



Help to Buy

A NEW REDROW HOME

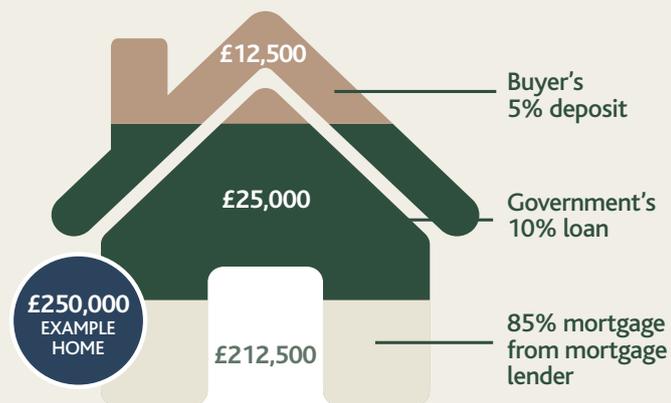


HELP TO BUY EQUITY LOAN EXPLAINED

Help to Buy equity loans are available on new build homes up to the value of £600,000 to first time buyers as well as homeowners looking to move.

HOW IT WORKS

- You'll need a minimum 5% deposit, which you can then 'top up' with up to another 20% equity loan from the Government which you can use as an additional deposit. This equity loan is interest free for five years.
- This means that you can borrow less from your mortgage lender because you'll have a bigger deposit. For example perhaps you'll only need an 85% mortgage, which may mean that it will be easier for you to be accepted for a mortgage based on your income.
- It may be more appropriate for you to take a smaller loan e.g. 10% and either pay a higher deposit or increase your mortgage slightly, e.g. to 85% (see example below).
- You can make payments towards the equity loan (called 'staircasing') before the interest free period ends, but normally those using the equity loan scheme remortgage after five years to raise the capital to pay off the full amount of the equity loan in one go. The minimum voluntary staircasing repayment is 10% of the value of the property at the time you're making the repayment.
- You can sell your home at any time, but you must get an independent valuation of the property to decide what it's worth. That's because you'll always pay back the percentage (equity) of the property you've borrowed. So if you took an equity loan of 15% and the property goes up in value, you'll pay 15% of the higher value back, assuming that you've not made any staircasing payments towards the equity loan in the meantime.



- The property purchased must be your only residence. Help to Buy is not available to assist buy-to-let investors or those who will own any property in the UK or abroad other than their Help to Buy property after completing their purchase. The terms of the scheme vary between England, Wales and also London. Please visit the Government website for further details. www.helptobuy.gov.uk

EQUITY LOAN FEES

You must pay a monthly management fee of £1 per month from the start of the loan until it is repaid. After five years you will be required to pay an interest fee of 1.75% of the amount of your Help to Buy equity loan at the time you purchased your property.

APPLYING FOR THIS SCHEME

Once you have chosen your new home it is recommended that you see a Mortgage Advisor to gain confirmation of your financial status. You must ensure you have the funds to pay the reservation fee, deposit on exchange of contracts and any other fees on completion such as stamp duty, legal fees and main mortgage fees.

SELLING YOUR HOME AND PAYING BACK THE LOAN

The Help to Buy equity loan must be repaid when you sell your home. You will pay the costs of selling. Your property should be sold on the open market at the prevailing market valuation. If there are any fees or interest outstanding, for example, interest arrears at the time of selling; these must be paid before the sale is completed.

For more information (including advice on fees and paying back your loan) you can download a Help to Buy Guide from the Government website: www.helptobuy.gov.uk

