

# Rent to Buy Guide



The new Rent to Buy scheme is a government-backed initiative that allows eligible working people to rent a home at less than market rent while they save for a deposit to buy.

Rent is set at an affordable discounted rate (usually up to 20% lower than average local market rents) for an initial letting period of five years. This allows you to save for a deposit, putting you in a better position to purchase shares of your home or even buy it outright.

## Am I eligible?

### To be eligible for Rent to Buy you must:

- Be in permanent employment
- Have the right to rent in the UK
- Be a first-time buyer or returning to the market (e.g. after a relationship breakdown)

You will also be required to:

- Complete our [online application form](#).
- Provide supporting documentation when requested
- Satisfy any reference or credit checks
- Evidence you will be able to afford the rent payments in addition to all other costs
- Be able to pay a deposit of one month's rent and one month's rent in advance.
- Have a good credit history, with no CCJ's (unless satisfied by the court) as an affordability check and credit check will be carried out
- Be eligible for Shared Ownership, but may not have sufficient funds to pay a deposit towards a mortgage.

### Reasons why you may not be eligible:

- You are not in permanent employment or contracted to zero hours
- You require housing benefit to cover your rent payments
- You have a legal interest in another property
- Your household income is more than £80,000 annually
- The property will be overcrowded
- The property won't be your main home or you intend to sub-let
- You are in rent arrears or breach of your existing tenancy.

## How do I apply?

Complete the Plumlife Rent to Buy [online application form](#). We will then require copies of your P60 or past three months' wage slips along with three months' bank statements, and information regarding any committed outgoings such as personal loans/hire purchase (HP) payments and credit card payments. Once in receipt of this information, Plumlife will carry out an affordability assessment and confirm if you're eligible. We can then arrange a viewing with one of our advisors.

## How do I reserve a Rent to Buy property with Plumlife?

We require a non-refundable holding deposit of £100. This holds the property initially for 30 days, during which time we will carry out referencing and credit checks. These are completed by a third party who will contact you to request your supporting documentation.

Please be aware that if the credit and referencing check fails, Plumlife will be unable to continue with your application, and your holding deposit will not be refunded.

## How much is the rental deposit?

The deposit will total one month's rent and this will be required to be paid, along with your first month's rent, at least 3 working days before your tenancy start date. The deposit will be held by [Deposit Protection Service \(DPS\)](#) and you will receive a deposit certificate along with the relevant Prescribed Information Form.

## Do I pay maintenance/service charge on top of my rent?

No, these charges are included in the rental amount each month.

## When can I move in?

Once all credit and reference checks have been completed, and your application has been approved, the Plumlife team will arrange a move in date with you. All relevant documentation, including your tenancy agreement, will be sent to you electronically for your signature. A Direct Debit form will also be sent to you for completion and return, as all rent payments are to be made by Direct Debit on the 1<sup>st</sup> of every month.

One of our advisors will meet you at the property to give you your keys, subject to having received your upfront rent and deposit payments and completed Direct Debit mandate.

## The tenancy agreement

When you become a Rent to Buy tenant, you will sign a tenancy agreement which is your contract with us. The tenancy agreement is a legal document that sets out what the landlord's responsibilities are and what your responsibilities as a tenant are.

The tenancy agreement will be a Fixed Term Assured Shorthold tenancy agreement – it is important that you have read and understood this document before signing and returning it to us.

Typically, a tenancy agreement with us under the Rent to Buy initiative will be for an initial term of 12 months, though this doesn't mean you have to move out after 12 months. If you pay your rent, meet the terms of your tenancy agreement and want to continue living in the property, it is likely that we will allow your tenancy to continue as a Statutory Periodic tenancy.

## Rent payment and increases

The rent amount will be confirmed when your application is received and your chosen plot has been agreed. This will also be recorded in your tenancy agreement.

The rent is calculated at 80% of the market rent for the property. This figure includes any service charges. Rent and any additional charges will be payable on the 1<sup>st</sup> day of each month by Direct Debit.

Your rent will be reviewed annually increasing on the 1<sup>st</sup> April each year in line with the Consumer Price Index (CPI) plus 1%, the CPI being that at September of the previous year.

## Repairs and Maintenance

As a customer you are expected to look after your home but you can report repairs to us as your landlord through our website, customer portal or by telephone. We also provide an out-of-hours service for emergency repairs when our offices are closed.

Any damage caused to the property or to any shared areas by your household or your visitors will be recharged at the time or deducted from your deposit in accordance with the deposit protection scheme conditions. This will also be the case should you wish to purchase the property.

If you go on to buy the property, including if you purchase through the Shared Ownership scheme, you will become fully responsible for all repairs within your property. You will also be responsible for any service charges/estate charges applicable.

A Home User Guide will be provided when moving into a property and will include how to get the best out of the property, warranties and contact information.

## Can I purchase the property?

In some circumstances, we may be able to offer Shared Ownership as an option to purchase during the initial five-year letting period but we have no obligation to sell and cannot guarantee that this will be an option. If we are unable to offer Shared Ownership as an option on your home, we may have other Shared Ownership properties elsewhere for you to consider.

## What happens at the end of the five-year initial letting period?

Under the government Rent to Buy initiative, offering the property as Rent to Buy is an option during the initial five-year period. If the property is re-let during the initial five-year period, the remaining term will reduce accordingly.

At the end of the five-year initial period, the landlord will consider the options available which include selling the property at full market value (with tenants having right of first refusal) or converting the tenancy to market rent.