

Help to Buy

Help to Buy is a fantastic way of making your new home more affordable, reducing the amount of deposit that you need to provide. You will own 100% of the property but pay only 80% of the cost upfront with the government contributing up to 20% of the cost through an equity loan.

That means that you would need only a 5% deposit, combined with a 75% mortgage, to buy your property. Even better, you won't be charged any loan fees on the 20% loan for the first 5 years of owning your home.

- 100% home ownership at 80% of the upfront cost
 - The 20% balance is provided as an equity loan by the Homes and Communities Agency
 - No interest on the loan amount for the first 5 years
 - Only available on a brand new home up to £600,000 in value
 - Not just for first time buyers
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Who can take part in Help to Buy?

Help to Buy is only available on new properties on registered schemes with a maximum price of £600,000. Anyone can participate, not just first time buyers, but the property must be your only residence. You need to be able to contribute a 5% deposit.

What are the repayment terms?

The equity loan is repayable on the earlier of you selling your home or after 25 years. There is no interest for the first 5 years

Example home purchase using Help to Buy

Assuming a house purchase at £400,000, the home owner will pay 5% deposit, with a 75% mortgage. The HCA will provide the 20% balance as an equity loan, with no interest payable for the first 5 years.

When you come to sell your property 20% of the sale price will be returned to the government. Therefore if you sell at £420,000 the government will receive £84,000. If you sell at £360,000 then £72,000 will be paid to the HCA.

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

and after that an annual fee of 1.75% will be charged. This will increase annually by RPI plus 1% p.a. When you come to sell your home the HCA will receive 20% of the sale price (or whatever percentage equity loan is still outstanding at that point – you can make partial payments at any time. The minimum voluntary payment is 10% of the market value of your home at the time of repayment).

Will the government own part of my house?

You will own 100% of your property. The government will

have a charge over the property, which will rank behind that of your mortgage provider.

What happens if the value of my home falls?

Repayment is set on the market value of the property, regardless of whether that is higher or lower than the original purchase price. Please see the example set out below.



Terms and Conditions

Help to Buy is equity loan assistance to home buyers from the homes and Communities Agency (HCA). Help to Buy is subject to status, availability and Laxton Properties terms and conditions. You will need funds available to pay a reservation fee, stamp duty where applicable, legal and survey fees. Your new home must be your primary home and place of residence. You cannot sublet your home or buy a second home with the Help to Buy scheme. A monthly management fee of £1 per month is payable to the HCA from the start of the loan. Not in conjunction with any other offer. If you are in any doubt about this scheme please seek independent financial advice. Laxton Properties do not sell mortgages or provide financial advice.