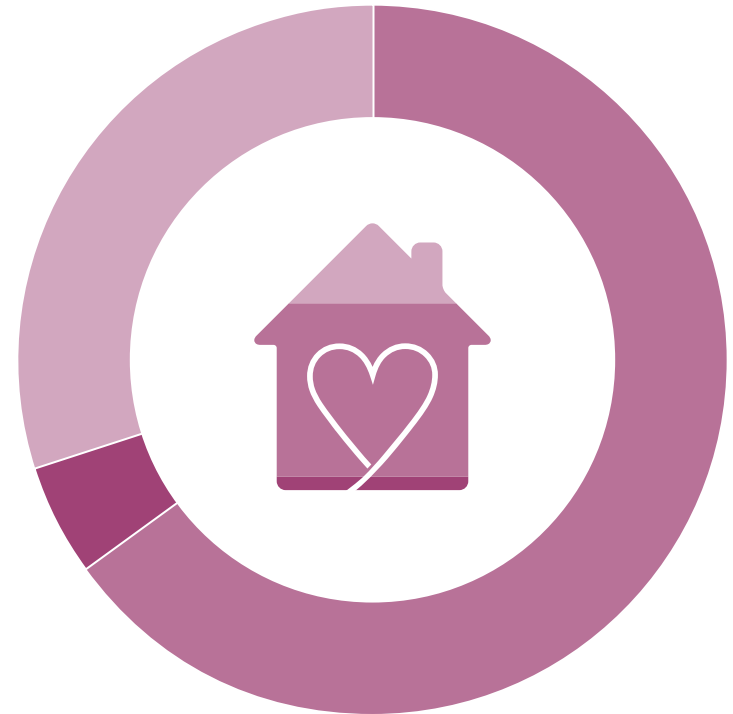


A simple guide to buying your new home with **HomeBuy Direct.**



How do I apply?

Please call our enquiries line and ask to speak to a member of the Initiative Team or apply on line via the Plumlife website.

Tel: 0161 447 5050
www.plumlife.co.uk





HomeBuy Direct

HomeBuy Direct is a new equity loan scheme from the government working in partnership with house builders. It aims to make more new homes available to eligible buyers priced out of the housing market.

- 1** What is an "equity loan"?
- 2** How does it work?
- 3** Step by step

1

What is an “equity loan”?

An equity loan allows you to borrow a percentage of the total value (equity) of your chosen home. The lender shares in any rise (or fall) in the value of the property over the course of the loan.

It's part of the Homes and Communities Agency (HCA) wider HomeBuy low cost home ownership initiative, available in England through local HomeBuy Agents and participating house builders and housing associations. Plumlife is the HomeBuy Agency for Lancashire, Greater Manchester and South Yorkshire.

This scheme is ideal for those struggling to raise a deposit in today's economic climate.

This booklet will explain the initiative step by step, and sets out who is eligible to apply for it.

2

How does it work?

With HomeBuy Direct, the buyer buys a home on a HomeBuy Direct development with assistance from the Homes and Communities Agency (HCA) and the house builder in the form of two equity loans.

The HomeBuy Direct loan enables a buyer to borrow up to 30% of the market value of selected new build properties. When added to the amount they can borrow from a mortgage lender, the total amount they can spend on a property will be enhanced.

The loan is interest free for five years. From the beginning of year six, a fee of 1.75% of the equity loan is payable. This rises annually by the RPI (inflation) plus 1%.



Step by step

The first step is to take out a mortgage (with a qualifying lender). This mortgage, together with any cash contribution, if available, must be a minimum of 70% of the full purchase price.

The HCA and the house builder will provide equal equity share loans to make up the cost of your home, up to 30% of the full purchase price:

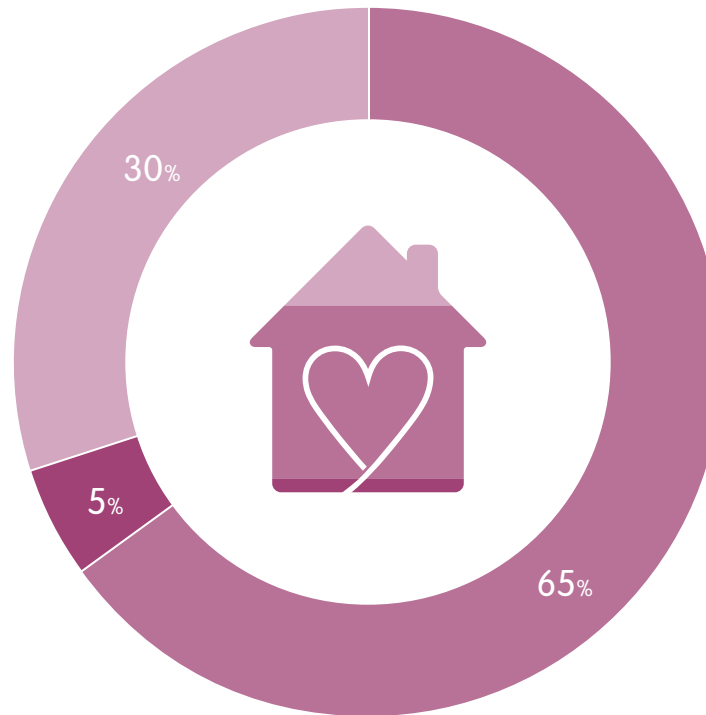
The equity loan is interest free for 5 years. After year five, you will pay a fee on the equity loan of 1.75%, rising annually by the retail price index (RAP) plus 1%

You can sell your home at any time and an independent surveyor will decide what it's worth. Your property should be sold on the open market at the prevailing market valuation.

The equity loan is repaid by the buyer when they sell their home.

Although if you buy through HomeBuy Direct, 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 graph on this page shows how it works:



**Open market price for your home
£200,000 You fund 70% of the
house price of which...**

- 5% is deposit of £7,000
- 65% HomeBuy Direct mortgage £133,000
- 30% Agency and House builder joint equity loan £60,000

In this example, the HomeBuy Direct buyer has purchased a £200,000 home with a deposit of £7,000 and a mortgage of £133,000. The Agency and the house builder have contributed equity loans totalling £60,000, or 30% of the total purchase price.

Again, in this example, when the house is sold, the Agency and house builder will be entitled to 30% of the total sale.



Case study

Nurse Vicky Goddard prescribes HomeBuy Direct.

The average deposit required for a first time buyer in 2009 was 25% - out of reach for many young people. But that didn't stop Staff Nurse Vicky Goddard (23) and her partner Shaun Fairclough (25) moving into a brand new Bellway home in December.

"Shaun and I have been together for the last seven years and had been renting a one-bedroom flat in West Melton, we really wanted something larger but despite trying were unable to secure a mortgage as we did not have a large enough deposit. It was really frustrating as house prices had come down and interest rates are really low so the conditions for us to buy our own place were ideal - apart from the deposit issue," said Vicky.


"A friend told me about HomeBuy Direct, and then we discovered that Bellway were running the scheme at their Herons Reach site which was not far from where we were renting a one bedroom flat which was costing us £375 a month. The stipulations were that we had to be able to afford 75% of the mortgage and then the scheme and Bellway provided the remaining 25%."

While Vicky and Shaun must pay back the 30% it remains interest free for the first 5 years and has to be paid back in 25 years or on the sale of the property, whichever comes first. The beauty of the scheme was that the 30% loan acted as a deposit which enabled them to secure a mortgage.

"We completed the purchase just before Christmas and moved in on New Years Eve which made it a really special occasion."

Shaun and Vicky purchased an end terrace Buckingham home from Bellway with 1130 sq ft of floor space spread over three floors.

"We are absolutely delighted with our new home; the house is in a lovely location with access to the Pennine Trail on our doorstep. The top floor comprises the master bedroom suite with its own ensuite, the second floor has two double bedrooms with a family bathroom and down stairs we have a lovely modern kitchen a large lounge with patio doors to the garden. We really feel fortunate to be here. My advice to other young couples is to search out HomeBuy Direct deals."



"We completed the purchase just before Christmas and moved in on New Years Eve which made it a really special occasion."

Vicky Goddard & Shaun Fairclough



Who can take part in the scheme?

HomeBuy Direct homes are available to working people who cannot afford to buy a home on the open market and earn less than £60,000 per year. Priority will be given to key workers and social tenants. Applicants should be buyers looking to buy their own for the first time, although if you are looking to buy a new home after a relationship breakdown you will also be considered.

What kind of homes are available?

All HomeBuy Direct homes are on new build developments where the HCA has an agreement with the house builder. You can only purchase from these designated schemes.

There are a huge range of really desirable new homes on offer. The choice is yours! For a taster, look on the Plumlife website under the property search section for your chosen area and see what is available for HomeBuy Direct!

What happens if property values fall?

If the value of your home falls, the equity loan depreciates also. Whatever you sell your home for – whether it has decreased or increased in value – you repay the loan based on the original percentage borrowed.

Can I “staircase”?

The HomeBuy Direct scheme allows you to repay all or part of the equity loan. A partial repayment is called “staircasing”. Staircasing payments can be made after 12 months of ownership and must be a minimum of 10% of the home’s prevailing market value – whether that value is more or less than when originally purchased.

What’s the role of the “HomeBuy Agent”?

Plumlife is a non profit making organisation, appointed by the HCA to market and administer the HomeBuy Direct schemes in Greater Manchester, Lancashire and South Yorkshire. We are here to assess your eligibility for the scheme, and to guide you through the process of buying your HomeBuy Direct home.

