



Rhentu i Berchnogi  
Cymru  
Rent to Own  
Wales

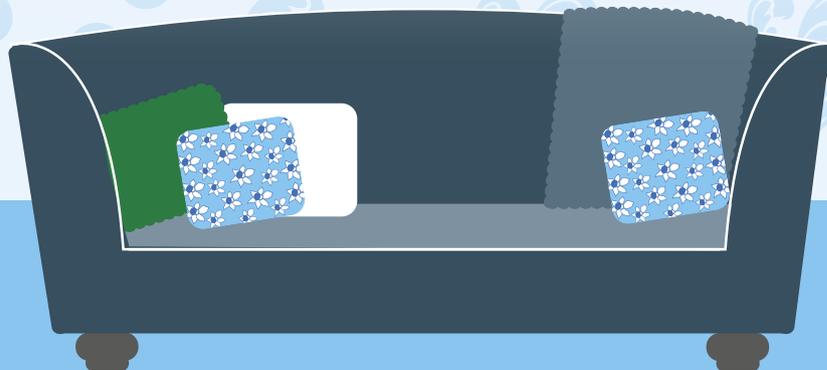


Llywodraeth Cymru  
Welsh Government

# Rent to Own – Wales

## Buyer's Guide

*Cartref*



[www.gov.wales/renttoown](http://www.gov.wales/renttoown)

## Is a *Rent to Own – Wales* home for me?

### What is *Rent to Own – Wales*?

If you do not have enough saved for a Deposit to buy your own home *Rent to Own – Wales*, a Welsh Government supported scheme, could help you take your first step onto the property ownership ladder.

The scheme enables you to pay market rent for a new build property whilst building up a lump sum towards a Deposit to enable you to buy the property.

### Is a *Rent to Own – Wales* home for me?

In summary, the *Rent to Own – Wales* scheme provides that:

- you can pay market rent for a new build property from a Landlord for five consecutive years, after which you can apply to buy the property.
- if your financial circumstances improve you can apply to buy the property at any time after you have rented the property for two consecutive years.
- if you decide to buy the property, the following amounts are gifted to you to use towards your Deposit:
  - 25% of the total rent paid over the duration of the tenancy; and
  - an amount equivalent to 50% of the increase in the Property Value (if any) during the period of time you have rented the property;
- you can only buy the property if both you and the Landlord are confident that you can comfortably afford it.

### What type of property is available and where?

*Rent to Own – Wales* homes are only available from Landlords who are signed up to the scheme. The Landlords offering properties in your area as part of the scheme can be found here

[www.gov.wales/yourhomeinwales](http://www.gov.wales/yourhomeinwales)

You can either choose a new build home that the Landlord currently has available for this scheme or one that will be available in the near future. The homes will mainly be unfurnished.

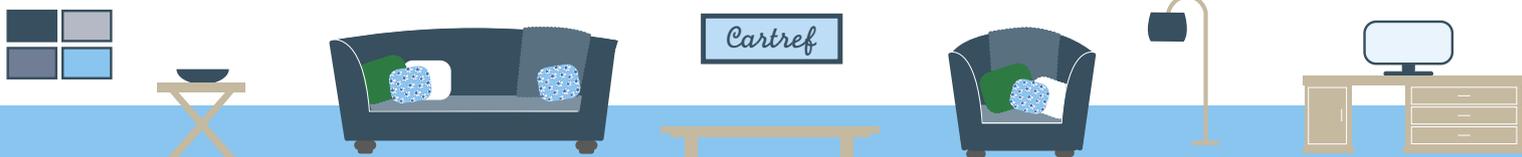
### How do I buy my *Rent to Own – Wales* home?

You will initially be a tenant of the Landlord and normally be offered an Assured Shorthold Tenancy agreement.

You will need to pay one month's Rent in advance and the equivalent of six weeks Rent as a rental deposit.

The Rent you have to pay will be reviewed each year in April. Any increases in Rent will be limited to no more than the 12 month CPI average unless the Welsh Ministers require the Landlord to review rent by way of different method.

Details of how you can purchase the property will be set out in your Option Agreement, which you will receive before you move in.



In order to be able to exercise your Option to purchase, you must comply with the terms of your *Rent to Own – Wales* Tenancy agreement, including paying your Rent on time. Rent Arrears may affect your ability to purchase the property which you are renting.

You can opt to buy your *Rent to Own – Wales* property at any time from the start of the third year until the end of the fifth year of living at the property, after which your Option to purchase will lapse if you have not already exercised it.

If it will help you to purchase the property you are renting your Option Agreement can be extended for up to 24 months beyond the initial five year period subject to you agreeing the same with your Landlord at least three months before the expiry of the initial 5 year period.

As stated earlier the amount gifted towards your Deposit will be:

- 25% of the total Rent paid over the duration of the tenancy; and
- an amount equivalent to 50% of the increase in the Property Value (if any), during the period of time you have rented the property ('the gifted deposit').

### **(Refer to the Financial Illustrations in this Guide)**

For clarity the Deposit will not be payable when the Option is entered into or exercised. The gifted deposit, the balance of the Deposit (i.e. the sum you will be required to pay as a deposit (usually between 5 and 10% of the purchase price) less the gifted deposit) and the balance of the purchase price shall be paid to the Provider on the completion date.

The increase in value will be calculated by undertaking a Valuation at the start of your Tenancy agreement and then at the point that you decide to exercise your Option to purchase the property. The Valuations will be arranged by your Landlord and carried out by an independent RICS qualified surveyor.

You can use the gifted deposit to help you to apply for a mortgage for the remaining balance to enable you to purchase the *Rent to Own – Wales* property outright.

If you cannot access a mortgage for the remaining balance you can use the gifted deposit to help you access a shared ownership mortgage. This will enable you to part own/part rent the property. For further information on the shared ownership scheme refer to the Your Home in Wales web page [www.gov.wales/yourhomeinwales](http://www.gov.wales/yourhomeinwales)

### **Am I eligible?**

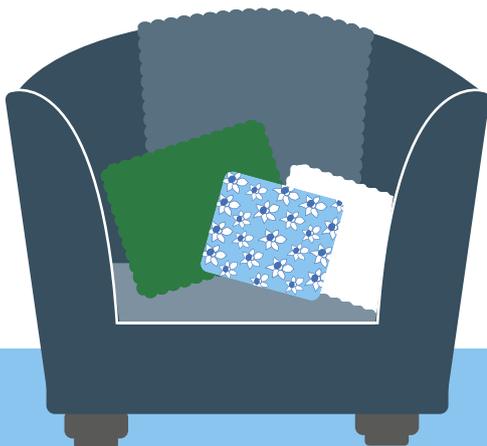
- Your combined household income needs to be £60,000 or less each year. (A household can be one person, or you and a spouse/partner or you and a friend);
- You want to own your own home, and see yourself still living there in five years' time;
- You must be in work (this includes being self-employed) and ineligible for housing benefit;
- You must not currently own a home anywhere in the world, unless a court order forces you to remain on the deed of a property where your children reside (but you do not) and capital cannot be released;

- Subject to above, the *Rent to Own – Wales* home you want to buy must be your principal or only home and you may not Sub-let all or part of it;
- At the point of application you must be unable to afford to buy a similar property on the open market or through any other home ownership initiative;
- Applicants must be financially able to pay the market rent;
- Applicants must be either a British or EU/EEA citizen, or have indefinite leave to remain;
- Ministry of Defence personnel may be prioritised by the Landlord in accessing the *Rent to Own – Wales* product.

Eligibility may vary depending on which development, where you want to buy a home, the property size and whether any additional criteria is imposed by your Landlord.

The Landlord in your area will be able to fully advise you on scheme eligibility criteria and your suitability for the scheme.

You should be aware that your Landlord may be required to investigate any incidents where misleading information has been supplied, which may result in criminal prosecution. Applicants who supply misleading information to secure a *Rent to Own – Wales* home will not be able to receive the gifted deposit to purchase a *Rent to Own – Wales* property.



# The Financial Assessment

The initial financial assessment will:

- confirm whether you are able to access home ownership through any other initiative such as *Help to Buy – Wales* or *Shared Ownership – Wales* and whether the *Rent to Own – Wales* scheme is suitable taking into account your current financial position; and
- check to ensure that you will be able to afford your Rent.

To undertake the initial financial assessment we will ask you to provide us with some information which will enable us to assess your ability to purchase and sustain home ownership.

You will be subject to a credit check to ensure that you have a reasonable chance of obtaining a mortgage after the five year rental period. You may also be asked to arrange a meeting with an Independent Financial Advisor (IFA).

Following completion of the initial financial assessment you may be referred to alternative home ownership initiatives if they are assessed as being more appropriate to your financial circumstances.

## Financial Illustrations

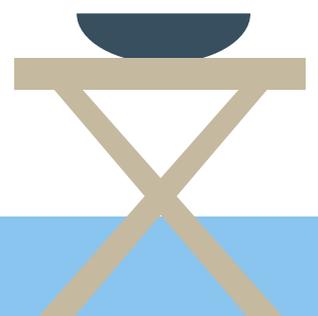
The amount of the gifted deposit will depend on:

- how much your Rent is;
- how long you've been renting the property; and
- how the value of the property has changed during the period that you rented the property.

**You will need to ensure you have access to other savings to cover any shortfall in the total Deposit payable and other related house purchase costs such as Conveyancing, search fees and Land Transaction Tax.**

When you have opted to buy the property, the Landlord will pay the gifted deposit directly to the solicitor handling the purchase of the property on your behalf.

Below are examples to show how much you could potentially receive towards your gifted deposit:



**Example 1 – Property Value increase**

	<b>Estimated annual change in market value of property</b>	<b>Market value of property</b>	<b>Monthly rental property</b>	<b>Total Rent Paid</b>	<b>Change in Property Value</b>	<b>Total Deposit Accrued = 25% of Total Rent Paid plus 50% of change in Property Value</b>	<b>Deposit Accrued as % of Market Value of property</b>
Start of Year 1		£150,000					
End of Year 1	+2%	£153,000	£600 per month	£7,200	£3,000		N/A
End of Year 2	+2%	£156,060	£600 per month	£14,400	£6,060	£6,630	4.2%
End of Year 3	+2%	£159,181	£610 per month	£21,720	£9,181	£10,021	6.3%
End of Year 4	+2%	£162,365	£610 per month	£29,040	£12,365	£13,442	8.3%
End of Year 5	+2%	£165,612	£620 per month	£36,480	£15,612	£16,926	10.2%

In example 1, if you choose to buy your *Rent to Own – Wales* home after you have rented it for five years the property would be valued at £165,612 at the end of the fifth year, an increase of £15,612, assuming that the Market Value of your property increased by 2% every year.

You would receive an amount equal to 50% of the increase in value (£15,612\*50% = £7,806) plus 25% of the total Rent paid to date (25% \*£36,480 = £9,120). This totals £16,926 which is circa 10.2% of the value of the property at the point when you are buying it.

**Please note that the figures above are for illustration purposes only.**

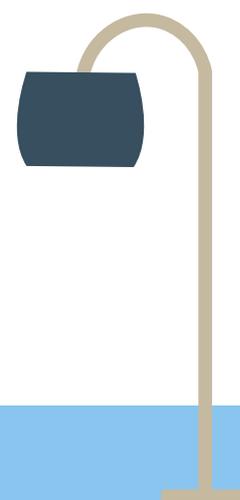
## Example 2 – Decreases in Property Value

	Estimated annual change in market value of property	Market value of property	Monthly rental property	Total Rent Paid	Deposit Accrued = 25% of Total Rent Paid	Deposit Accrued as % of Market Value of property
Start of Year 1		£150,000			N/A	N/A
End of Year 1	-2%	£147,000	£600 per month	£7,200	N/A	N/A
End of Year 2	-2%	£144,060	£600 per month	£14,400	£3,600	2.5%
End of Year 3	-2%	£141,179	£610 per month	£21,720	£5,430	3.8%
End of Year 4	-2%	£138,355	£610 per month	£29,040	£7,260	5.2%
End of Year 5	-2%	£135,588	£620 per month	£36,480	£9,120	6.7%

In example 2, if you choose to buy the property *Rent to Own – Wales* home after you have rented it for five years the property would be valued at £135,588, assuming that the Market Value of your property decreased by 2% every year. If you exercise your Option to purchase the property the purchase price will equate to its current value.

You would receive an amount equal to 25% of the total Rent paid to date (25% \*£36,480) i.e. £9,120. This equates to circa 6.7% of the value of the property at the point when you are buying it.

**Please note that the figures above are for illustration purposes only.**



**Example 3 – No change in Property Values**

	<b>Estimated annual change in market value of property</b>	<b>Market value of property</b>	<b>Monthly rental property</b>	<b>Total Rent Paid</b>	<b>Deposit Accrued = 25% of Total Rent Paid</b>	<b>Deposit Accrued as % of Market Value of property</b>
Start of Year 1		£150,000				
End of Year 1	0%	£150,000	£600 per month	£7,200		
End of Year 2	0%	£150,000	£600 per month	£14,400	£3,600	2.4%
End of Year 3	0%	£150,000	£610 per month	£21,720	£5,430	3.6%
End of Year 4	0%	£150,000	£620 per month	£29,040	£7,260	4.8%
End of Year 5	0%	£150,000	£620 per month	£36,480	£9,120	6.1%

In example 3, if you choose to buy the property *Rent to Own – Wales* home after you have rented it for five years the property would be valued at £150,000, assuming that the Market Value of your property has not changed.

You would receive an amount equal to 25% of the total Rent paid to date (25% \*£36,480) i.e. £9,120. This equates to circa 6.1% of the value of the property at the point when you are buying it.

Please note that the figures above are for illustration purposes only.

**In summary:**

You will note from looking at all of the worked examples that the level of gifted deposit at the end of year 5 varies from between circa 6.1 to 10.2 percent, despite the consistent monthly Rent.

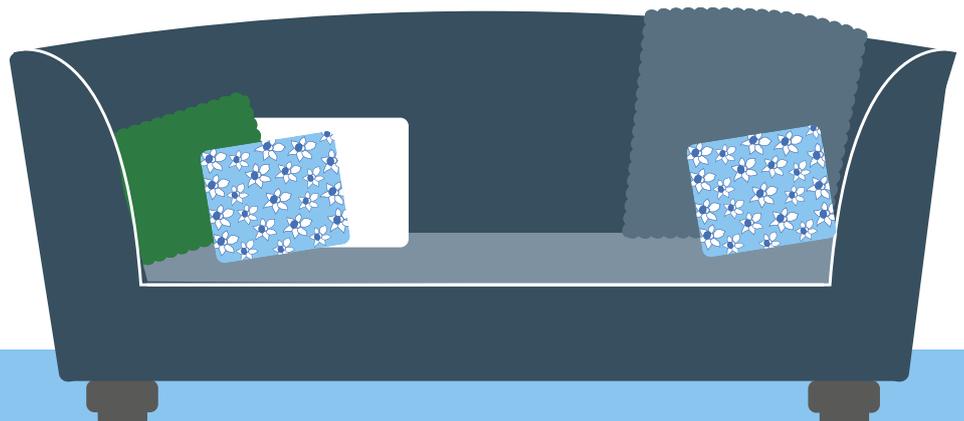
Your Landlord will supply you with an annual statement showing the level of gifted deposit available to you to purchase the property that you are renting based on the rental amount only.

The amount based on the increase in value, if any, during the period that you are renting the property will be determined when you exercise your Option to purchase the property. This will be based on the increase in value, (if any), in the Market Value of the property between the time that you start your rental agreement and at the point of sale, as assessed by an independent RICS qualified valuer.

The property is valued on an arm's length sale in the open market, this means that the RICS Surveyor will value the property on the following assumptions:

- the property is available to sell on the open market by a willing seller to a willing buyer as a whole and with vacant possession;
- it is in good repair and condition, well maintained and decorated;
- the garden has been properly maintained and stocked with plants;
- any integrated kitchen appliances are in good mechanical order; and
- if the property or any part of it has been destroyed or damaged, that it has been fully restored.

You are advised to consider the worked examples carefully before making any decision and give particular reflection on the possibility of any fluctuations in the housing market.



# The Process – Buying your *Rent to Own* – Wales Home

## Stage 1: Application

You must contact the Landlord operating the scheme in your area to see if there are currently any homes available or likely to be available in the near future.

Once you have identified a property you would like to reserve under the *Rent to Own – Wales* scheme you may be asked to pay a Holding fee of £250 to the Landlord. The Landlord will then check your eligibility for the scheme.

Paying a Holding fee means:

- you are committed to renting the property; and
- the Landlord is committed to renting the property to you, subject to satisfactory checks as to your eligibility for the scheme.

Please note that you must complete a *Rent to Own – Wales* application to enable the Landlord to undertake the necessary checks that you are eligible for the scheme.

You must complete this with details of your household income, any savings and existing debt. You will need to provide copies of your payslips and bank statements.

You must ensure you have funds to pay (i) a rental deposit equal to 6 weeks' Rent and (ii) the first month's Rent.

Once the Landlord has completed the eligibility checks and confirmed that you are eligible, you must return to the Landlord the signed Tenancy agreement and Option Agreement\*.

**\* These documents will be provided to you on signing the Holding Reservation Agreement. Please note that the Tenancy Agreement and Option Agreement are legal agreements containing financial obligations; if in any doubt as to their meaning or effect, you should seek independent advice as to their legal and financial implications before signing them.**

Once the Landlord has received the rental deposit (which will be held in a government backed tenancy deposit protection scheme) and one month's rent in advance, you will receive the keys of your property.

You may want to take out Contents insurance for your property.

## Stage 2: Renting Your Home

Your responsibilities as a tenant will be laid out in your Tenancy agreement. Rental payments to the Landlord must be made on time.

**Continued late payment or underpayment of the Rent and household bills may impact your ability to purchase your *Rent to Own – Wales* home.**

**Failing to pay your full monthly Rent as agreed could lead to your Landlord taking action to recover the arrears. This action could, as a final resort, include losing the right to remain at the property.**

Your Landlord will carry out an inspection every year to ensure the property is being well-maintained and they will provide you with a yearly statement. This statement will notify you of the gifted deposit you could access (rental element only) to purchase your *Rent to Own – Wales* home, if you comply with terms of your Option Agreement.

Your Landlord will be responsible for all repairs of the property in relation to:

- maintaining the structure and exterior of the property in a safe and watertight condition; and
- ensuring any internal installations for water, gas, electrical services, sanitation, heating and hot water are in a good and safe condition.

You will be expected to maintain the property as a responsible tenant, which means not causing damage and dealing with minor maintenance issues such as changing a light bulb or a fuse, un-blocking a sink, or tightening a cupboard door.

Further details on maintaining the property as a responsible tenant will be included within your Tenancy agreement.

## Stage 3: Exercising the option to buy your home

As mentioned earlier, you are able to exercise the Option to purchase your home from the end of second year of your rental period. The five year period within which you can exercise the Option to purchase can be extended for another two years, upon agreement from your Landlord no later than three months before the expiry of the initial five year period, if this will help you to purchase your home.

Once you feel that you are in a financial position which enables you to purchase your home, we recommend that you see an authorised Independent Financial Advisor to gain confirmation of your financial status and obtain an agreement in principle for a mortgage.

You must ensure you have sufficient funds to pay:

- any Deposit shortfall – you will typically require a minimum Deposit on exchange of 5% of the purchase price to secure a mortgage; and
- other fees on Completion (e.g. Land transaction Tax, legal fees, mortgage fees).

Your Independent Financial Advisor will be able to advise you on the level of Deposit and other fees.

You will then need to notify your Landlord that you wish to exercise your Option to purchase. Your Landlord will confirm whether you are able to do so under the terms of your Option Agreement.

You will need to pay your Landlord the cost of the Valuation. Upon receipt of payment of the cost of the Valuation the Landlord will instruct an independent RICS Surveyor to undertake a Valuation of the property.

Your Landlord will supply you with a copy of this Valuation, together with a letter stating:

- the value at which they agree to sell the property to you;
- the period of time the offer will be available; and
- a calculation showing the gifted deposit available for the purchase of the property that you are renting (this will include both elements of the gifted deposit i.e. 25% of the total Rent paid during your tenancy and 50% of any increase, (if any) in the value of the property during the tenancy).

If you then wish to proceed with the purchase of the property, you will need to inform your Landlord and appoint a solicitor to act for you in relation to the purchase of the property.

You will also need to inform your Independent Financial Advisor in order that a full mortgage application can be submitted.

You will normally have three months from the date of the Valuation to complete the purchase. If you have not completed the purchase within this time then you will need to obtain written confirmation from the RICS Surveyor that the Valuation is still valid.

#### **Stage 4: Completing the purchase of your home**

Exchange of contracts and Completion on your *Rent to Own – Wales* home will normally need to take place on the same day.

On the agreed date, your mortgage lender and your Landlord will provide the funds to your solicitor. You may also need to provide any additional funds required e.g. to cover the legal fees, Land Transaction Tax, Land Registry fees etc.

Your solicitor will confirm when the transaction has completed and you own the property.

# Frequently Asked Questions

## Rental Phase

### **Q What size home can I rent and then buy?**

**A** You can apply to rent and then buy a home of any size, as long as it is assessed as being affordable for you, and is available from the Landlord for the *Rent to Own – Wales* scheme.

However, priority may be given to households whose size is more suitable for the home. For example, a couple with children may get priority over a single buyer for a three bedroom home.

### **Q What happens if I am unable to pay the Rent?**

**A** If you are unable to pay your Rent – you should contact your Landlord as soon as possible. Failing to pay your full monthly Rent as agreed could lead to your Landlord taking action to recover the arrears. This action could, as a final resort, include the loss of your right to remain at the Property.

Should any action need to be taken that could result in the loss of your right to remain at the property, this will automatically invalidate your Option Agreement.

In addition continued late payment or underpayment will impact on your ability to purchase your property under the *Rent to Own – Wales* scheme.

### **Q What would happen if either my partner or I move out during the fixed term and no longer want to purchase the property with the other person?**

**A** You and your partner (on the assumption you are Joint Tenants) should notify the Landlord, in writing, of your intention to leave the Property at the end of the fixed term.

You and your Partner (on the assumption you are Joint Tenants) will be liable to pay the rent and other charges due to the Landlord during the initial fixed period whether you live there or not.

### **Q What would happen if either my partner or I move out after the fixed term and no longer want to purchase the property with the other person?**

If you and your partner want to move out of the Property and end the Tenancy Agreement you must notify the Landlord by given written notice in accordance with the Tenancy Agreement.

If only one of you wishes to move out then your Landlord will need to agree to the arrangement and revise the Tenancy agreement so that it is for a sole tenant. Prior to doing this your Landlord will need to ensure that you/your partner can afford and sustain the tenancy as an individual as the Rent due and payable will stay the same.

**Q Can I add my partner to my *Rent to Own – Wales* Tenancy agreement part way through?**

**A** If you wish to amend your Tenancy agreement so that it is in joint names then your partner will need to be assessed to ensure that they meet the eligibility requirements of the *Rent to Own – Wales* Scheme.

**Q Can I Sub-let my property whilst I am renting?**

**A** No, *Rent to Own – Wales* is designed to assist you to move on to the housing ladder. In exceptional circumstances Landlords will consider requests from a serving member of the Armed Forces whose tour of duty requires them to serve away from the area in which they live for a fixed period. In these circumstances you would require the prior written approval from your Landlord.

However, lodgers are permitted under the scheme, as long as you will still be living at the property as your only or principal home.

**If you do not move out of the Property voluntarily at the end of the Tenancy Agreement (which could be ended by you serving a notice or the Landlord serving a notice to terminate the tenancy) the Landlord cannot force you to leave the Property without a Court Order.**

## **Purchase Phase**

**Q What happens if I am not able to buy the property?**

**A** We understand that your circumstances may change, as such if you are no longer able to take on a mortgage or no longer want to buy your property, you may be required to leave the property when your Tenancy agreement ends as the *Rent to Own – Wales* scheme is intended to help people buy their own properties. You will need to discuss this with your Landlord. Please note that should you vacate the Property the Option Agreement will lapse and will no longer be exercisable.

You may wish to seek to agree an extension to your Option to purchase with the Landlord for a further two years, if you feel the extended period of time may help you to be in a better position to buy the property. Any such extension must be agreed with the Landlord no later than three months before the end to the initial five year period.

**Q What happens if I no longer want to buy the property that I am renting?**

**A** There is no obligation to purchase the property that you are renting. You have an Option Agreement which you will need to exercise by informing the Landlord.

If you do not wish to purchase the property and wish to move out of the property then you can inform your Landlord and ask to terminate your tenancy.

Alternatively, you can stay until your Tenancy agreement has expired, at which point you would need to discuss your future options with the Landlord. as noted above you may be required to leave the property as this scheme is intended to help people buy their own home.

### **Q What happens to my rental deposit if I purchase or move out?**

**A** Your rental deposit will be protected in a government backed tenancy deposit protection scheme. If you purchase your property, your Landlord will take steps to return this amount to you. This process normally happens when your tenancy agreement comes to an end and once you have purchased the property.

If you decide to choose not to purchase the property that you are renting, the **rental deposit** you paid at the outset will be returned, minus any deductions for rent owed or damage caused to the property during the tenancy. An inspection of the property will be carried out by the Landlord.

You can the Government-backed Deposit Scheme to adjudicate if you believe that any of the deductions made by your Landlord are unfair.

### **Q Can I buy a different property to the one that I am renting?**

**A** The gifted deposit is only available to purchase the property that you are renting from your Landlord.

You must ensure at the outset that you want to own the property that you are renting from the Landlord and that you see yourself still living in the property in five years' time.

### **Q Can I buy with an Interest-only main mortgage?**

**A** No. Your main lender's mortgage must be a Repayment Mortgage with Interest and capital repaid every month. This ensures you make the *Rent to Own – Wales* purchase on a sustainable basis and protects the tax payers' investment in helping you into home-ownership.

### **Q Will I need any other funds to assist me to purchase my home?**

**A** In addition to your Deposit you must have sufficient savings to cover the other costs associated with buying a property. The sum required will vary depending on the value of the property.

Costs include but are not limited to your Independent Financial Advisor's fee, Valuation fee and mortgage arrangement fee. Please note that the level of mortgage arrangement fees vary from lender to lender and in some instances, it may be possible to add some of the costs to the mortgage.

In addition, further fees will be payable, for example solicitors' fees, search fees, Land Registry fees and Land Transaction Tax (if applicable).

Your Independent Financial Advisor should be able to give you an indication of the amount that you will need.

**Q How will the Market Value of the property be determined?**

**A** Once you have paid to the Landlord the cost of the Valuation your Landlord will instruct an independent valuer to carry out a Valuation of the property on your behalf. Certain criteria will be applicable and further information on the Valuation process can be obtained from your Landlord and will be contained within your Option Agreement.

**Q Are other schemes available to help cover some of the related costs of purchasing the property?**

**A** If you are purchasing a property under the *Rent to Own – Wales* scheme, you are ineligible for any other government support to help you cover any of the other costs that you will incur to purchase your *Rent to Own – Wales* home.

**Q Do I need to pay a service charge?**

**A** Service charges usually only apply to apartments, although service charges may be payable for a house for example if there are shared areas such as car parks, gardens and play areas.

During the rental period any service charge will normally be incorporated within the monthly rental payment.

When you purchase your home your solicitor will be able to advise you on any service charge requirements as part of the Conveyancing process.

**Q Can I extend or alter my *Rent to Own – Wales* home?**

**A** No, not until after you have purchased the property. Please note that if you choose to purchase the property through the *Shared Ownership – Wales* scheme then you would need to ensure that you meet the terms and conditions of the shared ownership lease.

**Q Are there any restrictions on when and who I can sell the property?**

**A** Once you have purchased your *Rent to Own – Wales* home there are no restrictions on when and who you can sell the property to.

However, if you choose to purchase your *Rent to Own – Wales* property through the *Shared Ownership – Wales* scheme then you would need to ensure that you meet the terms and conditions of the shared ownership scheme as outlined in your lease.

# Glossary of Terms

As a first time buyer or a downsizer, the process and language used can sometimes be confusing. Below is a list and description of the main terms used that you that you might find useful.

<b>Assured Shorthold Tenancy</b>	This is the most frequently used Tenancy agreement by landlords when letting residential properties. This type of Tenancy agreement is also referred to as an “AST” or “Shorthold Tenancy”.
<b>Completion:</b>	This occurs when the solicitors from both sides complete the transaction on behalf of the buyer and seller. All documents, money, etc are handed over and the purchaser becomes the legal owner of the property.
<b>Contents insurance</b>	Insurance that you may take out to cover your personal belongings in your property.
<b>Conveyancing</b>	In law, conveyancing is the transfer of legal title of property from one person to another, or the granting of an encumbrance such as a mortgage or a lien.
<b>CPI</b>	The Consumer Price Index published by the Office of National Statistics which measures the rate at which the prices of the goods and services bought by households rise or fall.
<b>Deposit</b>	A down payment on a property, usually calculated as a percentage of the value or the share being purchased.
<b>Exchange of contracts</b>	This is the point in the transaction when the purchaser and the seller agree to sign contracts prepared by the solicitors. The contract is legally binding and if either party pulls out after exchange of contracts, penalties may be imposed.
<b>Landlords</b>	Housing Associations, non-profit making organisations, who provide communities with affordable accommodation in areas where it is required most. These organisations, known as Registered Social Landlords, are registered with the Welsh Government.

<b>Holding fee</b>	Money paid by applicants to reserve the property they want to rent. This will generally be refunded upon signing of Tenancy agreement.
<b>Independent Financial Advisor (IFA)</b>	An IFA will assess your circumstances and income to make sure you are eligible for the scheme. They also give you advice on how to apply for a mortgage.
<b>Interest</b>	A rate paid regularly to pay for money lent.
<b>Interest Only Mortgage</b>	A mortgage whereby you only pay the interest that arises on the amount borrowed. Please note that the amount borrowed and owed to the lender will remain unchanged whilst interest only is paid.
<b>Landlord</b>	A housing association who has signed up to the <i>Rent to Own – Wales</i> scheme.
<b>Land Transaction Tax</b>	Land Transaction Tax is payable as from 1 April 2018, it will replace Stamp Duty Land Tax on all property transactions in Wales.
<b>Loan to Value</b>	This represents how much mortgage you have in relation to how much your property is worth and is usually expressed as a percentage e.g. if you have a mortgage of £150,000 on a house that is worth £200,000 you have a loan to value of 75% – therefore you have £50,000 as equity.
<b>Market Value</b>	The price (established in accordance with the current valuation standards set by the RICS), at the date on which the property is valued on an arm's length sale in the open market.
<b>Re-payment Mortgage</b>	A mortgage is simply a loan taken out from a bank or building society that is used to pay off the majority of the price of a house. This then has to be paid back to the lender with Interest, usually within 25 years. The property itself is used as security for the lender, meaning that if the borrower falls behind on payments or cannot pay the mortgage off, the lender has the right to repossess the property in order to reimburse themselves for their loss. Usually a mortgage will be a Loan to Value mortgage.

<b>Option Agreement</b>	A legal document which will detail how and when you can purchase the property under the <i>Rent to Own – Wales</i> scheme. It will detail the conditions that you will need to meet to be able to purchase your property through the <i>Rent to Own – Wales</i> scheme.
<b>Property Value</b>	How much the property is worth on the open market at any given point, most importantly at the times of buying and selling. Many percentages are worked out from this so, for example, if a 10% Deposit is required for a house with a Property Value of £120,000, the buyer would need to put down a Deposit of £12,000.
<b>Rent</b>	The monthly charge you will pay to your landlord for living in a property that you do not own.
<b>Rent Arrears</b>	If you have rent arrears, it means you are behind on payments.
<b>RICS Surveyor</b>	A Royal Institute Chartered Surveyor. All valuations must be carried out by an approved surveyor.
<b>Sub-let</b>	This means granting a tenancy for the whole or part of your property. Your Tenancy Agreement does not allow subletting, as it can cause management difficulties if conditions in the lease need to be enforced.
<b>Tenancy agreement</b>	A legal agreement to protect the rights of the tenant and landlord and setting out all the terms and conditions of the rental arrangements, sometimes referred to as a ‘rental agreement’.
<b>Valuation</b>	The price the property has been valued at on the open market by a Royal Institute Chartered Surveyor.

**For further information please visit <http://gov.wales/yourhomeinwales>**

Please contact us if you would like a copy of this document in large type or Braille.

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.  
This document is also available in Welsh.