

# IT'S A **GREAT TIME** **TO INVEST** WITH BARRATT HOMES



A HANDY GUIDE FOR INVESTORS

To book an appointment with a  
Sales Adviser call **0844 55 66 166**



**BARRATT**  
HOMES

# NOW'S THE TIME TO BUY AN INVESTMENT PROPERTY

More and more people are considering property as a way to invest. With low mortgage interest rates available, more flexible access to pensions and dramatic growth in the private rental sector, now could be the right time to make a brand new buy-to-let property investment.



## 1. INTEREST RATES ARE LOW

Interest rates in the UK are at their lowest level in recent history. And, with lenders competing in the marketplace, mortgage rates are highly competitive<sup>1</sup>.

However, borrowing may not remain this attractive forever. Getting a mortgage on an investment property now means you could take advantage of low interest rates. And, if you fix your mortgage repayments, you've got the added reassurance of knowing what your repayments will be, even if the base rate goes up.

## 2. RENTS HAVE BEEN INCREASING

While mortgage rates are at their lowest in recent times, UK rents continue to rise in almost every area of the country.<sup>2</sup> With a buoyant private rental market, a brand new buy-to-let investment is an increasingly attractive prospect.

## 3. PROPERTY VALUES HAVE BEEN GOING UP

The demand for property in the UK continues to outstrip supply, so prices continue to go up. Average UK house prices rose 1.3% between May and June 2016<sup>3</sup> which, combined with the low cost of borrowing, could make buying an additional property not only more affordable, but also a great investment for the future.

Continued

# NOW'S THE TIME TO BUY AN INVESTMENT PROPERTY



## 4. PENSION REFORMS COULD MAKE PROPERTY INVESTMENT EVEN MORE ATTRACTIVE

The recent pension reform that took effect on 6 April 2016<sup>4</sup> is the biggest reform of the State Pension since it was created more than a century ago.

This pension is among a number of reforms to taxes, National Insurance allowances and savings to support savers and ensure economic security at every stage of life. Giving people greater flexibility in how they invest their pension money for the future.

## 5. WE CAN HELP YOU INVEST WITH OUR SALE AND LEASEBACK SCHEMES

If you're looking for some extra reassurance, our Show Home Sale and Leaseback scheme could be perfect for you. This is where we sell you one of our brand new Show Homes and then lease it back from you, to continue using it as a Show Home. We will be your tenant providing a guaranteed income (up to 6% annually) for the whole of the lease period, plus there are no management or agency fees to pay. When the lease expires, we'll hand it back to you in good condition so you can either sell it or let it out right away.<sup>5</sup>

## 6. THERE'S MORE CHOICE OF BUY-TO-LET MORTGAGES

In recent years a lot more mortgages have come onto the market and landlord renting is rising at a faster rate than ever.

According to Paragon Mortgages (a specialist landlord lender) new buy - to - let lending has almost doubled in the first half of the year (2016), with tenant demand remaining high and in some areas increasing.<sup>6</sup>

FOR MORE INFORMATION ABOUT THE WAYS WE CAN HELP INVESTORS, PLEASE VISIT ONE OF OUR DEVELOPMENTS AND SPEAK TO A SALES ADVISER.

# WE CAN HELP YOU GET MORTGAGE READY

We understand the pressure of buying an investment property, that's why we recommend that you speak to an approved New Build Mortgage Adviser. They can provide access to the latest mortgage products suitable for investors and they're available seven days a week to provide advice.



## BEGIN WITH A LITTLE EXPERT ADVICE

Now you've started searching for a new Barratt home, we can introduce you to a recommended Mortgage Adviser.

- They will give you impartial advice and take a look at the whole mortgage market; better than talking to just one lender, who can only advise you on their own mortgage products.
  - They are specialists in new homes, who will understand how to help you whether you're investing as a helping hand for close family members, or on a buy-to-let basis.
  - They may have access to some mortgages that you won't find on the high street, and products that are suitable for investors with varying sizes of deposit.
- They can help you get mortgage ready by helping you prepare your application and make sure everything is in place so the process goes smoothly. They offer flexible appointment times and will provide regular updates throughout your application.
  - Simply, we want to make sure that you get the best advice and that your purchase with us goes as smoothly as possible – we receive NO fee for introducing you to these recommended advisers. We're just happy to help where we can.

**Continued**

# WE CAN HELP YOU GET MORTGAGE READY



## YOUR NEW BUILD MORTGAGE ADVISER WILL WORK CLOSELY WITH YOU AND HELP TO:

### CHECK YOUR CREDIT SCORE

- A credit score is used by lenders to establish whether or not they will consider providing you with a mortgage.
- You can check your credit file to make sure it is up to date and accurate. This is quick and simple to do online and the recommended Mortgage Advisers can help you with this.
- You will need to make sure all the information is correct and, if not, you can write to the credit agency and request that any corrections be made.
- If your credit file shows you have missed payments on some of your existing loans or credit agreements, there are lenders who may still offer you a mortgage if the accounts are brought up to date.

### UNDERSTAND YOUR LIMITS

- If you already have borrowings elsewhere, such as through credit cards or loans, you must make sure you're able to keep up with minimum repayments, although ideally repay in full each month. If at any point you find yourself struggling, it is better to speak to your lender than ignore it and hope it'll go away.
- Similarly, try not to get too close to your credit limit, as some lenders might see this as a risk. If you have missed some payments, let your Mortgage Adviser know – they may still be able to help you.

### PLAN YOUR FINANCES

- Many of our customers find it useful to keep tabs on their income and outgoings by using a budget planner. This can help you highlight unnecessary expenditure that you might be able to reduce.
- To help you further, speak to your New Build Mortgage Adviser, who will be able to go through a budget planner with you to make sure you have everything covered.

### GET ALL YOUR PAPERWORK TOGETHER

- Applying for a mortgage can often mean providing quite a large amount of information, such as bank statements, payslips and credit card statements. Your Mortgage Adviser can help you prepare for this, so don't be put off.
- Not all lenders ask for the same things, so by taking expert advice you can put yourself in the best position to apply for a mortgage.

**To make sure you're best placed to buy the investment property you want, get in touch with a recommended New Build Mortgage Adviser who will be happy to help.**

# INVESTING IN PROPERTY: THE KEY STEPS

From working out how much you've got to spend to being handed the keys of your brand new Barratt property, here are the main stages you'll need to go through. Also we will support you at each stage – either through our own advisers or by putting you in touch with recommended Mortgage or Legal Advisers.

## 1. SET CLEAR OBJECTIVES FOR YOUR INVESTMENT DECISION

- Before you consider buying an additional property set clear objectives for your investment decision.
- Consider what is important to you – are you after capital growth, rental income, the desire to help out close family members or a combination of these factors? Whatever the reason, make sure you are clear on your priorities.

Investment Objective: \_\_\_\_\_

## 2. TALK TO A NEW BUILD MORTGAGE ADVISER

- Before you consider making a property investment, you need to work out what's affordable.
- We can put you in touch with an New Build Mortgage Adviser who'll be able to help you work out a budget.
- You may also want to take independent tax advice about rental income.

Mortgage Adviser Name: \_\_\_\_\_

Contact Details: \_\_\_\_\_

## 3. GET HELP PLANNING YOUR BUDGET

- At the most basic level, you must see how much deposit you can find and how much a lender will let you borrow.
- Work out the potential rental income you need to achieve – research the local market to ascertain rental yields.

Property Value: \_\_\_\_\_

Loan Value: \_\_\_\_\_

Lender's Fee: \_\_\_\_\_

Deposit: \_\_\_\_\_

Monthly Repayment: \_\_\_\_\_

Stamp Duty / LBTT: \_\_\_\_\_

Solicitor's Fee and associated costs: \_\_\_\_\_

Furnishing Costs: \_\_\_\_\_

Letting Fees: \_\_\_\_\_

## 4. FIND A PROPERTY

- If you haven't already, sign up to our mailing list and we'll send you details on new properties you may be interested in.
- Talk to one of our Sales Advisers about specific offers and schemes that we offer customers buying an investment property.

Development: \_\_\_\_\_

Sales Adviser: \_\_\_\_\_

Contact Details \_\_\_\_\_

## 5. PAY YOUR RESERVATION FEE

- Once you have chosen the property you wish to buy, you can pay the reservation fee to secure the property.
- This means that the property will no longer be available for sale to anyone else.

Reservation Fee: \_\_\_\_\_

Date to Pay: \_\_\_\_\_

## 6. APPLY FOR A BUY-TO-LET MORTGAGE

- You can apply for a mortgage directly with a lender or go via a New Build Mortgage Adviser.
- They'll look at a wide range of potential products for you – remember you'll need to obtain a specific buy-to-let mortgage if you are planning to let the property.
- See the section 'We can help you get mortgage ready' for more details.
- Your prospective mortgage provider will undertake a basic credit check – if you pass that, they'll offer you a 'mortgage in principle', subject to more detailed checks about things like your income.

**Continued**

PLEASE NOTE: THE STEPS ABOVE APPLY IN ENGLAND AND WALES, BUT IN SCOTLAND THINGS WORK SLIGHTLY DIFFERENTLY – YOU SHOULD APPOINT A SOLICITOR BEFORE YOU START LOOKING FOR A PROPERTY AND THE TERMINOLOGY FOR THE CONVEYANCING PROCESS IS DIFFERENT. THIS IS TO ACT AS A GUIDE ONLY.

# HOME BUYING: THE KEY STEPS

## 7. GET LEGAL ADVICE

- We will provide details of up to three solicitors, or you can use your own.
- The legal process of transferring property ownership is known as conveyancing which your solicitor will advise you on.
- When buying and selling properties at the same time, it is important that the solicitor helps to coordinate the transactions within the property chain.
- If you choose a recommended solicitor, they will know our processes and help to ensure a smooth exchange and completion.

Solicitor's Name: \_\_\_\_\_

Contact Details: \_\_\_\_\_

## 8. GET A VALUATION

- Before a lender will give you a mortgage, they'll want to value the property you intend to buy – this could also involve a fee.
- Equally you may want to obtain a rental valuation to confirm the level of income that you may be able to generate from letting the property.

Valuation Date: \_\_\_\_\_

Valuation Cost: \_\_\_\_\_

Rental Valuation: \_\_\_\_\_

## 9. EXCHANGE CONTRACTS (MISSIVES IN SCOTLAND)

- Once all the legal work is complete, your solicitor will be ready to exchange contracts with the seller.

- On exchange, a deposit will need to be paid (normally at least 5%) and you and the seller are committed to the transaction taking place.

Exchange Date: \_\_\_\_\_

Deposit to Pay: \_\_\_\_\_

## 10. TAKE A TOUR

- Before you move in, we'll offer you a New Home Tour.
- This involves showing you where key elements like gas meter, water main and other important things are, so you'll be confident that you know where everything is.

Tour Date: \_\_\_\_\_

## 11. COMPLETE... AND ORGANISE LETTING AGENTS AND INSURANCE

- The completion date is the day on which you become the legal owner of your new property and the date will be advised to your solicitor after you've exchanged contracts. In Scotland this is known as the settlement date.
- This is the date when the solicitor ensures the funds are transferred and the sale is complete.
- Prepare for letting the property – either through an agent or direct with a tenant.
- Ensure you have the correct insurance policies in place for a rented property.

Completion Date: \_\_\_\_\_

New Address (inc. postcode): \_\_\_\_\_

\_\_\_\_\_

Tenancy Commencement: \_\_\_\_\_

### CUSTOMER CARE

At Barratt Homes, we have local, dedicated customer care teams all waiting to talk to you and answer your questions. We are committed to providing you a quality service that meets your needs and our people are always on hand to help guide and assist you wherever possible. They work together as one team, focusing on delivering what is most important for you in accordance with our Customer Service Charter.

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# MORE GREAT REASONS TO INVEST WITH BARRATT

## “BUYING IS **BETTER VALUE** FOR MONEY FOR US”

“I’ve been a regular customer of Barratt Homes for 10 years now...and I would thoroughly recommend a Barratt home to anyone looking to buy a property.”

**Jan Bixby**  
Doncaster



## **HIGH QUALITY HOMES IN GREAT LOCATIONS**

Our homes are well designed as places to live and as investment opportunities. They could deliver strong rental yields and excellent capital growth potential over the longer term.

## **LOW ENERGY BILLS – ATTRACTIVE FOR TENANTS**

Our homes are full of features designed to help your tenants cut their energy costs – things like airtight doors, insulated roofs, and gas-filled double-glazing. By using the latest technology, we’ve made our homes up to 55% more efficient than the same-sized older home. We estimate your tenants could cut energy bills by £1,312 a year<sup>7</sup> which makes your property much more desirable to rent.

## **BEAUTIFULLY DESIGNED AND READY TO MOVE INTO**

Our homes are light, open-plan and adaptable – every room can suit a variety of lifestyles. They are finished to the highest standard and ready to move into right away – so no decoration costs required before you can let yours.

## **AWARD WINNERS, TIME AND TIME AGAIN**

Barratt customers are delighted with their homes. In fact, more than 90%<sup>8</sup> of them would recommend us to a friend. Their high praise has ensured that we’ve been accredited with a 5 star rating from the Home Builders Federation more times than any other major national housebuilder. The award is extra assurance that you can expect the best quality build when you choose a Barratt home.



## **WE’RE HERE TO HELP**

Speak to one of our Sales Advisers today to find out about the range of schemes and incentives that may be available on certain plots, aimed at customers looking to buy an investment property. We’re on hand to provide useful advice every step of the way and may be able to recommend established lettings agents should you require one. Talk to a Sales Adviser now to find out how buying a new Barratt home is quick, easy and chain-free.

**For more information about our schemes and offer availability, please speak to a Sales Adviser on your chosen development.**

# CUT THROUGH THE JARGON

There's a minefield of terminology around buying property. Here's our handy guide to help you through it.

**AGREEMENT IN PRINCIPLE** – When your application for a mortgage has been approved by the lender, subject to further checks around things like your income and the value of the property.

**ARRANGEMENT FEE** – The amount the lender charges for arranging your mortgage. This is either paid on completion or included in your mortgage loan.

**BASE RATE OR BANK RATE** – The interest rate at which the Bank of England will lend money to other banks. This affects which other interest rates (like your mortgage rate) are determined.

**COMPLETION** – The date when you become the legal owner of the property. Completion occurs once the seller has been paid for the property and all outstanding costs have been settled.

**CONTRACT** – Entered into by the seller and buyer of a property, which only becomes binding on exchange of contracts, i.e. when both parties have signed the contract and the purchaser has handed over the agreed deposit to the solicitor.

**CONVEYANCING** – The legal transfer of property ownership from seller to buyer. Conveyancing is usually done by a solicitor.

**COVENANT** – A restriction or condition affecting the property, which must be complied with.  
E.g. a restriction on the use of the property such as not to build or construct any buildings on the property.

**DEEDS** – All the legal documents relating to the property.

**DEPOSIT** – The amount you pay upfront in order to secure a property. It is the difference between the purchase price and the mortgage.

**DISCOUNT RATE OR INTRODUCTORY RATE** – A temporary discount on your mortgage interest rate. After this rate expires, the lender's standard variable rate (SVR) will normally apply.

**EQUITY** – The value of your property, minus the amount you still owe on your home loan.

**EXCHANGING** – The point at which buyer and seller exchange contracts. After you've exchanged, the sale is legally binding and neither side can change their mind without the agreement of the other side.

**FREEHOLD** – The full ownership of both the property and the land on which it stands.

**GROUND RENT** – This applies to Leasehold properties and is a sum paid annually to the Freeholder by the Leaseholder.

**GUARANTOR** – A person who guarantees that a loan will be paid, even if the buyer defaults on the repayments.

**HOME REPORT (SCOTLAND ONLY)** – This report is required as part of the selling process of any property in Scotland.

**INSURANCE** – This can cover the contents of your home as well as the building and is usually discussed with your New Build Mortgage Adviser or lender when making mortgage arrangements.

**LAND REGISTRY** – The government organisation that records who owns land and property in the UK. If you take out or amend a mortgage, the Land Registry will charge a fee for updating their records.

**LEASEHOLD** – Land held under a lease for a number of years, on which ground rent is paid.

**LOAN-TO-VALUE (LTV)** – The amount you're borrowing as a percentage of what the property is worth (its current market value).

**MISSIVES (SCOTLAND ONLY)** – The name given to a contract. Missives are letters exchanged by the purchaser (making an offer for the property) and the seller (accepting the offer).

**MORTGAGE** – Most people will need to take out a mortgage – or loan – to buy a house. There are many different types of mortgage available to property investors: your New Build Mortgage Adviser can explain further.

**MORTGAGE PROTECTION POLICY** – An insurance policy often arranged in conjunction with a repayment mortgage, which is taken out to ensure that the loan will be repaid should the borrower die before the end of the mortgage term. Insurance may also be available to protect your repayments in the event of redundancy.

**MORTGAGE VALUATION** – The inspection of a property to assess its value and condition. Your lender will normally insist on a survey before agreeing on a loan.

**OVERALL COST FOR COMPARISON** – A way of calculating a mortgage that factors in the various interest rates and fees that apply, rather than just the discount rate or SVR. It's designed to make it easier to compare different mortgages.

**SEARCH FEES** – Before you buy a property, you need to check if there are upcoming developments or plans that will affect its value. Search fees are the costs of doing this, usually payable to your solicitor.

**SETTLEMENT (SCOTLAND ONLY)** – The end of the house-buying process, when the deeds of the new house and other documents are handed over, in return for the agreed price.

**SOLD SUBJECT TO CONTRACT** – When the seller and buyer are proceeding with the sale but the paperwork is not yet complete.

**STAMP DUTY OR LAND AND BUILDINGS TRANSACTION TAX (LBTT)** – A one-off tax payable when buying residential property over £125,000 (£145,000 in Scotland).

**STANDARD VARIABLE RATE (SVR)** – A lender's default interest rate. This often – but not always – tracks the Bank of England base rate.

**TITLE** – The rights and liabilities that attach to the property.

**TITLE INFORMATION DOCUMENT** – A copy of the land register sent to the buyer's conveyancer following registration.

**barratthomes.co.uk**

**0844 55 66 166**

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.**

Barratt Homes does not offer financial or legal advice. We would recommend that customers take independent financial advice specific to their circumstances before taking any action. Images may include optional upgrades. Calls to our 0844 numbers cost 7 pence per minute plus your phone company's access charge.

1 [www.mortgagesolutions.co.uk/news/2016/07/26/drop-fixed-term-mortgage-rates/](http://www.mortgagesolutions.co.uk/news/2016/07/26/drop-fixed-term-mortgage-rates/)

2 'UK rents continue to rise in almost every area of the country' – <https://homelet.co.uk/news/article/rents-across-the-uk-continued-to-rise-in-june>

3 'Average UK house prices rose 1.3% between May and June 2016' – [www.thisismoney.co.uk](http://www.thisismoney.co.uk)

4 TBC

5 Although all such schemes are commonly referred to as 'Show Home Sale and Leaseback' they in fact involve a licence. Customers must sign a licence agreement with us.

6 According to Paragon Mortgages (a specialist landlord lender) new buy-to-let lending has almost doubled in the first half of the year (2016), with tenant demand remaining high and in some areas increasing.

[http://www.paragongroup.co.uk/file\\_source/Files/GROUP/pdf/press%20releases/2016/May/Half-year%20results%20release.pdf](http://www.paragongroup.co.uk/file_source/Files/GROUP/pdf/press%20releases/2016/May/Half-year%20results%20release.pdf)

7 Costs based upon the comparison of a new build four-bed detached house built to 2010 regulations vs. Victorian property (upgraded with modern-day improvements). An upgraded Victorian home means one which has the following improvements over original build specification: 200mm loft insulation, double glazing to half of all windows, a 72% efficient (non-condensing) gas boiler and insulated hot water cylinder.

Source: Zero Carbon Hub and NHBC Foundation 2012.

8 Source: In-House Research and Training Ltd – an independent survey conducted amongst 4,298 customers between April and November 2013, 97% would recommend Barratt Developments PLC brand to a friend/brand.