



Rent



to Own



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org

Co%ownership

December 2021





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**Rent to Own is o
route to home ov**

**Get the benefits
in the home you
with a plan to ow**

**ur alternative
wnership.**

**of living
want now,
n it later.**







Welcome to Co-Ownership

Co-Ownership has helped over 30,000 people into home ownership in Northern Ireland since we began back in 1978.

If you dream of owning your home but can't get a mortgage or you are not eligible for Co-Own, Rent to Own may be for you. It could give you your first step towards home ownership.

With our team of experts in support, you could complete that dream move that you thought was just out of reach.

Rent to Own is run by Co-Ownership's company OwnCo Homes Limited.

Rent to Own

Our Alternative Route to Home Ownership.

What is Rent to Own?

Rent to Own may be the right option for you if you are in work and have a plan to own your home within 3 years. If you are able to pay your rent but can't currently get a mortgage or our Co-Own option due to employment or other issues then Rent to Own could be the answer.

The big difference between traditional renting and Rent to Own is that you choose a new build home and we buy it for you to rent from us. You then commit to a 3-year plan with the aim to buy your home, either with a mortgage or with Co-Own.

Your 3-year tenancy gives you time to save for a deposit, improve your eligibility for either a mortgage or Co-Own and reduce any debt that you may have. You can buy your house at any time after the first year up to the end of the third year.

How does it work?

You begin by paying a £100 assessment fee to see if you are eligible for Rent to Own. We recommend you check your credit report before applying to make sure there are no surprises. If eligible, you find a house up to an agreed maximum price and we buy it for you. You then sign a 3-year Tenancy agreement and an Option to Purchase agreement.

Before moving in you pay a down payment of £2,500 plus a holding deposit of one month's rent. The holding deposit will become a tenancy deposit when your tenancy starts and will then be placed in a Tenancy Deposit Scheme. When you buy your house you'll get your down payment back. You'll also get back 20% of the rent you have paid up to the point when you buy the property.

Together, they become a lump sum that's used as a deposit against your mortgage or Co-Own. The illustration on page 11 shows how this might work for you.

We offer a different way of thinking – we want to help you move from renting to owning your home!



Why choose Rent to Own?

Many people aspire to home ownership, but believe they can't achieve it.

You may find yourself in a situation whereby you are financially able to afford either a mortgage or Co-Own but are not eligible for either due to employment issues, such as being self-employed or issues with your credit history.

Rent to Own allows you the time to address your mortgage eligibility issues while living in the house that you want to make your home.

This is what makes Rent to Own so unique, you can:

- Choose your own new build home anywhere in Northern Ireland.
- Rent for up to 3 years to give you time to get ready to buy.
- Decide to buy anytime after the first year.
- Benefit from receiving a 20% rebate of the rent you have paid plus the £2,500 down payment at the end of your tenancy to use as a deposit against your mortgage or Co-Own.





An Illustration

You Rent

Purchase price of property when you move in: £130,000

Typical monthly rent on property: £700

You Save

How your lump sum is worked out after 3 years:

20% of total rent paid £5,040

Down payment £2,500

Tenancy deposit £700

Lump sum £8,240

You Buy

Assuming inflation of 2.4% a year:

Purchase price after 3 years £139,586

Less your lump sum £8,240

Amount to purchase £131,346

This example is for illustration purposes only. The value of your chosen property is likely to change over time, and may go up or down. The purchase price will not be less than the price we paid for the house when you moved in.

Weighing up your options

Our chart shows how Rent to Own stacks up against the alternatives of buying and renting.

Renting with a view to buying your own home is a big step but that's why we're always here to help and answer your questions.

Just give us a call, drop us an email or visit co-ownership.org

Figures are for illustration purposes only. The average Co-Ownership house price is £130k. Co-Own and Buying examples are based on 4% interest rate, repayment mortgage over 30 years. In addition, Buying example is based on a Loan to Value (LTV) of 90%. Criteria and LTV rates may vary depending on the lender, we recommend that you seek independent financial advice before applying for a mortgage. The cost of buying your home will depend on your circumstances, property price and the mortgage product you choose. Figures do not include any product fees, legal fees, other fees or additional housing charges which may be incurred.

* Deposit is made of a 20% rebate of the rent paid over 3 years, in this case totalling £5,040, plus a refund of the £2,500 down payment, when you buy the house. In addition you will get your tenancy deposit back provided you have kept to the terms of your Tenancy agreement.

Your Rent to Own purchase depends on the rebate and the value of your property at the time of purchase.

Renting



VALUE
£130,000

Co-Own



FOR SALE
£130,000

Rent to Own



VALUE
£130,000

Buying



FOR SALE
£130,000

Mortgage
£0

Deposit
£700

Total
Monthly Rent
£700

Mortgage on
50% share
£65,000



Deposit
£0

Total Monthly
Mortgage £311
+ Rent £135
£446

Mortgage
£0

£2,500
Down Payment
+ 1 month's rent



Total Monthly
Rent
£700

After 3 years:
£8,240*
Deposit

Mortgage
£117,000

Deposit
£13,000

Total Monthly
Mortgage
£559



Step by step

7 steps to Rent to Own

Info:

Find out more about what happens during your tenancy and how you take that final step towards home ownership on page 18 and on our website co-ownership.org

1

Apply online!

Apply online at co-ownership.org, then call us to pay your £100 non-refundable assessment fee. We'll also need you to email your supporting documents and ID.

2

What we'll do

We will then assess your application which will include a credit check with Experian and reviewing your overall affordability.

3

Property selection

Once you have received your Decision in Principle, which outlines the maximum property price you can search for based on your affordability, the house hunting can begin! Your potential new home will have to meet all of our property requirements.

4

Down payment

Before our solicitors start their bit, you pay us a down payment of £2,500 and a holding deposit equivalent to 1 month's rent.

5

The Legal bit

At this point we pay a reservation fee to the developer. Before we sign the contract to buy the property we ask you to sign a Tenancy agreement and an Option to Purchase agreement.

6

Property completion

We will collect the keys and inspect the property to ensure it has been completed with the turnkey specification agreed.

7

Move in!

You can move in at an agreed date after completion. Your holding deposit will become a tenancy deposit and will be protected in a Tenancy Deposit Scheme. We will meet to confirm the snag list and to complete a full inventory.

Any questions?
Check out the
help and support
section of our
website.

What type of property can I look at?

**We will buy new build houses
anywhere in Northern Ireland
but we have some requirements
we need to follow:**

- You can choose a property up to £175,000 depending on your initial assessment of affordability.
- The house has to be ready to be occupied now or within 6 months.
- Sorry but we do not accept apartments for a Rent to Own plan.
- The house should have two or more bedrooms.
- We only consider a turnkey package.
- The house should have a suitable 10-year structural warranty.

Important!

It's really important that you review our property requirements on page 26 before you start house hunting so that you don't choose a property you cannot Rent to Own, e.g. apartments and one bedroom properties.





The really, really important things to remember about Rent to Own:

- Rent to Own is a 3-year tenancy that gives you time to work through the issues that have prevented you getting a mortgage.
- When you apply for Rent to Own, we will check your affordability and credit history to ensure you can buy the property at a later date.
- You will sign a Tenancy agreement and be a tenant of OwnCo Homes, a wholly owned subsidiary of Co-Ownership. You will also sign an Option to Purchase agreement.
- We charge a market rent based on similar properties in your area. The monthly rent is set at the start of the tenancy and will not change during the period of the tenancy. We take one month's rent as a holding deposit, which will become a tenancy deposit and will be held in a Tenancy Deposit Scheme.
- Additionally, you give us a £2,500 down payment which will be returned to you and form part of your deposit when you buy.
- You have the option to buy your home from OwnCo Homes anytime after the end of the first year, up to 3 years after becoming a tenant under your Option to Purchase agreement.
- Our team will help you address the issues that prevented you from buying a home on your own.
- You can buy your home at the market value when you are ready. This will not be less than the price OwnCo Homes paid for the house.
- When you buy we will give you back your down payment, plus your rent deposit provided you have kept to the terms of your Tenancy agreement, plus 20% of the rent that you've paid during your tenancy towards the deposit for your home.
- You can buy your home either with a full mortgage or with the help of Co-Own, our shared ownership plan.

During your tenancy



During your tenancy you pay a market rent, the same amount every month by direct debit for three years, with an option to purchase at any time after the first year.

You will have all the benefits and rights of a legal Tenancy agreement.

The difference being that with us as your landlord, you'll have the support of our team to help you reach your goal of home ownership!

We will work with you throughout your tenancy to help you towards home ownership. A member of our team will visit you periodically to review your plans.

At the end of your tenancy, you get your down payment back you will also get your tenancy deposit back, provided you have paid your rent and kept to the terms of the Tenancy agreement.



What am I signing up to?

The main terms are in your Tenancy and Option to Purchase agreements but the key points to note are that:

1. You pay your rent
2. You keep the property in good repair
3. It's your home to live in, you can't have any lodgers

Repairs

We provide a landlord maintenance and repair service through subcontractors, including emergency repairs.



Improve your credit rating through Rental Exchange

We want to help you into home ownership, and we work with Experian to enhance your credit report by adding your rental payment data into the Rental Exchange.

Through the Rental Exchange, making your rent payments on time will show on your credit report and help to demonstrate to mortgage lenders your ability to pay a mortgage.

Equally, if you do not make your payments on time, this could negatively impact your credit report.

Criteria

It's really important to make sure that both you and the home you're after are suitable for Rent to Own.



Criteria

Take the time to read through our person and property criteria carefully before you apply.

If you would like further financial, taxation or legal advice, please consult a professional adviser as we cannot provide this service.

We also recommend you check your credit file before you apply.

Our criteria can change from time to time please check our website for the most up to date version.

What we expect of you:

Age

You must be over 18 to apply.

Residency status

You must live in the UK. You may be asked to provide evidence that you have adequate right to reside in Northern Ireland. You have to live in the property as your only residence.

Home owner

You can't apply for Rent to Own if you currently own property which includes owning property or land, including commercial, or being named on any property in Northern Ireland or elsewhere.

We may consider previous co-owners if you meet our qualifying criteria. We can't consider previous Rent to Own tenants.

If you have been a co-owner in the past we may take into account how your previous property was managed and maintained, whether you kept to (i) the terms of the equity sharing lease (including the payment of rent) and (ii) any other arrangements you had with Co-Ownership.

Remember you must not be able to get a full mortgage or our shared ownership product, Co-Own, to be eligible for Rent to Own.

Joint applicants

If you are married, civil partners, or couples living together or intending to live together in your new home, then you must apply together.

Outstanding property debt

You must not have any debt to any third party which was secured on a previous home.

Outgoings

You must give full details of any monthly outgoings you have. These could include loans, credit/store cards, mail order, childcare, maintenance, and other outgoings.

Previous relationships

You must have concluded any settlement arrangements from all previous relationships.

Credit assessment

When you apply to Rent to Own we will perform a full credit assessment to determine your affordability. Part of this assessment is to look at your credit file, not your score, using the Experian credit reference agency. We will look at your credit history which will include things like, if you have any credit cards or loans, the amounts of these, your repayments of these, and if you have any missed or late payments.

Your credit history shows how you have managed your credit up to now and is taken into account as part of our decision. We recommend you get a copy of your credit report before applying and check it. If you have a query about an entry on your credit report this must be shown as resolved before you apply.

Things that will affect your credit assessment include, but are not limited to:

- **The level and type of credit commitments that you have**
- **Any late/missed payments**
- **Any defaults - the number, amount and nature of these**
- **Court judgments, bankruptcies, individual voluntary arrangement (IVAs)** .

Credit commitments

You must be able to service your current credit commitments as part of your outgoings, including your monthly rent.

You will need a plan in place to reduce your household debt to a level whereby you will be able to get a mortgage or Co-Own by the end of your tenancy.

Debt management

Before making an application to Rent to Own, any of the following arrangements must have been settled (and be shown as settled on your credit file) for the stated period:

- **Debt Relief Orders** – 3 years
- **Bankruptcy** – 3 years
- **Individual Voluntary Arrangement** – 3 years
- **Payday Loans & Home Credit** (or equivalent products) – 6 months
- **Money Judgements** – 6 months

The following arrangements also need to have been settled and will affect your credit assessment:

- **Debt Management Plans**
- **Money Judgements**
- **Defaults**

If you have had a minor default/debt management plan within the last 12 months we will take this into account in your credit assessment. If however the default(s) debt management plan involved a higher balance or there were multiple defaults debt management plans you must wait for 12 months after the last of these has been noted as settled on your credit file before making an application.

What we expect of you:

Debt management

If you have had a missed or late payment within the last 12 months we will take this into account in your credit assessment. If however you have regular missed and/or late payments you must have 12 months clear payment history on the account.

Just remember that you can have no adverse credit at the time of making a Rent to Own application.

Managing your bank accounts

We will review 3 months bank statements as part of the application. If these show any unauthorised overdrafts, returned Direct Debits, or bank charges for unauthorised usage, you will not be eligible for Rent to Own.

If you are heavily reliant on credit or an overdraft to pay your household costs and other outgoings, you may not be eligible for Rent to Own.

Employment

The following types of employment are acceptable and you must be with your current employer for at least the following period before you apply as indicated below. You must not be under notice of termination of employment or redundancy.

- **Permanent** - 3 months plus
- **Fixed Term** - 6 months plus
- **Temporary** - 6 months plus
- **Zero Hours Contract** - 6 months plus
- **Self Employed** - 1 year plus

Income

- You must declare all income for the household at the time of application. We will require evidence of the amount and nature of all income.
- We'll require payslips for at least the last 3 months of employment.
- If you're self-employed you'll need to provide SA302 summaries in Northern Ireland for the last full year and also the full tax return for your SA302. You will also need to have been trading with no breaks for at least the last 3 months. In addition, company directors must provide 3 months' payslips. If you have experienced a significant change in your income/company income in the last 12 months we may not be able to support your application. You should contact us before applying to help us understand your current situation. We may require further information such as your last 3 months business bank statements.
- We may accept income from more than one employment. Our general criteria applies to all jobs.
- We accept income earned from overtime, bonuses, commission and allowances up to 50% where sustainable.

Other income

If your monthly income is heavily reliant on benefits or other unearned income, we recommend that before you apply you speak with a financial adviser or lender as your type of income may impact your ability to get a mortgage when you take up the Option to Purchase.

We will consider the following other income:

- **Pension** – both private and state pensions.
- **Working Tax Credit** – if there is more than one applicant, we'll need to establish whether the award is made jointly or to one person.
- **Child Tax Credit** – for up to 2 children in the household if they are aged 14 and under at the time of application. If there is more than one applicant, we will need to know whether the award is made jointly or to one person.
- **Pension Credit**
- **Employment And Support Allowance (ESA)**
- **Disability Living Allowance (DLA)**
- **Personal Independence Payment (PIP)**
- **Incapacity Benefit**
- **Child Benefit** – for up to 2 children in the household if they are aged 14 or under at the time of application.
- **Universal Credit** – can consider child and disability elements (if available).
- **Maintenance** – we may accept maintenance payments from a former partner for up to 2 children in the household aged 14 or under at the time of application. This may be a private arrangement or court approved. You must provide evidence of the amount and payment history.
- **Foster Income**
- **Housing Benefit** - sorry but we do not accept Housing Benefit as other income.

Savings

You must provide evidence of any savings.

Lifestyle, spending decisions

All applicants must prove they have been able to afford their current lifestyle. They must also prove they will be able to afford the commitment of renting their home through Rent to Own from their current disposable income.

What we expect of you:

Application information

All application information must be correct and true. Any fraudulent, false or misleading information, statements or omissions in respect of an application may be sufficient grounds for the application being cancelled. For further information see the Rent to Own Terms & Conditions (Declarations) on our website.

Previous applicants

Previously declined applicants can't apply until 3 months have passed from the date they were told of an unsuccessful application. However, any fraudulent, false or misleading information or omissions in respect of an application or a vexatious application will mean that an applicant will not be able to make another application for Rent to Own or for any of Co-Ownership's products for 12 months from the date of cancellation of the application.

Please remember that you will be charged for a new assessment when you apply again, so be sure to check that you meet all the criteria before submitting a new application.

To enable as many people as possible to avail of Rent to Own, applicants will only be able to take up Rent to Own in respect of one property.

Change in circumstances

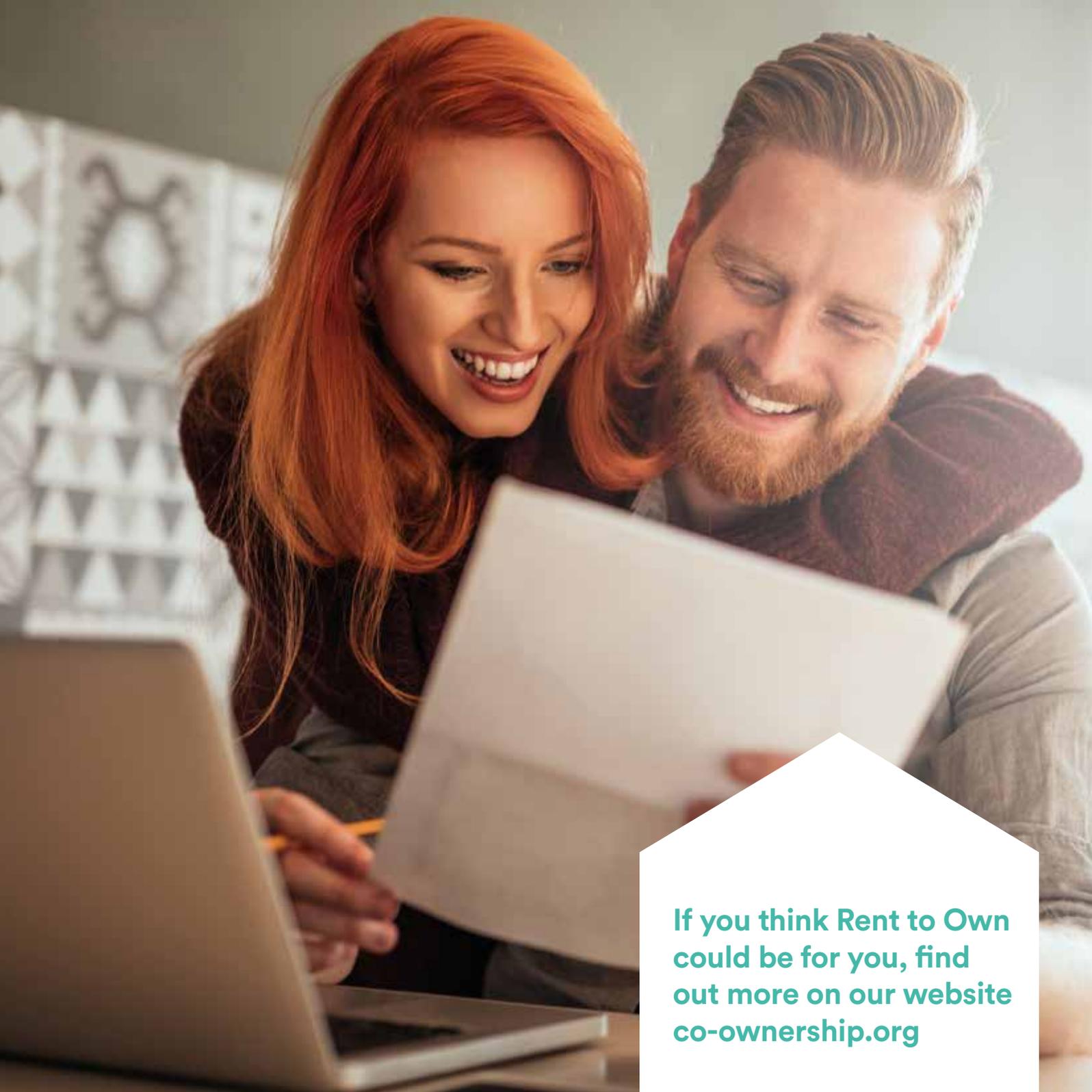
If your circumstances change at any stage during an application you must let us know about this. We will review your circumstances. This may result in your application being revised or withdrawn.

If you have any queries please contact our team on 028 9032 7276 who will be happy to help. Further details of what you need to apply can be found at co-ownership.org.

What we expect of the property you choose:

Property price	Maximum property value of £175,000.
Location	We will purchase new build houses anywhere in Northern Ireland.
New builds	<ul style="list-style-type: none">– The house must have had no previous occupants.– The house has to be ready to be occupied now or within 6 months.– We only consider a turnkey package.– Normally the house must have no extras.– The price must include all connection fees for utilities.– All roads and sewers serving the property must be bonded or adopted.– Any service charges must be reasonable.– The house must have central heating.
Warranties	<ul style="list-style-type: none">– The house must have a suitable 10-year structural warranty.– The house must have the necessary consents and approvals.
Types of property	<ul style="list-style-type: none">– Sorry, but we don't accept apartments for Rent to Own.– We don't accept properties with non standard or unconventional construction– The house must be suitable for the applicant's needs.– The house must have two or more bedrooms.
Types of property	Please note that to ensure that purchases are in a variety of locations we will not normally buy more than 20% of the properties in a development and not more than 10 Rent to Own properties in any development. Please contact us to check if this criteria affects the house you have chosen.

Please remember that our criteria can change from time to time and the most up to date version can be found on our website co-ownership.org



If you think Rent to Own
could be for you, find
out more on our website
co-ownership.org

For more information
or to apply for
Rent to Own please
visit our website:

CO- owner ship. org

Terms & Conditions and criteria apply.

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