



NORTH STAR

Rent to Buy

A helping hand onto
the property ladder





Contents

Rent to Buy explained

What are the benefits of Rent to Buy?	4
Who can apply for Rent to Buy?	4
Eligibility requirements	5
Allocation of properties	6
The Tenancy Agreement	6
The Option Agreement	7
Rental and service charge payments	7
Your questions answered	8-13
How do I apply for Rent to Buy?	14



Rent to Buy

Do you dream of having your own place to call home but are struggling to save for a mortgage deposit while paying high private rent?

Rent to Buy is a new scheme that has been introduced to help you on your journey to home ownership.

Rent to Buy allows you to move into your new property straight away and pay a reduced rent, giving you extra time – and money – to save towards your mortgage deposit.

Rent to Buy explained

With Rent to Buy, you can move into your new home now, renting the property on a Rent to Buy Tenancy basis for a period of five years. During this time, you'll pay a reduced rent of just 80 percent of the full open market rent value. You can purchase your home from us on a Shared Ownership, or on an outright basis at the end of the five-year term.

What are the benefits of Rent to Buy?

- You're able to move into your new home and save towards purchasing the property
- You'll pay a reduced rent on the property – 20 percent less than the market rent
- You'll receive financial assistance to help you work towards home ownership within five years, or less
- You can settle in to your new surroundings knowing that you'll be able to buy the home you're renting

Who can apply for Rent to Buy?

To be eligible for Rent to Buy, you'll need to be in a working household. This means at least one person who'll be moving into the property must be in full-time employment.

It is designed for first-time buyers or for those applicants who have exceptional circumstances, such as the break-up of a relationship, which means they can't currently afford to buy a property outright on the open market.





Applicants will be assessed to ensure that they're eligible for the scheme and that they can't currently afford to buy a home on the open market.

You can't apply if you already own another property, either in this county or abroad.

Eligibility requirements

All applicants applying for Rent to Buy will be financially assessed and required to enter into a Rent to Buy Agreement, confirming their intentions to use the benefit of the five-year reduced rent period to help them save towards a mortgage deposit.

This will be monitored and assessed on a yearly basis throughout the five-year term.

To abide by the statutory requirements for renting property in the UK, all applicants over the age of 18 will be subject to the following checks:

- A Right to Rent check and fraud prevention checks to confirm that you have a legal right to rent a property in the UK. You will need to

provide valid proof of your current address and photographic ID.

- An employment reference and confirmation of the monthly household income.
- Credit referencing to confirm that you have an adequate credit score to obtain a mortgage during the five-year period to purchase the property. Please be aware that we will be unable to proceed with your application if you're subject to any Bankruptcy or County Court Judgements (CCJs) issued within the last three years.
- A reference from your current landlord or letting agency (if applicable).

Please note that these are likely to be carried out by an Independent Financial Advisor acting on behalf of North Star Housing Group. There will be no cost to you for these checks.



Allocation of properties

On some of our new-build housing developments, there are requirements stipulated at the planning stage, which give priority to applicants who live and work close by.

North Star will advise you if this is applicable and provide further details. There may be a requirement to provide further information to support your application, should this be the case.

There are no restrictions on what property size you can apply for under Rent to Buy. However, we will use our discretion during the application process to ensure that properties are allocated appropriately – based on the number of intended occupants – should there be multiple applications for each development.

The Tenancy Agreement

You will be required to enter into A Rent to Buy tenancy agreement which will be reviewed annually to reassess your financial circumstances.

The Tenancy Agreement will be fixed for the first six months and you will be unable to serve notice to end your tenancy during this period.

If this a joint application, the Tenancy Agreement will need to be signed by both parties before you move into your home. You will be provided with a copy of the Tenancy Agreement during the application process to give you time to read and understand the commitment you are entering in to.

The Tenancy Agreement will set out the responsibilities of both North Star Housing Group as your landlord and yourself as our customer. This will include your liability for ongoing rent payments and the upkeep of the property. It will also outline when you may need to contact us, for example, if you need to gain consent to keep pets, alter the property (including decorating) or if there is any change to the household details.

The Tenancy Agreement is a legally binding contract between yourself and your landlord. It is important to remember that any breach of the agreement could lead to further action being taken to end the tenancy.





The Option Agreement

You will be required to sign a Rent to Buy Option Agreement, along with your Tenancy Agreement, before you move into your home. The Option Agreement sets out the terms and conditions should you decide to purchase all or part of the property at the end of the five-year rental period.

There may be certain circumstances which may result in North Star Housing Group being unable to sell the property to you at the end of the five-year period, such as if the current value of the property is less than the original value stipulated in the Option Agreement, or if there have been any breaches in the terms of the Tenancy Agreement.

Rental and service charge payments

The rental amount is set at 80 percent of the current open market rental value, including any service charge payments (if applicable). Rent and service charge payments are reviewed annually on April 1.

These will be calculated in line with the details stipulated within your Tenancy Agreement and will be checked to ensure that they do not exceed 80 percent of the open market value.

Rent payments will be collected on a monthly basis by direct debit.



Renting privately on the open market

Renting value	100%
Rent (pcm)	£750

Rent to Buy scheme

Renting value	80%
Rent (pcm)	£600
<hr/>	
Monthly saving	£150

pcm = Per Calendar Month

This is an illustration to show how Rent to Buy's rents are calculated and should not be relied upon for affordability purposes, or as confirmation of actual Rent to Buy rents.

Your questions answered

Can anyone apply for Rent to Buy?

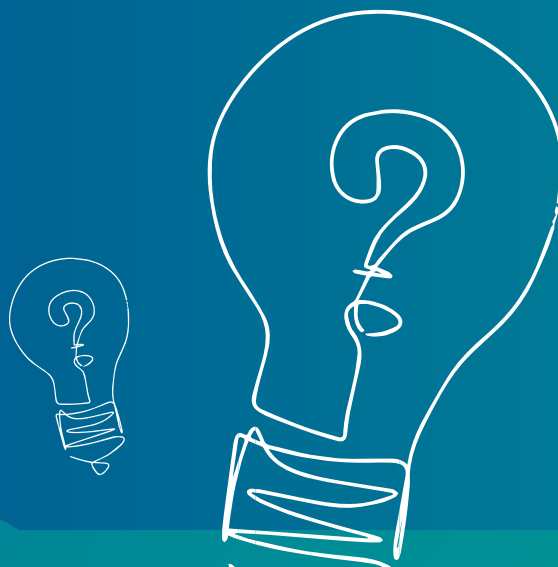
Rent to Buy is available to the following:

- First-time buyers
- Applicants returning to the market due to exceptional circumstances, such as a relationship breakdown, which means that they can't afford to buy a home on the open market.

Applicants must be 'working households' and intend to buy their own home in the future at time of letting.

What checks will be required to support my application?

All applicants will be required to complete an application and be assessed to ensure that they are suitable for the scheme and that they cannot currently afford to buy outright on the open market. Applicants will be subject to affordability, credit references and landlords checks.



What is a Service Charge?

A service charge is the payment collected to cover any external or internal communal costs, such as gardening, external/internal lighting, pavement/road repairs.

Should a service charge be payable for your property, you will be provided with a breakdown of the works included in the costs. Your rent will be calculated to ensure that the rent including any service charge does not exceed 80 percent of the open market rent.

You will need to pay the service charge while you are our customer. The service charge will also be payable once you purchase your home on either a freehold or shared ownership basis and we will provide you with an up-to date schedule at that time.

Are there any other costs associated with Rent to Buy?

If you choose to purchase your home, you will be liable for the following costs:

- Solicitors fees, including disbursements
- Stamp Duty (if applicable)
- Mortgage arrangement fees
- If buying on a Shared Ownership basis, you will be liable for:
 - Shared Ownership rent
 - Shared Ownership Management Fee and
- Buildings Insurance

If you decide to end your tenancy and move out of your home, you will be liable for

- Removal costs
- Any costs for damage or repairs,
- Any rent or service charge arrears, which will need to be cleared before the end of your tenancy.



What would the ongoing costs be?

In addition to your rent payments, you will also be responsible for all utilities costs associated with the property from the day you move in. Meter readings will be taken at the handover meeting to allow for you to set up accounts in your name. You will also be responsible for Council Tax and any telephone, Wi-Fi and TV subscriptions.



What Tenancy Agreement will I be entering in to?

A Rent to Buy tenancy will be granted, which will run on a periodic basis, for a maximum period of five years. The agreement will be fixed for the first six months.

Can anyone else live at the property?

Only applicants approved for Rent to Buy and included in the application can live in the property. Sub-letting is not permitted within the terms of the tenancy agreement. You must notify us of any change to the household details during the tenancy period.

Can I carry out work to the property and decorate?

If you would like to carry out works to the property, you will also need to notify us beforehand in writing. We would, however, request that due to the properties being newly built and settling, you refrain from hanging wallpaper and decorating the walls for the first 12 months, as this may affect the defects period stipulated by the Builder and may cause issues when the end of defects inspections are carried out.

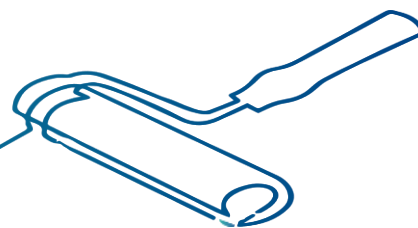
Can I keep pets at the property?

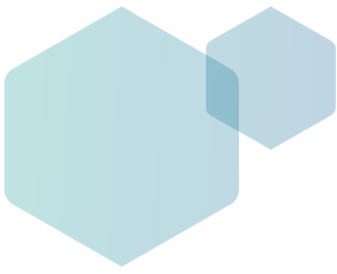
Under the terms of your tenancy agreement, you will need to seek our permission if you wish to keep pets at the property. Please notify North Star at the time of application, to allow for your request to be considered and for our consent to be granted in writing.

Who maintains the property?

As your landlord, North Star Housing Group is responsible for maintaining the property under the terms of the tenancy agreement. When you move into your home, you will be provided with a handover pack, which will include instructions on how to report a repair or property defect to us.

You also have your own responsibilities within the tenancy agreement to keep the property in good order. North Star Housing Group will not be held responsible for costs relating to damage caused to the property by customers or visitors. These costs will be deducted from the security deposit at the end of the five-year term, or sooner should you vacate the property during the five year term.





Who do I contact if I need any other assistance during my tenancy?

Once you move into your home, you'll be provided with a handover pack which should provide all the information you require. You'll also be given access to set up a My North Star account.

My North Star allows you to check your personal information and your rent statements. You'll also be given information about your Local Housing Officer, who'll also be able to provide help and advice when required.

What will happen if I choose to buy my home at the end of the five year term?

Firstly, a valuation by a RICS Chartered Surveyor will be required. North Star Housing Group will arrange for the valuation to be undertaken on your behalf and you will be responsible for the cost.

The valuation will confirm the current open market valuation of the property. We will check to ensure that this isn't less than the initial value detailed within your Option Agreement and that we're able to sell the property to you.


If you live in a house, you will be able to buy the freehold of the property. If your home is an apartment, the property will be sold on a leasehold basis and a lease will be granted.

Should you proceed to buy your home, we will require an Agreement in Principle (AIP) from your mortgage lender, confirming that you're able to secure a mortgage.

What are my purchase options?

Under the terms of the Option Agreement, after five years of living at the property, we can sell a share in the property to you on a shared ownership basis (subject to further eligibility and affordability checks being undertaken) or you will be able to purchase your home outright.





What happens if I can't buy my home at the end of the five-year period?

If you decide not to purchase the property or are unable to purchase the property due to your current circumstances, your Tenancy will be converted to an Assured Shorthold Tenancy and you will pay full market rent on the property as opposed to the affordable rent that you were paying for the first 5 years.

During the five year period, we will contact you on an annual basis to review your financial status and check that Rent to Buy is still suitable for your needs.

Can I leave the property before the end of the five-year term?

You will be unable to end your tenancy agreement within the first six months. After this time, you will need to contact us and complete a Tenancy Termination Form, giving no less than one month's notice to end your tenancy.

We will then arrange for the required end of tenancy inspections to be carried out. You must ensure that the property is returned to us in the same condition as when you moved in and that your rent account is not in arrears.

If your circumstances change and you're no longer able to fulfil the Rent to Buy agreement, we would strongly advise that you contact us at the earliest opportunity

Can I buy the property under any other schemes?

Rent to Buy customers are not eligible to apply for any of the following schemes:

- Statutory Right to Buy
- Statutory Right to Acquire
- Voluntary Right to Buy.

Can I transfer to another property?

Once you move into your Rent to Buy home, you won't be able to carry out a mutual exchange to another property.



What happens if I want to sell my home in the future?

If you have purchased your home on a Freehold basis, without any ongoing service charge payments to ourselves, then you can sell your home at any time on the open market without contacting us.

If you own your home outright with an ongoing service charge, you'll need to let us know when you are selling. This is because your purchaser will need to enter into an agreement with us to continue to pay the service charge and their solicitor will require a Leasehold Pack from us.

If you own the property on a shared ownership basis and wish to sell your share, then you will need to contact a member of our Development Team, prior to placing your home on the market for sale.

A member of the team will provide you with the required information and guidance on how to sell your share and will confirm the fees payable as outlined within your lease.

Do I have to pay a fee for Rent to Buy?

We will not charge you a fee to progress your Rent to Buy application. However, fees may be payable for the following:

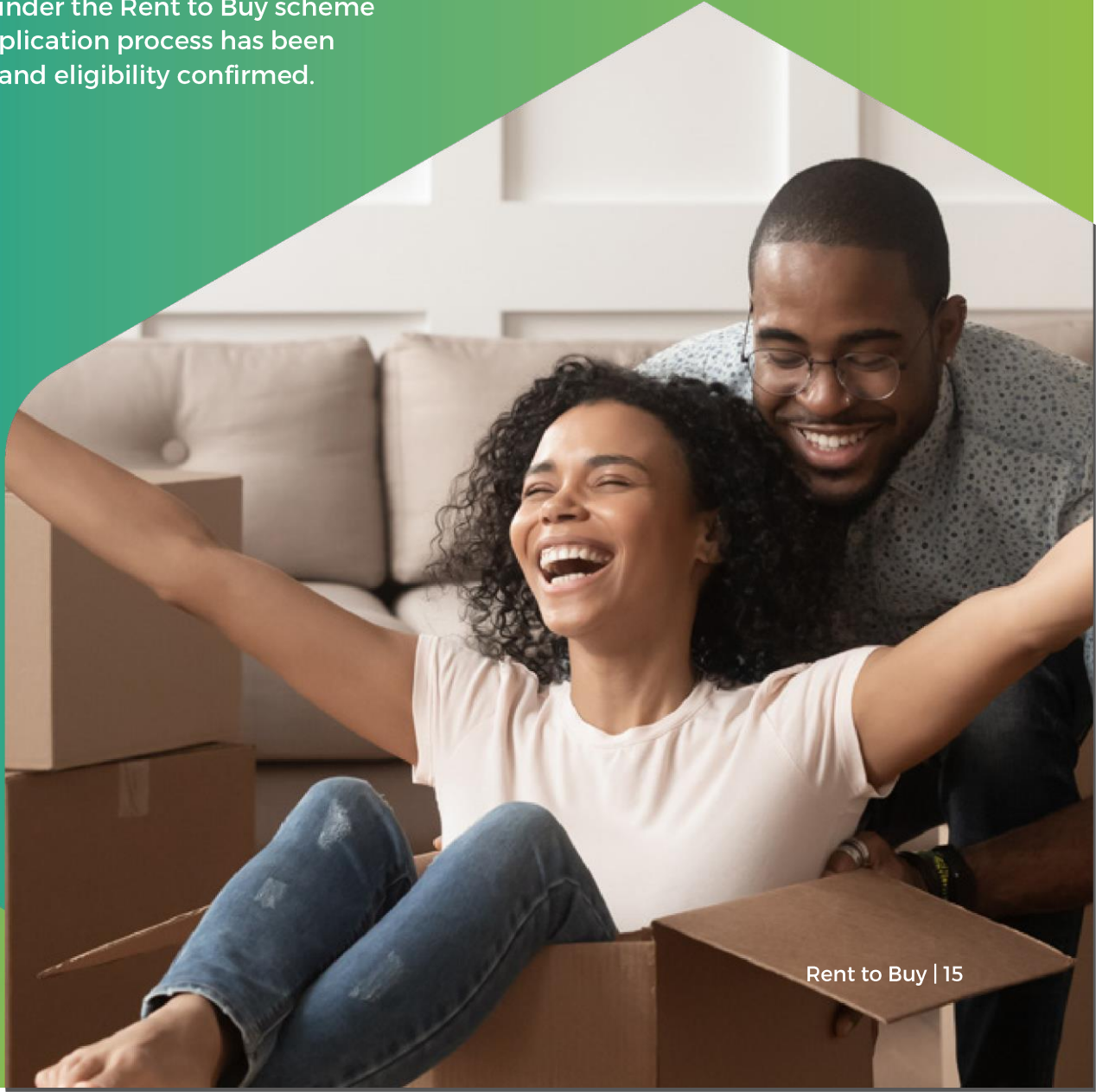
- Change in household members named on the tenancy agreement
- Fees associated with ending your tenancy, prior to the six-month initial period, due to a breach of the tenancy conditions.
- Late payment of rent or service charge.



How do I apply for Rent to Buy?

If you are interested in the Rent to Buy scheme, North Star Housing Group will be happy to provide you with details of available properties, arrange a viewing and talk you through the application process.

Please note that we are unable to reserve properties under the Rent to Buy scheme until the application process has been completed and eligibility confirmed.



Fraud prevention and money laundering

North Star Housing Group has a duty to ensure that all necessary precautions are undertaken to satisfy both ourselves and our regulator, Homes England, that applicants applying for affordable home ownership schemes are eligible to do so.

We work closely with our appointed letting agents to satisfy this requirement and ensure that all relevant checks are undertaken to prevent fraud in all instances, including the application process for the Rent to Buy scheme.

You will be required to provide a copy of the following information and consent to all relevant checks being undertaken:

- Photographic ID, (valid passport, current driving licence)
- Proof of address within the last three months, (utility bill, bank statement)
- A signed declaration, confirming that you have no legal interest in the ownership of another property in the UK or abroad.

As an organisation, we monitor closely for any breach in the terms of the tenancy which would lead to immediate termination, such as subletting, an undisclosed change in household details or money laundering.

Contact us

If you require any further help and advice on the Rent to Buy scheme, please contact a member of the Development Team on:

 01642 796304

 DEVGROUP@northstarhg.co.uk

 www.northstarhg.co.uk/how-to-apply/rent-to-buy/



NORTH STAR