



# HELP TO BUY

EQUITY LOAN AND MORTGAGE GUARANTEE EXPLAINED



# HELP TO BUY EQUITY LOANS PHASE 1

Help to Buy equity loans are open to both first-time buyers and house movers on new-build houses in Wales, with a deposit of 5% of the purchase price. Available on homes up to £300,000.

## How it works

With a Help to Buy equity loan:

- The Government will lend you up to 20% of the value of your new property through an equity loan which is interest free for 5 years.
- You will only need to find a 5% deposit.
- This means that only a 75% mortgage will need to be secured from a bank or building society and will need to be a mortgage that pays capital and interest.
- This scheme is available on house purchases up to the value of £300,000 in Wales.

If the house in the table below sold in the future for £210,000, the customer return would be £168,000 (80% from the mortgage and the cash deposit) and pay back £42,000 on the loan (20% of market value). The customer would need to pay off their mortgage with their share of the money.

e.g. For a property worth £200,000 when originally purchased	Amount	Percentage
Cash deposit	£10,000	5%
Equity loan	£40,000	20%
Your mortgage	£150,000	75%

## Equity loan fees

There are no loan fees for the first 5 years of owning a house under this scheme. In the 6th year, a fee of 1.75% of the loan's value is charged. After this, the fee will increase every year.

The increase is worked out by a multiple of the Retail Price Index plus 1%.

A Help to Buy agent contacts the customer before the fees start, to set up monthly payments with the customer's bank. A loan statement is distributed each year.

The fee is simply an interest payment on the equity loan, it does not repay back any capital.

Sub-letting of property is not allowed on this scheme.

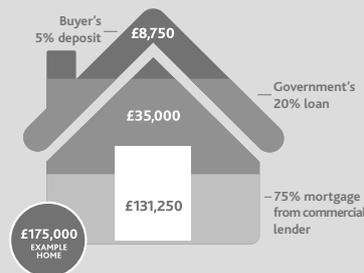
## Applying for this scheme

Contact one of our recommended New Build Mortgage Specialists who will arrange the necessary application for you.

## Selling your home and paying back the loan

The home will be in the customer name, which means they can sell it at any time. They will then have to pay back the equity loan or pay it back at the end of the mortgage period - whichever comes first. (Maximum term is twenty five years).

Customers can also pay back the equity loan without selling their home. (The New Build Mortgage Specialist will be able to advise on this. This could be from savings or re-mortgaging the property).



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# HELP TO BUY MORTGAGE GUARANTEE PHASE 2

The Help to Buy Mortgage Guarantee helps customers buy a house anywhere in Wales, with a deposit of 5% of the purchase price. Available on homes up to £300,000.

## How it works

- The guarantee is provided to the lender - not to the customer.
- To qualify for a Help to Buy Mortgage Guarantee, the house you want to buy must:
  - Sell for £300,000 or less.
  - Not be a shared ownership or shared equity purchase.
  - Not be a second house.
  - Not rent the property out (be for residential purposes only).

- The property can be new build or "2nd Hand".
- There is no requirement to be a first-time-buyer, nor is there any limit on customer income.

Help to Buy cannot be used with any other publicly funded mortgage scheme, or an interest-only mortgage.

## How to Apply

The customer needs to contact one of our recommended New Build Mortgage Specialists, who will be able to advise on the most suitable scheme subject to lenders' product availability.