



Homes &  
Communities  
Agency

# Help to Buy Buyers' Guide

Homes and Communities Agency  
27 March 2013

<http://www.homesandcommunities.co.uk/helptobuy>

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

Help to Buy is equity loan assistance to home buyers from the Homes and Communities Agency (HCA).

Help to Buy makes new build homes available to all home buyers (not just first time buyers) who wish buy a new home, but may be constrained in doing so – for example as a result of deposit requirements – but who could otherwise be expected to sustain a mortgage. Up to a maximum of 20% of the purchase price is available to the buyer through an equity loan funded by the Government through the HCA.

Help to Buy is available in England from house builders registered to offer the scheme. Help to Buy will run from April 1<sup>st</sup> 2013 until March 31<sup>st</sup> 2016 (or earlier if all of the funding is taken up).

This guide provides an overview of the product. If you'd like to know more, or if you want to apply, please contact your Local HomeBuy Agent (see page 19).

**Your home may be repossessed if you do not keep up repayments on a mortgage or any other debt secured on it.**

**Check that these mortgages will meet your needs if you want to move or sell your home or you want your family to inherit it. If you are in any doubt, seek independent advice.**

**APR 5.2% typical** (see page 13 for more information).

## **Help to Buy overview**

With Help to Buy, the buyer ('you') buys a new home on a new build development with assistance from the Homes and Communities Agency ('the Agency') in the form of an equity loan.

You must take out a first mortgage (with a qualifying lending institution e.g. a bank or building society). This mortgage, together with any cash contribution from you, must be a minimum of 80% of the full purchase price. The maximum full purchase price is £600,000.

The Agency will provide an equity loan to fund the balance needed to make up the full purchase price of your home, up to a maximum of 20% of the full purchase price.

The equity loan must be repaid after 25 years or earlier if you sell your home. You must repay the same percentage of the proceeds of the sale to the Agency as the initial equity loan (i.e. if you received an equity loan for 20% of the purchase price of your home, you must repay 20% of the proceeds of the sale).

The equity loan is interest free for the first five years. After that, you will pay a fee of 1.75%, rising annually by the increase (if any) in the Retail Price Index (RPI) plus 1%.

Local HomeBuy Agents will assess and approve your purchase for Help to Buy, and you need their approval before you proceed with the buying process.

Further details on all these points and the buying process are set out within this guide.

## **How does it work?**

Help to Buy enables buyers to purchase a new property, funded by a mortgage and with help from the Agency.

This enables you to take out a mortgage on which you make repayments in the normal way. Your mortgage lender is likely to require that you contribute a deposit and your mortgage and deposit must cover a combined minimum 80% of the total purchase price. The rest of the purchase price will be paid for with an equity loan from the Agency.

**As a result of providing this assistance, the Agency has an entitlement to a share of the future sale proceeds equal to the percentage contribution required to assist your purchase. Examples of this are shown below.**

For the first five years of Help to Buy home ownership there is nothing for you to pay on the amount that the Agency contributed to your purchase.

After five years, the equity loan will be subject to a fee (collected from you on behalf of the Agency by the Post Sales HomeBuy Agent) of 1.75% per annum on the outstanding amount of the equity loan. From the fifth anniversary of the loan this fee will increase each year by the increase (if any) in RPI plus 1%. This is illustrated on page 14.

**When you sell your Help to Buy home (unless you have chosen to repay your equity loan earlier), you must repay the Help to Buy assistance from a share of the sale proceeds. So, if the Agency assisted your purchase with a 20% contribution, your repayment will be 20% of the total market value when it is sold. Turn to page 11 to see what happens if values have fallen.**

Following the purchase you can choose at any time to make voluntary part repayments ('staircasing' or a full repayment) of the Help to Buy assistance at the prevailing market value. The minimum voluntary repayment is 10% of the market value at the time of repayment.

The Agency's entitlement to a share of the future sale proceeds is secured through a second charge on your home. This is done in the same way that your mortgage lender will secure its lending through a first charge on your home. Although, if you buy through Help to Buy, you will have a mortgage for less than the full purchase price of the property, you will be the legal owner with 100% title to your home. The table below shows how it works.

<b>Example of Help to Buy home ownership</b>	<b>£</b>	<b>%</b>
Open market price of new home	<b>£200,000</b>	<b>100</b>
Help to Buy buyer mortgage @ 75%	£150,000	75
Help to Buy buyer pays 5% deposit	£10,000	5
<b>Help to Buy buyer total contribution</b>	<b>£160,000</b>	<b>80</b>
<b>Agency Help to Buy assistance 20% equity loan</b>	<b>£40,000</b>	<b>20</b>

In this example, the Help to Buy buyer has purchased a £200,000 home with a deposit of £10,000 and a mortgage of £150,000. The Agency has contributed an equity loan totalling £40,000 or 20% of the total purchase price.

In this example, when the home is sold, the Agency will be entitled to 20% of the total sale price.

Because Help to Buy assistance is through an equity loan, the amount required to increase your equity share will be dependent on the total value of the property at the time you want to redeem part of your equity loan (sometimes known as 'staircasing') or repay in full. The amount you need to do this will increase if your home increases in value and decrease if its value falls (see examples later in this guide).

**Who can take part in the scheme?**

It is open to all buyers seeking a new build home.

Help to Buy buyers must be able to fund up to 80% of their selected property through a conventional mortgage.

Buyers must take out a first charge mortgage with a qualifying lender. The maximum purchase price is £600,000.

The Local HomeBuy Agent (see below) will carry out an assessment of an application by a potential Help to Buy buyer to ensure that they are in a position to afford a conventional mortgage for their proposed purchase. This protects tax payers' investment in the Help to Buy home.

You must have access to a minimum 5% deposit (if one is required by your first charge lender).

**The property purchased must be your only residence. Help to Buy is not available to assist buy-to-let investors or those who will own any property other than their Help to Buy property after completing their purchase.**

**You cannot rent out your existing home and buy a second home through Help to Buy.**

**Applicants who make fraudulent claims for Help to Buy assistance will be liable to criminal prosecution.**

**Fraudulent claims will always require immediate repayment of the Help to Buy equity loan assistance.**

### **What does the HomeBuy Agent do?**

The Local HomeBuy Agents act on behalf of the Agency to signpost potential buyers towards Help to Buy schemes in their area and will carry out an affordability check on applicants.

They will also guide you through the process of buying your Help to Buy home and issue the approvals to your solicitor and the house builder to purchase the home through the Help to Buy scheme.

The role of the Local HomeBuy Agent is to:

- hold information about Help to Buy schemes for prospective buyers,
- assess affordability and eligibility, and
- give approval to a Help to Buy buyer's solicitor/conveyancer to proceed with a purchase.

Following the Help to Buy sale, your details will be transferred to the Post Sales HomeBuy Agent.

The role of the Post Sales HomeBuy Agent is to provide a single point of contact to:

- administer payment of fees by buyers on the Help to Buy equity loans after five years of ownership,
- recover the equity loans repayments as owners sell and move on or staircase, and
- provide advice and approval for exceptional cases relating to subletting, remortgaging and requests for additional borrowing.

### **Where are Help to Buy homes available?**

Help to Buy homes are available from house builders registered to offer Help to Buy homes in England. Registered builders will make it clear in their advertising if Help to Buy homes are available on their development sites.

## **How to buy a Help to Buy home**

### **The four-stage Help to Buy buying process**

#### **Stage 1: Application**

- Contact house builders, visit schemes of registered house builders and identify your potential Help to Buy property.
- You must see an Independent Financial Advisor (IFA) to gain confirmation of your financial status. The Local HomeBuy Agent and house builders will be able to suggest some IFAs for you to try.
- You must ensure you have funds to pay:
  - a reservation fee if required
  - a deposit on exchange if required (a mortgage deposit is typically 5% although some schemes may require higher or lower deposits at exchange of contracts)
  - other fees on completion (e.g. stamp duty, legal fees).
- You complete a Help to Buy “Property Information Form” (available from the developer). You must complete this with details of your proposed purchase, your proposed main mortgage, deposit and including your household income. The Property Information Form also confirms your agreement to the funds due under the Help to Buy mortgage being paid directly to the house builder.
- You must also reserve the home. You will usually be expected to pay a reservation fee to the house builder.
- The signed Property Information Form and a copy of the builder’s signed reservation form must be sent to the Local HomeBuy Agent.

#### **Stage 2: Authority to Proceed**

- Your Local HomeBuy Agent checks you can afford your main mortgage and ensures you have signed the declaration that the Help to Buy home will be your only residence. This is to protect tax payers’ investment in the Help to Buy equity loan.
- If affordable, you will receive an “Authority to Proceed” from your Local HomeBuy Agent within four working days of the house builder submitting your fully completed Property Information Form and reservation form to the Local HomeBuy Agent. This process may be delayed if you do not fully complete your Property Information Form.
- You instruct a solicitor to act for you and tell your IFA so that a full mortgage application can be submitted.
- The ‘Authority to Proceed’ will be accompanied by instructions to you and your solicitor/conveyancer. This pack will include legal documents that will be explained to you by your solicitor/ conveyancer.

#### **Stage 3: Mortgage offer and exchange of contracts**

- Your solicitor/ conveyancer will advise you and ensure you sign the sale contract and the Help to Buy equity loan.
- Your solicitor/ conveyance will explain the legal implications of the equity loan, that the Help to Buy home must be your only residence and the consequences of a fraudulent application (see below).

- Your solicitor/conveyancer checks that your mortgage offer, property price and available funds are consistent with the Authority to Proceed, and requests permission to exchange contracts from the Local HomeBuy Agent.
- Your Local HomeBuy Agent issues approval to your solicitor/conveyancer and contracts are exchanged.
- You will have paid a deposit if required and are now legally contracted to complete the purchase by an agreed date.

#### **Stage 4: Completing the purchase**

- At completion, your lender provides its funds and the Agency will make its funds available to you via the house builder. Once completion has taken place you own the property and can move in.
- Your solicitor returns confirmation of the sale to your Local HomeBuy Agent who then registers your details with the Post Sales HomeBuy Agent.
- A second charge is registered on your home by your solicitor in favour of the Agency, entitling it to a share of the future sale proceeds. The charge will be equivalent to the percentage contribution made towards the purchase price. You must repay the percentage contribution when you sell your home or after 25 years (whichever is earlier).

**The property purchased must be your only residence. Help to Buy is not available to assist buy-to-let investors or those who will own any property other than their Help to Buy property after completing their purchase.**

**You cannot rent out your existing home and buy a second home through Help to Buy.**

**Applicants who make fraudulent claims for Help to Buy assistance will be liable to criminal prosecution.**

**Fraudulent claims will always require immediate repayment of the equity loan assistance.**

#### **How long does the process take?**

Once you find a property you want to buy, you need to reserve it and submit a duly completed 'Property Information Form' to your Local HomeBuy Agent.

Your Local HomeBuy Agent will seek to assess your affordability (from a fully completed Property Information Form) within four working days and will issue an Authority to Proceed.

Your Local HomeBuy Agent's 'Authority to Proceed' is valid for three months – the time limit for exchange of contracts. Typically, most house builders will be seeking buyers to exchange contracts within one month of making a reservation.



You are responsible for securing your mortgage and appointing your solicitor/conveyancer, although your Local HomeBuy Agent and house builders will be able to suggest some options.

### **Further information**

Help to Buy homes are only available from Help to Buy registered house builders who are in contract with the Agency to offer homes for sale through the Help to Buy programme.

Registered builders will make it clear in their advertising whether Help to Buy homes are available on their development sites.

Your Local HomeBuy Agent can also help you find out more about availability of Help to Buy homes in your area.

## **Your mortgage**

### **What is the minimum and maximum contribution I must make to my Help to Buy home purchase?**

Your minimum contribution must be 80% of the full purchase price which can be made up from your mortgage and your cash deposit contribution and any other savings.

The affordability of your mortgage contribution will be assessed by the Local HomeBuy Agent.

To ensure that funding can be used to help as many buyers as possible, Help to Buy purchasers are always expected to maximise their contribution to a reasonably affordable level. This is assessed by your Local HomeBuy Agent. If you could reasonably afford more than 90% of the full purchase price you will not receive Help to Buy assistance.

Your mortgage is designed to be affordable relative to your income. Your Local HomeBuy Agent will ensure you maximise your mortgage while having regard for the overall affordability of your repayments.

Typically, your mortgage will be based on a multiple up to 4.5 times your household income. Your Local HomeBuy Agent will also work to a guideline to ensure that your monthly costs (mortgage, service charges and fees) are no more than 45% of your net disposable income.

You cannot choose to take a lower mortgage if your affordable income multiple suggests you can afford and sustain a higher one. This is because the scheme is designed to assist buyers by giving them the help they need (but not more than that) to buy a new home. With limited resources available, the Agency is seeking to help as many buyers as possible, and allowing a buyer to reduce their mortgage (and maximise their equity loan) could stop others from also benefiting from the initiative.

### **What is the legal mechanism that ensures the Agency receives their correct share when the equity loan is repaid?**

The Agency's equity loan will be secured through a second charge registered on your property title at Land Registry; this process will be undertaken by your solicitor. This means your property cannot be sold in the future unless the Agency's equity loan percentage is repaid.

You must agree to the legal charge being secured on your home before your purchase can be completed. Your Help to Buy equity loan also includes other obligations such as the requirement for you to insure your property. Your solicitor/conveyancer will advise you on the legal implications of your obligations and these documents before they are signed.

### **What happens when I sell my Help to Buy home?**

When you sell your Help to Buy home, (unless you have already chosen to repay your Help to Buy equity loan) you will repay the Agency's equity loan simultaneously. So if you initially purchased with a 75% mortgage and a 5%

cash deposit and have made no other staircasing repayments (see Illustration 1 below), you will repay the Agency 20% of the value at the time you sell.

The Post Sales HomeBuy Agent will collect the Agency's repayment.

You can sell your home at any time and an independent valuer must decide what it is worth. Your property should be sold on the open market at the prevailing market valuation. If you do sell your property for more than the prevailing market value then the amount due to the Agency under the equity loan will be their percentage value of the actual sale price. The Agency will not agree to release its charge over the property for sales at less than market value.

If there are any fees outstanding, for example, arrears at the time of selling, these must be paid before the sale is completed.

The Help to Buy equity loan must be repaid when you sell your home. You will pay the costs of selling.

The illustrations below give examples of how the equity loan repayment is calculated assuming a Help to Buy home starting value of £200,000 and a buyer taking on a mortgage for 75% and paying a 5% deposit. Your solicitor/conveyancer will be able to provide more illustrations when they advise you on your purchase.

### Illustration 1

Star of year	Estimated annual change in property price %	Total property Value	Help to Buy home owner your entitlement to 80% of property value	Agency entitlement to 20% of property value
1	2	£200,000	£160,000	£40,000
2	2	£204,000	£163,200	£40,800
3	2	£208,080	£166,464	£41,616
4	2	£212,242	£169,794	£42,448
5	2	£216,846	£173,477	£43,369
6	2	£220,816	£176,653	£44,163

In the example above, if the buyer chose to sell their Help to Buy home at the start of year six (after owning the property for five years) and assuming property values increased by 2% every year, the buyer would receive an estimated £220,816 from the sale. The buyer would then use this to settle any outstanding balance on their main mortgage and to repay the £44,163 Help to Buy equity loan.

### **What happens if property values fall? Will I have to repay the full amount of Help to Buy assistance or just a percentage of the total sale proceeds?**

When you sell your home, (unless you have repaid the Help to Buy equity loan document previously) the Help to Buy equity loan document commits you

to repay a percentage of the market value equal to the percentage contribution of assistance received.

This means if the market value of your property falls below the level at which it was first purchased, you will repay less than the original amount the Agency contributed to the original purchase.

You must always show that the proposed sale value is at the prevailing market value before going ahead. The Post Sales HomeBuy Agent must approve the sale before allowing the second charge to be released.

As long as you have complied with all your obligations in the Help to Buy mortgage deed, you will not be required to provide for any shortfall in the equity loan if you sell when values have fallen.

If you do not comply with the terms of the Help to Buy mortgage deed, the Agency will seek to recover all the money they are owed. Your solicitor will explain the Help to Buy mortgage deed to you before the property is purchased.

### Illustration 2

Star of year	Estimated annual change in property price %	Total property Value	Help to Buy home owner your entitlement to 80% of property value	Agency Help to Buy entitlement to 20% of property value
1	-5	£200,000	£160,000	£40,000
2	-5	£190,000	£152,000	£38,000
3	-5	£180,500	£144,400	£36,100
4	5	£171,475	£137,180	£34,295
5	5	£180,049	£144,039	£36,010
6	5	£189,051	£151,241	£37,810

In the above example, if no capital repayment has been made on the main mortgage, repayment of the £150,000 mortgage from sales proceeds would leave £39,051 to contribute to the repayment of the £37,810 equity loan.

### Can I redeem my equity loan in part, sometimes known as “staircasing”?

The Help to Buy scheme allows you to repay all or part of your equity loan. A partial repayment is often called “staircasing”.

Staircasing payments can be made at any time and must be a minimum of 10% of your home’s prevailing market value – whether that value is more or less than when originally purchased. You may wish to check any additional criteria with your current lender.

An independent valuer must provide a valuation of your property and you will also be responsible for the associated administrative cost. Enquiries about administrative costs should be made to the Post Sales HomeBuy Agent.

If you decide to staircase after five years of ownership, the fees (see below) you pay on your Help to Buy equity loan will reduce to reflect your smaller outstanding loan percentage.

If you extend your mortgage to fund your partial repayment of the Agency equity loan, your mortgage repayments will probably increase to reflect the fact that you have repaid some of the equity loan. The Post Sales HomeBuy Agent will need to approve any increase in your first charge mortgage.

In the example below, the buyer chooses to staircase by 10% to reduce the Agency equity loan to 10% at the start of year six (after owning the property for five years). Assuming property values increased by 5% every year, the buyer would have to repay £25,526 to reduce the Agency equity loan to 10% based on the future property value.

If the buyer has any outstanding equity loan fees at the time of staircasing, these arrears must also be paid at the same time as the staircasing payment is made.

Your solicitor/conveyancer will be able to provide more illustrations when they advise you on your purchase.

Start of year	Estimated annual change in property price %	Total property Value	Help to Buy home owner your entitlement to 80% of property value	Cost to Help to Buy Home owner staircasing by 10%	After staircasing Help to Buy home your entitlement to 90% of property value
1	5	£200,000	£160,000	Not applicable	Not applicable
2	5	£210,000	£168,000	£21,000	£189,000
3	5	£220,500	£176,400	£22,050	£198,450
4	5	£231,525	£185,220	£23,153	£208,373
5	5	£243,101	£194,480	£24,310	£218,790
6	5	<b>£255,256</b>	<b>£204,204</b>	<b>£25,526</b>	<b>£229,730</b>

### **Are there any restrictions on the mortgage provider?**

Your first charge mortgage must be from a qualifying lending institution. These include lenders who are authorised under the Financial Services and Markets Act 2000, and who have permission to enter into regulated mortgage contracts. This is likely to include most banks and building societies.

The Financial Services Authority keeps a register of authorised persons on its website. The register can be found at [fsa.gov.uk/page/register](http://fsa.gov.uk/page/register)

Your solicitor/conveyancer will check that the lender is compliant before a sale can proceed.

### **Fees and costs**

#### **What are the monthly costs of Help to Buy?**

Typically every month, you will need to make payments in addition to your normal monthly outgoings, including:

- mortgage repayments to lenders

- after five years, fees on the Help to Buy equity loan (see below)
- service charges, if you buy a house or flat with shared areas that require maintenance
- council tax
- life insurance [and payments into investment products if the mortgage is interest only]
- buildings insurance
- utility bills and other costs of occupying the property.

### How the fees are calculated on the Help to Buy equity loan?

If you have not repaid in full your Help to Buy equity loan after five years, you will be required to pay a fee of 1.75% of the market value of your property at the time you purchased, rising annually from the fifth anniversary of your equity loan by the increase (if any) in the Retail Price Index (RPI) plus 1%. This fee is payable to the Post Sales HomeBuy Agent.

The example below shows how fees are calculated. 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 Help to Buy equity loan totalling £40,000.

Your solicitor/conveyancer will be able to provide more illustrations when they advise you on your purchase.

Start of year	Help to Buy equity loan assistance	Estimated RPI %+1	Fee percentage	Annual fee due	Estimated monthly payment
1	£40,000	6%	0%	£0	£0
2	£40,000	6%	0%	£0	£0
3	£40,000	6%	0%	£0	£0
4	£40,000	6%	0%	£0	£0
5	£40,000	6%	0%	£0	£0
6	£40,000	6%	1.75%	£700	£58
7	£40,000	6%	1.86%	£744	£62
8	£40,000	6%	1.97%	£788	£66
9	£40,000	6%	2.08%	£832	£69
10	£40,000	6%	2.21%	£884	£74

At the start of year six, after five years of ownership, the Help to Buy owner in this example has to pay a monthly fee of £58. At the start of year seven, after six years of ownership, the monthly fee will have risen to £62.

The fee structure is intended to encourage you to staircase and move to full ownership. The introduction of fees after five years also takes into account that you benefit from living in your own home, made possible by the Agency contributing part of the purchase price until your property is sold. The fee is not introduced until the start of year six, which means that you have a five year period of zero fees at a time when many buyers are usually the most financially stretched.

The future rate of inflation cannot be predicted but you should assume your fees will always rise. The example shown above assumes annual inflation as measured by the RPI is 5% making the annual fee increase by 6%, from 1.75% to 1.86%, in year seven. By the start of year ten, if the same rate of inflation is maintained, the fee would be 2.21% equating to £74 per month based on the original equity loan totalling £40,000. Your annual fee will always increase by a minimum of 1% (from the fifth anniversary of your Agency equity loan) even if there is not increase or there is a decrease in RPI.

Your payment of fees does not contribute towards repaying your Help to Buy equity loan. If you staircase or want to make full repayment of the equity loan, any fee arrears must be repaid at the same time.

### **Annual Percentage Rates (APR) for Help to Buy owners**

Because you have to pay fees on your Help to Buy equity loan during your ownership, and you may have to pay more than the original contribution back to the Agency, the effect will be similar to a loan under which a buyer pays credit charges at a rate dependent on the growth in house prices combined with the percentage rates of fees payable.

The previous illustrations demonstrated separately the effects of house price changes and fees on the costs a buyer would have to pay starting with a £200,000 market value home and a buyer's affordable mortgage and contribution of 80%.

The combined effect of fees and repayments effects the APR which is the buyer's cost of credit.

Using the previous illustrations, after six years of ownership, if the buyer decides to sell and house prices have grown for example by 5% every year, the buyer will have to repay £53,604 on their equity loan.

The owner will have also paid £700 in fees on the Help to Buy equity loan. This means the total amount payable after five years on the Help to Buy original assistance of £40,000 is £54,304.

**For this example, this is equal to an APR 5.2% typical.** The total amount repaid is £54,304. You should remember this is an illustration. House price inflation, the Retail Price Index and the fees and costs an owner pays could all vary substantially over time. Your solicitor/conveyancer will be able to provide a further illustration of APR when they advise you on your purchase.

**Prospective buyers should always seek independent financial advice before proceeding.**

## Questions and answers

### **Q Can I buy a home off plan?**

Yes, you are able to reserve a new home off plan at any time. However, you cannot exchange contracts before three months to legal completion of the sale. You also need to ensure that your mortgage offer is valid through to legal completion.

### **Q Will I have to pay Stamp Duty?**

The Government's standard rules and procedures for Stamp Duty Land Tax (SDLT) apply to all Help to Buy purchases.

SDLT is payable at the time of purchase, on the full purchase price of the home. That is, the amount paid by you (the first mortgage and any cash contribution) plus the value of the Help to Buy assistance.

There is no further SDLT to pay on any 'staircasing' repayments or repayment when the home is sold.

You should budget for SDLT on the full open market price of the property when you purchase a Help to Buy home.

### **Q Who pays for repairs and ongoing maintenance to my home?**

It is your responsibility to repair and maintain your home. New homes often come with a guarantee that will cover certain defects for up to 10 years after it was built. This guarantee usually only covers defects in the house builder's workmanship. Your solicitor/conveyancer will be able to advise in more detail on this.

### **Q Who provides the contribution for Help to Buy?**

The equity loan is provided by the Homes and Communities Agency and administered by your local HomeBuy agent. The contribution is secured by a second charge on your property title registered at Land Registry.

### **Q How long will it take before I can move in?**

Because Help to Buy homes are generally on new developments (and may still be under construction), in common with most new home sales, you will normally be expected to arrange a mortgage and exchange contracts within one month of paying your reservation fee.

Your moving in date may depend on the time required to complete construction work, which will vary from scheme to scheme. Some Help to Buy applicants may need to wait for a longer period of time for a home that matches very specific needs whereas others may buy from a development that allows earlier occupation.

### **Q What happens if the completion of my home is delayed?**

Once you have committed to buy a home (at exchange of contracts) the house builder will have agreed to build the home and keep you informed of progress. If you are unhappy about any delays in construction you must speak to the house builder. Your solicitor/conveyancer will be able to advise on the house builder's contractual responsibilities before you agree to the sale. You should check with your house builder that the funding will be available on the date you expect to complete your purchase.



**Q Are there any restrictions on the properties that I can purchase?**

All Help to Buy homes are on new build developments where the Agency has a registration agreement with the house builder. You can only purchase from these house builders. The maximum purchase price is £600,000.

**Q Can I sublet my Help to Buy home?**

No. Help to Buy is designed to assist you to move on to or up the housing ladder. If you wish to sublet, you will first have to repay the Help to Buy equity loan assistance. In exceptional circumstances (e.g. a serving member of the Armed Forces staff whose tour of duty requires them to serve away from the area in which they live for a fixed period, then sub-letting can be considered. In these circumstances you would also require approval from your mortgage lender).

**Q Can I own other homes and buy a Help to Buy home?**

No. Help to Buy is designed to assist you to move up the housing ladder and must be your only residence. This means you will be expected to sell your current home if moving up the ladder. The disposal of your current home will be verified by your solicitor/conveyance before you can proceed to exchange contracts on the Help to Buy Home.

**Q Can I own a Help to Buy home and buy a second home?**

No. Help to Buy is designed to assist you to move up the housing ladder. If you can afford to purchase another home you will have to repay the Help to Buy equity loan.

**The property purchased must be your only residence. Help to Buy is not available to assist buy-to-let investors or those who will own any property other than their Help to Buy property after completing their purchase.**

**You cannot rent out your existing home and buy a second home through Help to Buy.**

**Applicants who make fraudulent claims for Help to Buy assistance will be liable to criminal prosecution.**

**Fraudulent claims will always require immediate repayment of the equity loan assistance.**

**Q Can I use cash from my council, Housing Association or other public sector body to buy with the addition of help through Help to Buy?**

Provided that your local council is satisfied that this represents value-for-money and the other funding is compatible with Help to Buy. Funding provided which must be secured against your home would not be compatible with the Help to Buy scheme.

**Q After purchasing my home, can I increase my mortgage or take out another loan?**

Not without permission from the Post Sales HomeBuy Agent. Further advances must be approved by the Post Sales HomeBuy Agent.

Advances to be used for staircasing or repaying the equity loans will usually be welcomed and approved. Advances for other purposes will be considered by the Post Sales HomeBuy Agent on a case by case basis (see question below regarding extending or altering the property).

You can transfer your mortgage to another qualifying lending institution (see page 12), following prior permission from the Post Sales HomeBuy Agent. However, you must ensure your new lender is informed that your home is a Help to Buy property with a second charge entitling the Agency to a share of the future sale proceeds.

The Post Sales HomeBuy Agent may decline permission for further advances or transfer to another lender if after assessment they consider you may be putting yourself in an unsustainable financial position.

**Q Can I extend or alter the property?**

Not without permission. Because Help to Buy is designed to help people move up the housing ladder, you should consider repaying part or all of the Agency's contribution before making plans for improvements or alterations. This is because the Agency is seeking to help future aspiring buyers and may use the proceeds of these repayments to make more assistance available. Therefore, consent will not usually be granted for significant home improvements. The Post Sales HomeBuy Agent will act reasonably in considering any application and will review cases of hardship if, for example, property modifications are required for a disability.

When your property is sold in the future, if improvements have been made with the approval of the Post Sales HomeBuy Agent, these will be ignored when your property is valued to work out how much should be repaid to the Agency.

**Q After five years of ownership how is the fee collected?**

Fees can be paid in a single yearly payment or in monthly instalments.

The Post Sales HomeBuy Agent will collect your fee by direct debit or standing order. They will contact you at least a month before your fees are due, to set up your repayment arrangement.

You will also receive a statement each year confirming when your fees are payable. The annual statement will also show any payments you have made once you start paying the fee.

**Q What if I die after purchasing a Help to Buy home?**

This depends on whether you bought your home alone or with others.

If you bought the house/flat on your own and you die, the home will be passed on in the normal way under the terms of your will and the payments explained in this guide

will be made by your estate in accordance with the scheme. If you have not made a will it will pass under the laws of intestacy.

It is recommended that a sole buyer seeks independent legal advice about this.

If you bought your home with others and one of them dies, their interest in the property will either be transferred to the surviving co owner (s) or will pass under the terms of their will, or (if there is no will) the laws of intestacy.

It is recommended where there are two or more owners, that they seek independent legal advice about this.

### **Q Can owner names be added or changed on the Help to Buy property?**

Only with permission from the Post Sales HomeBuy Agent and you will be required to cover their administration costs. This will require a deed of accession and/or a deed of release to be completed by you. This is a legal document that permits name changes on the property.

### **Q Can I get help with benefits to pay the Help to Buy fees if, for example, I lose my job?**

Because Help to Buy fees are not classified as rent, they do not qualify for Housing Benefit. You should make sure you have made arrangements to ensure you can continue to make you Help to Buy payments if your income falls. You should seek independent financial advice about this before purchasing a Help to Buy home.

### **Q What happens if my partner moves out and no longer wants to be party to the equity loan agreement?**

The Post Sales HomeBuy Agent will be able to arrange for a 'Deed of Release' which will release your partner from the obligation of having to repay the equity loan. Assuming that your first charge mortgage lender is content for this to take place and that you are able to provide evidence that you can meet your housing costs and still have a reasonable standard of living, permission should be a formality.

## **Find your Local HomeBuy Agent**

To find out the nearest location of Help to Buy homes in your area, you should contact your Local HomeBuy Agent.

### Bedfordshire, Cambridgeshire, Norfolk and Suffolk

Orbit 0345 850 2050  
orbithomebuyagents.co.uk

Firststepslondon.org

### South East and South West London

L&Q/FIRST STEPS 0844 406 9997  
Firststepslondon.org

### Essex

Moat 0845 359 6161 homebuyoptions.co.uk

### Tees Valley and County Durham

Time2Buy 0845 604 2942 time2buy.org.uk

### Hertfordshire

Lea Valley Homes 01582 869440  
leavalleyhomes.co.uk

### Tyne and Wear and Northumberland

Isos Group 0191 292 2749 isoshousing.co.uk

### Derbyshire, Leicestershire, Lincolnshire and Rutland, Northamptonshire and Nottinghamshire

East Midlands Housing 0844 892 0112  
emhomebuy.co.uk

### Cheshire and Merseyside

HomesHub 0845 603 4559 homeshub.co.uk  
Cumbria  
Riverside Housing Group 0845 112 8800  
cumbriahomebuy.org.uk

### East, North and West London

Metropolitan Housing Group/FIRSTSTEPS  
0845 230 8099

### Greater Manchester and Lancashire

Plumlife 0161 447 5050 plumlife.co.uk

Berkshire and Oxfordshire, Buckinghamshire and Milton Keynes and Surrey  
Catalyst 0845 601 7729  
catalysthomebuy.org.uk

Hampshire  
Radian Housing Group 023 8062 8004  
homesinhants.co.uk

Kent and Sussex  
Moat 0845 359 6161 homebuyoptions.co.uk

Avon, Cornwall, Devon, Dorset, Gloucestershire, Somerset and Wiltshire  
South West Homes 0300 100 0021  
southwesthomes.org.uk

Coventry and Warwickshire, Hereford and Worcester, Staffordshire and Shropshire, Wolverhampton, Walsall, Dudley, Birmingham, Sandwell and Solihull  
Orbit 0345 850 2050  
orbithomebuyagents.co.uk

North Yorkshire, West Yorkshire and Humberside  
My 4 Walls 0113 243 6893 my4walls.org.uk  
South Yorkshire  
Plumlife 0161 447 5050 plumlife.co.uk

The Post Sales Post Sales Agent Covering all of England (for all post-sale queries only)  
Housing Options Plus 0845 470 0121  
myfirsthome.org.uk

Homes and Communities Agency  
Maple House  
149 Tottenham Court Road  
London  
W1T 7BN

Tel: 0300 1234 500

<http://www.homesandcommunities.co.uk/Help to Buy>

HCA  
27 March 2013