

## **Frequently Asked Questions**

### **What is Help to Buy**

The Help to Buy scheme consists of an “equity loan” where the Government will loan you up to 20% of the value of your new build home. Here's how the Help to Buy Scheme works:

- You put down a 5% deposit
- The Government will lend you up to 20% of the value of your property through an equity loan
- You only need to secure up to a 75% mortgage from a bank or building society
- The equity loan can be repaid at any time or on the sale of your home
- The scheme is only available on new build homes and on homes up to a maximum value of £600,000
- Take a look at the Help to Buy Buyers Guide for full details.

### **Is this scheme right for me**

Help to Buy could be the right scheme for you only if you are interested in a new build home and want to make your mortgage repayments more affordable.

### **How has Help to Buy come about**

The Government wants to help more people across the country make the aspiration of home ownership a reality. Help to Buy is aimed at increasing the supply of low-deposit mortgages.

### **When can I use the scheme**

If you have a 5% deposit and want to buy a new build home, you'll be able to access the Help to Buy equity loan scheme from 1 April 2013.

### **Am I eligible if I already own a home**

Yes. The scheme is available to home movers as well as first-time-buyers, subject to meeting the relevant eligibility criteria.

### **Am I eligible if I don't have a deposit**

To access a Help to Buy product, buyers will need a minimum 5% deposit.

### **If I apply am I guaranteed being accepted**

Borrowers will need to meet appropriate tests to ensure they can pay back the mortgage, as well as passing their chosen lender's credit and affordability checks.

### **How much can I borrow**

Subject to meeting the eligibility criteria and affordability checks, you'll be able to use the Help to Buy scheme to purchase a property with a value up to £600,000. To purchase your property you will need to put down a 5% deposit, raise a 75% mortgage and the Government will lend you 20% of the value of your new home.

### **What are the details**

Eligible applicants will be offered an equity loan of up to a maximum of 20% of the purchase price. Applicants are required to fund at least 80% of the purchase price by means of a conventional mortgage, savings and any deposit where required. For the first five years there is no fee charged on the equity loan component. At the start of year six a fee of 1.75% is payable on the equity loan, which rises annually by the RPI inflation plus 1%. The equity loan is provided by the HCA and held as a second charge. Terms and conditions apply and full details will be provided on request. This offer is subject and only available on selected developments and properties in England only. It is not offered with any other promotion.

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

The table below shows the amount you will have to pay. The fee payment is not made for the first five years. After this date a monthly fee will be payable and the table below illustrates how this would work on a Help to Buy equity loan totalling £40,000.

Start of Year	Help to Buy Equity Loan	Estimated RPI %+1	Annual Payment	Estimated Monthly Payment
1	£40,000	6%	£0	£0
2	£40,000	6%	£0	£0
3	£40,000	6%	£0	£0
4	£40,000	6%	£0	£0
5	£40,000	6%	£0	£0
6	£40,000	6%	£700	£58
7	£40,000	6%	£744	£62
8	£40,000	6%	£788	£66
9	£40,000	6%	£832	£69
10	£40,000	6%	£884	£74

Your solicitor or conveyancer will be able to provide more illustrations when they advise you on your purchase. Take a look at the Help to Buy Buyers' Guide for more information.

### **Can you use the scheme with an interest only mortgage**

Help to Buy is only available on capital repayment mortgages.

### **Can I rent the property out**

Help to Buy will only be available on properties which are occupied by the individual or individuals taking out the mortgage.

### **Can I get a mortgage in the name of my business**

Help to Buy mortgages are only available to an individual or individuals rather than companies.