all the profit. Property prices have steadily increased by approximately 9% every year in London over the last 10 years. In fact since

records began property prices have doubled every 10 years. They have only ever decreased 4 times in 60 years. Just think back to 1997 and see what property prices were then compared to today.

Even if property prices do decrease, they will ALWAYS come back stronger – always have and always will. How many people do you know have benefitted from owning a property – any property in the last 10 or 20 years? Even if you bought 5 years ago you would be better off financially than you are today!



## How does it work?

It couldn't be simpler to own your own home.

A Property Purchase Lease Option involves tenant being granted the option to buy the property at an agreed price and the end of a given rental period. This is usually two to six years.

You will given a standard Assured Shorthold Tenancy (AST) Agreement at the market rent.

You will also be given the Option Agreement stating your right to purchase the property at the end of the agreed term and the Guaranteed purchase price.

Both these legal forms are standard in the UK and approved by the Law Society of Great Britain.

You will now have a tenancy at market rents for a maximum of 6 years with the flexible option to buy it at anytime from the start date. You choose the start date and the purchase date according to your circumstances.

By signing the option agreement the sale price is fixed before you move in and there fore you are GUARANTEED to be able to purchase the property for that price as and when you want to.

You pay a consideration fee for 'locking in' the price and the option. This is usually between 3% and 5% of the agreed purchase price. This is far preferable than the usual 10%-15% that the banks require.

As this is going to be your home, we want you to treat it as your home and you are free to make any improvements you like to the property. Any gain in value is your to keep when you exercise your option to purchase.

You are even free to sell the property on for a profit if you wish.

You will make an agreed additional amount every month to save towards your deposit to buy when you serve your notice.

This amount together with your ignition deposit will be deducted from you purchase price and should give you a substation amount to present to the bank or building society of your choice.

### **Legal Advice**

As this is a delayed purchase, but a potential purchase none the less, we advise you to take legal advice.

We recommend that you speak to a solicitor about your proposed purchase. We can arrange for you to speak to one if you like and they will be able to go though your obligations should your decide to purchase your very own home.

Solicitors under UK law have a legal obligation to act solely for you and in your best interests.



## **General Questions and Answers**

### **How does Rent to Own differ from normal purchasing?**

There are many people who have always wanted to buy their own home but have struggled to get started either because they could not save enough deposit or they could not qualify for a mortgage and property prices kept rising more than their salaries.

Our Rent to Own system allows would be buyers to get into their homes in days not months and save steadily whilst already in their new home. During that time they can save for their deposit, improve their credit rating and improve the value of their property whilst being a tenant in ‘their’ property not someone else’s.

It takes people out of the renting ‘trap’ and on to the road to home ownership within days.

### **How do I save for a deposit?**

Every month you will pay an agreed monthly amount towards your deposit. Your option fee will also go towards your deposit. Furthermore, any value you add to the property will be added to your deposit or taken off the agreed purchase price.

As the purchase price is agreed before you move in, you can budget an exact amount you need for your deposit needed by the banks and building societies with out the fear of rising prices.

### **What is the minimum deposit I need to take out an option?**

You will need between 3% and 5% of the agreed purchase price. This is far more favourable than the usual 10%-15% needed by the banks today.

Potentially it could save you up to £30,000 for a typical property in the South East.

### **Who is responsible for the maintenance of the property?**

As you are effectively making this your home and profiting from any added value you make to the property, you are responsible for the maintenance and insurance.

**If the property has risen in value during my stay, is the landlord entitled to any of the profit?**

Absolutely not. Any profit the house makes is 100% yours when you exercise your right to buy.

**Is this a shared ownership scheme?**

No. This is a delayed purchase scheme. You are the only owner when you exercise your right to purchase. Any rise in Value or profit made is all yours.

**Can I sell the property?**

Yes. Once you have exercised your right to buy, you can sell it to anyone on the open market and keep all the profits.

**I have had a few financial problems in the past. Will this prevent from buying my own home on Rent to Own?**

The fact you have a weaker credit rating should not affect your ability to own your own home. We can show you how you can improve your credit rating over your term in the property to allow you to buy.

**Do I need a solicitor?**

Yes you do. We can recommend one for you who is legally bound to act in your best interest.

**What happens if I can't pay the rent?**

If you fall more than two months in arrears, you will lose the right to exercise your right to purchase and will forfeit any deposits paid.

**OK, I want more information. What should I do now?**

If the very strong possibility of owning your own home in days not years excites you, then pick up the phone now and call **Gary Lafferty directly on 07973 311419** to discuss how you could be in your own home enjoying all the benefits of homeownership without the usual hoops to jump through..