

Help to Buy



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 first time buyers who wish to buy a new home. The scheme gives the opportunity to those who only have a small deposit but the capacity to repay a mortgage to get on the property ladder.

For Help to Buy in England (excluding London), your mortgage and deposit must cover a combined minimum of 80% of the total purchase price. If you are purchasing a property in London, your mortgage and deposit must cover a combined minimum of 60% of the total purchase price.

Establish your budget

Before you start looking for your new home, you will need to establish a budget. This will be based on a number of factors including your income, deposit and other savings and your credit history. The property you buy under Help to Buy cannot exceed £600,000.

Also, don't borrow more than you need to and keep within your means. This is the most important factor ensuring that you do not overstretch yourself on the mortgage payments.

Search for a New Build Property

Help to Buy is only available on new build properties. You can search for new build properties on your local help to buy website. For example, if you live in the North West of England, you can search on www.helptobuynw.org.uk.

You can also search for new build developments on property sites such as Rightmove or Zoopla or register with local property developers such as Barratt Homes, Taylor Wimpey or Bellway Homes.

Reserve your new home

Once you find your new home, you must complete and sign a reservation document with the property vendor. This must include the house number, address and details of the deposit paid. Normally, a reservation deposit should be around £500.

Meet your mortgage adviser

Once you have set your budget and found a new home to purchase, you should arrange a meeting with your mortgage adviser. At Watts Mortgage & Wealth Management, we aim to get you an appointment within 24-48 hours. We can also arrange a telephone consultation if you cannot make it to the office.

We will ask you to provide the following information in order to progress your appointment:

- 3 months payslips and latest P60
- 4 months bank statements
- ID
- Proof of address
- Proof of deposit
- Experian / Equifax credit file

We will be able to advise you on the day of suitable lenders, their interest rates and your anticipated mortgage repayments and can often secure an Agreement in Principle within 24 hours.

Appointing a Solicitor

We advise that you should request quotes for conveyancing of a new property under help to buy. Once you are happy with a specific quote, you should then appoint the solicitor to act on your behalf.

You will need to provide the name, address and contact information of your solicitor on your help to buy application.

Apply for Help to Buy

Once you have a mortgage agreed in principle and a solicitor in mind, you can then complete a Help to Buy application. This can be found on your local Help to Buy website and can be completed online. You must also print a copy of the application to sign and return this with a direct debit mandate and a copy of your property reservation form.

This information should then be submitted by email to your local Help to Buy agent for 'Authority to Proceed'.

Authority to Proceed

Your Local Help to Buy 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 Help to Buy Agent within four working days of the house builder submitting your fully completed property information form and reservation form to the local Help to Buy Agent.

Frequently asked questions.

There are a number of restrictions to the Help to Buy scheme. The property purchased must be your only residence and is not available to assist buy-to-let investors or those who will own any other property or land with residential planning permission in the UK or abroad. Applicants cannot purchase a Help to Buy home whilst your name is attached to the deeds or if you will benefit financially from the future sale of a property even if you do not live there. You are also unable to rent or sublet the Help to Buy property. Applicants who make fraudulent claims for Help to Buy assistance will be liable to criminal prosecution and are required to repay the equity loan assistance immediately.

Can I buy a home off plan?

Yes. You are able to reserve a new home off plan at any time. You also need to ensure that your mortgage offer is valid through to legal completion.

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 properties valued at over £425,000* that they intend to use as their only or main residence. First time buyers purchasing property for more than £625,000 will not be entitled to any relief and will pay the SDLT at the normal rates.

Can I use a builder's part exchange scheme?

No. Help to Buy assistance cannot be used in conjunction with any part exchange schemes.

Who pays for repairs and on-going 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 builders workmanship. Your solicitor / conveyancer will be able to advise in more detail on this.

Who provides the contribution for Help to Buy?

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

How long will it take before I can move in?

Because Help to Buy homes are generally on new developments which may still be under construction this time will be reliant upon your housebuilder / developer. 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. .

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.

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

All Help to Buy homes are on new build developments where the HCA has a registration agreement with the house builder. You can only purchase from these housebuilders and the maximum purchase price ranges from £186,100 in the North East to £600,000 in London. You will need to check your maximum purchase price with your local HCA agent.

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.

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 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. Assistance from Local Authority Clearance Payments are not permitted through Help to Buy.





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