

HELP TO BUY



Help to Buy Schemes

There are various schemes available to assist buyers on to the housing ladder. Some of these are available to first-time buyers only, whilst some are available to those existing homeowners who are finding it difficult to move to another property. The schemes can appear confusing and it is important you fully understand the scheme you are entering into. Our expert mortgage advisers can guide you through each scheme.

Help to Buy: Equity Loan

- The equity loan scheme is open to all buyers who are purchasing a new-build property.
- You will need to put down a deposit of 5% of the property value.
- The Government lends you 20% of the price of the house you're buying and this loan is interest free for the first five years. This loan is provided by the Government's Homes and Communities Agency (HCA) and is secured by second charge against the property.
- After the first five years, an interest fee of 1.75% of the equity loan amount will be payable, rising each year by the increase in the Retail Price Index plus 1%.
- The equity loan must be repaid after 25 years or earlier. When repaid, the payment due is the same as the proportion borrowed. If your house price has rose significantly, the amount you pay back for your equity loan will be proportionately higher than the amount borrowed.

- You may reduce the size of your equity loan, and pay it off completely, by staircasing. Payments can be made at any time, will be based on the value of the property at the time of payment and are subject to a minimum repayment of 10%.
- You can only own one property when the transaction completes. An applicant who intends on letting their existing property and purchasing another through the scheme will not qualify.
- The maximum lending available cannot exceed 4.5 times your income.
- The property purchase price must not exceed £600,000
- Not all lenders are part of the Help to Buy Equity Loan scheme.

Help to Buy: Shared Ownership

- Scheme can be used to purchase new-builds and existing properties and is open to first-time buyers and existing homeowners.
- The scheme can be used to purchase and remortgage.
- The scheme will allow you to purchase between 25% and 75% of your home's purchase price with rent being paid on the share not owned.
- You are able to purchase further shares through staircasing.
- Shared ownership properties are always leasehold.
- To qualify, your household must earn £80,000 or less outside of London and £90,000 a year or less in London.

Help to Buy: ISAs

Funds saved in the Help to Buy Cash ISA must be used towards the purchase of a home for the bonus to be paid.

- To qualify you must be 16 or over, have a valid National Insurance number, be based in the UK and be a first-time buyer.
- Initial deposit of up to £1,000 can be made in addition to savings of up to £200 per month, in your first month you can deposit up to £1,200.
- The Government will boost savings by 25%, with minimum bonus of £400 (will require saving of £1,600) and maximum of £3000 per person. If the maximum £12,000 is saved, the Government will contribute another £3,000 to the ISA.
- Couples buying together can both have an ISA and both receive the bonus as long as they are first-time buyers.
- During the application process, borrowers should send their ISA closing statement to their solicitor who will then apply to the Scheme Administrator for the bonus. The bonus will then be sent to the solicitor to use towards the house purchase. The bonus cannot be used for any other associated costs of buying a property, such as legal fees, or estate agency fees.