



A place to
grow into

A guide to Rent to Buy

More than just a place to live

 Peabody



WATCH OUR GUIDE TO RENT TO BUY

Contents

Rent to Buy

is a new way to help people like you, eventually buy a home in the place you want to live

Are you...



Earning less than £90k per household?



Hoping to save for a deposit to buy in two years without making sacrifices?



Ready to start the journey towards owning your first home?



Why Rent to Buy?

We want as many people as possible to have a beautiful home to call their own, and at Peabody, we've been helping people in London do this for over 150 years.

We understand how difficult it can be to get a foot on the property ladder these days. Too often people are forced into completely changing their lifestyle or making big sacrifices, like moving away from family, friends and work, just to be able to save for a deposit to buy their own home. For many, the idea of ever being able to afford to buy in London feels out of reach.

We are delighted to offer Rent to Buy as a brand new way to make it possible for first-time buyers to eventually own a home without having to make sacrifices.



Here's how it works...

Step One

Rent a brand new home you love, and get a 20% discount on your monthly rent

Step Two

Save as you go for a deposit, while enjoying your new home

Step Three

Own later
After two years, buy your home through Shared Ownership

+ get up to £5,700 cashback towards your deposit*



Step One

Rent a brand new home you love, and get a 20% discount on your monthly rent

Designed to help get you on the ladder

Rent to Buy is designed for people who are earning enough to qualify for buying a home through Shared Ownership, but have not yet been able to save enough for a deposit.

Quality homes in all the right places

Finding a home you'll love and thrive in is the first step on the journey. Rent to Buy is available on selected brand new Peabody homes in London. Thoughtfully designed, architecturally-intelligent and with impressive specifications, our homes are always located in the places where people want to live.

A discounted rent from a landlord you can trust

Once you find your home, Rent to Buy allows you to live in your chosen home for two years by renting it from us. Peabody will be your trusted landlord and provide a 20% discount on your monthly rent compared to other similar properties in the area.

Rent for a minimum six months, or maximum two years

Before you move in, all you will need to pay is a deposit of five weeks' rent. Unlike most rental properties, you won't have to pay any other additional fees such as referencing.

Your deposit will be returned to you once you decide to buy the home or if you decide to end your tenancy, assuming you have left your home in a good condition and are up-to-date with your rent payments. The minimum time you must agree to rent with us is for six months, and the maximum you can rent before making a decision to buy is two years.

If you are currently renting somewhere, you will also need to provide a reference from your current landlord.

Example: 1 bed apartment

Minimum annual household income	£45,000
Cost of your home	£380,000
Reservation fee	£99
Five weeks' deposit	£1,270
Market value rent (monthly)	£1,400
Monthly rent you will actually pay (-20%)	£1,100



A 20% discount on your rent means you can build up savings of £7,200 in just two years

Step Two

Save as you go for a deposit, while enjoying your new home

Free independent financial advice

To help you understand your finances and what you would be able to afford and save, we will arrange for you to speak to an Independent Mortgage Advisor (IMA) from our panel of experts. This will happen before you apply for Rent to Buy and there will be no cost to you for this service.

Once you move in, they'll also give you support and advice on saving and budgeting at the end of the first year and a few months before the end of your rental period.

Start saving straight away!

As Peabody will discount your monthly rent by 20%, you can put the money you'll save towards a deposit to buy your home.

Supporting you on your journey

We are here to help and support you on the journey towards owning your home. While you are renting, the Peabody New Homes sales team will be in touch with you every six months to make sure everything is going well in your new home.



Our team will be with you every step of the way to help keep you on track

Step Three

Own later.

After two years, buy your home at today's price, through Shared Ownership

Becoming a homeowner

Once the initial rental period is over, you should be in a position to buy your home through Shared Ownership, using a combination of the deposit you have saved and a mortgage arranged by yourself.

How much it will cost to buy

The cost of your home will be fixed at today's market price, as valued by an independent RICS qualified surveyor. This means if house prices have risen in two years' time, you won't be losing out. If house prices have gone down, we will honour the decrease up to 5% of the market value.

More options if your circumstances change

We appreciate that a lot can happen in two years. If for any reason your home is no longer suitable, you do have some more options:

- You can consider buying an alternative brand new Peabody home through Shared Ownership with a 5% cashback incentive.
- You can consider buying an alternative Peabody resale property (one that isn't brand new) without a cashback incentive.
- You can choose to move out of the home.

A bit about Shared Ownership

With Shared Ownership, you buy a share in the property and pay rent on the share you don't own. You can buy as little as 25% or as much as 75% of the value of the property initially, and you'll need to take out a mortgage to do this. Although you may be officially 'renting' a proportion of the home, legally you become an owner-occupier, not a part tenant.

Bedtime reading

If you are not already, you should become familiar with how Shared Ownership works.



If the home you've been renting isn't right, we've got plenty more to choose from

Plus...

We'll give you up to £5,700 cashback towards your deposit when you buy your home through Shared Ownership

As an added incentive, when you buy your home after two years, we'll give you 5% cashback (based on the share you are purchasing, to a maximum of 30% share).

For example, if you decide to buy a 30% share in your new home:

Cost of your home	£380,000
30% share	£114,000
5% cashback	£5,700

If you are ready to buy your home earlier than two years, the cashback incentive will be calculated depending how long you have lived there. For example:

Less than 12 months	Not eligible
1 year	2.5%
18 months	3.75%
2 years	5%

If, for any reason, you have decided that the home you have been renting is not suitable, the cashback incentive is also available should you wish to buy an alternative brand new Peabody home through Shared Ownership.

If the cost of this home is lower than the home you have been renting, the incentive will be based on the lower amount. We'll calculate this for you at the time.



Cost of buying through Shared Ownership

To give you an idea of the costs involved in buying your home through Shared Ownership, we have put together an illustration. These are based on a one bedroom apartment at Colindale Gardens.



Remember, you could have another £1,270 in your pocket, after we return your initial five weeks' deposit from when you started renting



COST OF YOUR HOME

£380,000



30% SHARE

£114,000



YOUR DEPOSIT

£5,7000

5% cashback



£7,200

Saving on your rent after two years



**£12,900
total deposit**



MORTGAGE NEEDED

£102,600

DEPOSIT NEEDED

£11,400



OTHER ESTIMATED COSTS

£700

Solicitors fee

£600

Legal disbursements

£400

Mortgage advisor fee

£0-£800

Mortgage valuation fee

£0-£999

Mortgage arrangement fee

The guidance minimum household income you need is £45,000.

Figures are based upon a 10% deposit, and with no outstanding financial commitments. Mortgage period is 30 years at 3% interest rate. This is for guidance purposes only and subject to an independent financial assessment at time of mortgage application.

Your journey to owning your own home



1

Let us know you are interested

Once you have found a place you love, get in touch with the Peabody team to let us know you are interested.



2

Take a quick financial assessment

Before you can view the home, we'll need to make sure that you meet all the criteria. This means we won't be wasting your time or getting your hopes up. We'll arrange for you to have an initial quick assessment with an Independent Mortgage Advisor (IMA) to understand a bit more about your financial position and whether Rent to Buy is the best option for you.



3

Look out for an invitation to view

We will set a time-frame for people to express an interest in one of our Rent to Buy homes. Once this closes, we will send an email invitation to everyone who has expressed interest and passed the initial eligibility checks.

Rent to Buy is only available on certain homes and we expect there to be high demand. There may be limited slots to view the property, depending on how many people apply and are eligible, so these will be allocated on a first-come, first-served basis.



4

See it for yourself

This is your chance to take a look around the home and development in person and ask any questions you have about Rent to Buy. At some developments, we may offer a virtual viewing of the show home.

Your journey to owning your own home



5

Make a reservation

If you like what you see and wish to proceed, you will need to pay a reservation fee of £99.



6

Decision time

If we receive more than one reservation for the home, we will make a decision based on who best meets the eligibility criteria and the minimum affordability requirements. For more info on how we prioritise, see page 16.

If you are selected, we will be in touch to share the good news! This will be around 1-2 weeks after your viewing, and at that point we'll let you know the next steps and our Terms and Conditions for you to agree.

If you are selected, we will deduct your reservation fee from your first months' rent. If you are not selected, we will return your reservation fee.



7

Meet our IMA

Next, you will be invited to meet an Independent Mortgage Advisor (IMA) from our selected panel of experts. During this meeting, they'll do a more in-depth check to ensure you are able to afford the home and double-check you meet the eligibility criteria set out on page 15.

You will need to bring some ID, bank statements and payslips. This is a detailed discussion and may take up to an hour.



8

Signing on the dotted line

Once all the checks have been completed and you are happy with everything, we will send you your tenancy agreement and sign-up documents.

Your journey to owning your own home



9

Pay a five-week deposit

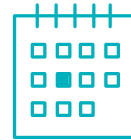
When you sign the tenancy agreement, you will need to pay five weeks' rent as a deposit to secure your new home into 'Mydeposits' who are authorised by the government to protect deposits for tenancies in England and Wales.



10

Move in and start living for today

We will keep in touch with you to arrange and confirm a suitable date for you to move into your new home! When you move in, one of our team will be on hand to welcome you and show you how everything works.



11

Every six months, check you're still saving for tomorrow

At 6, 12 and 18 months after you move in, we will be in touch to check how you are getting on. We are here to support you on your journey to eventually buying your home.



12

After a year, more support and advice

Twelve months after you have moved in, one of our selected IMAs will be in touch again to give you independent advice on saving and budgeting to help you keep on track to buying your home.

Your journey to owning your own home



13

After 21 months, getting ready to buy

By this time, you will be fast approaching the end of your two-year agreed rental period. We will be in touch to start preparing for you to buy your home through Shared Ownership with a 5% cashback incentive.

If for any reason your home is no longer suitable, you can decide to buy an alternative Peabody home, or move out of the property.



14

Start the buying process

To start the buying process, you will have a meeting with our IMA again. This will be a very similar process to before you moved in. They will check that you are still able to meet the eligibility and affordability criteria.

You will need to instruct a solicitor. We recommend you find someone who has particular knowledge and experience of Shared Ownership. We can suggest a suitable solicitor from our panel. You will also need to arrange a mortgage. The IMA can arrange this for you if you prefer. There is a fee for this, which is estimated to start from £400.



15

The paperwork

Your solicitor will send us your mortgage offer for approval, after which our solicitors will send a 'Memorandum of Sale' to your solicitors. We will contact you to organise an exchange of contracts and, once this has been done, set a completion date.

Completion is typically within 10 days of exchange of contracts.

On completion day, the money to buy your home is transferred to our solicitors. As you are buying your home through Shared Ownership, we will apply a 5% cashback, based on a maximum 30% share, that will form part of your deposit.



16

Congrats. Now you own the future!

Once 'completion' has taken place, you will legally own your home through Shared Ownership!

Check you are eligible for

Rent to Buy

Rent to Buy has been designed to help out those that need it most. Eligibility will vary depending on which development you are looking to buy in. However, there are some general criteria that you must meet for every development. You can use the tick list to see how likely you are to be eligible for Rent to Buy.

	YES	NO	N/A
My household income is not more than £90,000 a year			
I don't own a property already			
I live or work in the area I am hoping to buy			
I am willing to agree with you a sustainable amount I am able to save every month while I am renting my new home			
I can afford the monthly Shared Ownership costs at the moment, but don't currently have a large enough deposit to buy through Shared Ownership or outright			
I am able to show that I can obtain a mortgage based on my current credit report			
I am able to pass money laundering and fraud checks			
I am hoping to buy a home big enough to suit my current needs			
I am able to get a good tenancy reference from my current landlord			

How we prioritise *Rent to Buy*

We expect there will be high demand for our homes available through Rent to Buy. Just like Shared Ownership, to make sure the properties go to those most in need, priority will be given in the following order:

- Existing social tenants - because council and housing association tenants buying their own home will release a home to someone else who needs social housing
- Applicants registered on the local authority's housing waiting list or who are in a local priority group
- Military personnel
- First time buyers
- Current homeowners/shared owners

After the initial priority groups have been considered, applications will then be prioritised based on:

- People who live and work within the same borough of the home they wish to buy
- People on the lowest income, but still able to afford the property



Photography of show apartment
at Colindale Gardens

For more information please contact:
020 7021 4842
enquiries@peabodynewhomes.co.uk
rent-to-buy.co.uk



Live for today.
Save for tomorrow.
Own the future.

