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Easy steps to Help to Buy...



Some help to get on the housing ladder.

It can be really tough to get on the houses ladder. Properties are expensive and mortgages are difficult to get, especially if you only have a small deposit. It's frustrating when you are probably paying more in monthly rent than you would pay in mortgage repayments however you can't get a mortgage because you only have a few thousand saved for a deposit. Well help might be at hand with a new government backed scheme called "Help to Buy."



Help to Buy
Scheme

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Help to Buy is a government scheme which could make getting on to, or moving up, the housing ladder more accessible. It helps existing home owners and first time buyers purchase a home with as little as 5% deposit.



There are two ways to purchase a property:

Mortgage Guarantee

Available on both pre-owned and new build properties with a standard mortgage of up to 95% of the purchase price.

Mortgage Guarantee - Help to Buy

From October 2013, Help to Buy has been extended to make it possible to purchase any property under £600,000 - be it a new build or pre-owned home - with as little as a 5% deposit.

How does the Mortgage Guarantee scheme work?

The process of applying and repaying the mortgage is the same as it would be for a standard mortgage - there really is very little difference for the buyer. The scheme is intended to increase the availability of mortgages at competitive interest rates for buyers with a minimum of 5% deposit. The government are going to make this possible by guaranteeing repayment of the mortgage to the lender, this will be dealt with behind the scenes by participating lenders. There will be no additional paperwork or charges for the buyer.

Below is a quick checklist of who is eligible for the scheme:

- Available to both existing home owners and first-time buyers
- Buyers need a minimum of a 5% deposit
- Available on all previously owned and new build properties up to the value of £600,000
- Must be your only property
- Available for properties in the UK
- Borrowing from a participating mortgage lender

Equity Loan

Available on new build properties only using a government equity loan of 20% of the purchase price plus a traditional mortgage.

Equity Loan - Help to Buy

With a Help to Buy Equity Loan, the government loans you up to 20% of the cost of a new-build home, so you only need a 5% deposit and a 75% mortgage to make up the rest. The Equity Loan scheme is only available from approved, participating house builders.

How does the Equity Loan scheme work?

The home will be in your name, which means you can sell it at any time. However, as this is an equity loan, you'll have to pay back the loan amount when you sell your home or at the end of your mortgage period - whichever comes first. The amount to be paid back is 20% of the sale price, which may be more than the original loan amount depending on whether your home has increased in value whilst you have owned it.

- Available on new build properties only up to the value of £600,000
- Equity loan scheme, using a government equity loan of 20%, which will need to be repaid on sale of the property
- Must be your only property
- Buyers need a minimum of 5% deposit
- Available to both first-time buyers and existing home owners

You won't be charged loan fees on the 20% equity loan for the first 5 years of owning your home. In the 6th year you will be charged a fee of 1.75% of the loan's value, which will increase every year by the retail price index plus 1%.

We are happy to put you in touch with our Independent Financial Advisor for further advice on eligibility criteria, which lenders are offering the scheme and what would best suit you.

Call us today on: **0845 340 0011** or **0333 321 4977** – mobile friendly

You can also contact us on: **info@hxea.co.uk**