

HELP TO BUY

Your questions answered.

As the 'Help to Buy scheme' is still relatively new, you're bound to have some questions. In this short guide we've tried our best to answer them, but if there's anything we've not covered, or you want to find out more, please get in touch with us on 0191 495 2806 and we'll be happy to help.



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For more information please contact our conveyancing team on

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What is 'Help to Buy'?

'Help to Buy' is a Government run scheme which can provide a much needed lifeline if you only have what is considered to be a small deposit. Not only does the scheme mean you will be able to buy a property with a deposit of just 5%, but it should allow you to access mortgage deals usually reserved for those with larger deposits.

What options are available to me under 'Help to Buy'?

There are currently two schemes available:

- 1. Equity loan scheme:** This applies to newly built houses only. If you have a 5% deposit you can apply for a loan of up to 20% of the value of the home from the Government.
- 2. Mortgage guarantee scheme:** This applies to newly built homes and existing properties. If you have a deposit of between 5-20% you can apply for the Government to guarantee part of your mortgage. This is to reduce some of the risk to the mortgage company against you defaulting on your repayments and in return means they can lend to you, but with a lower deposit than is normally needed.

Both of these options are available to first time buyers and movers, you don't have to be on a low income and loans are available for properties valued at up to £600,000.

Am I eligible?

Yes, you can apply as long as you have a deposit of at least 5% for the property you're looking to buy.

What will the interest be on my mortgage?

- Your lender will set the interest rate on your mortgage.
- In terms of other costs, equity loans are interest-free for the first 5 years. After that you'll be charged an interest rate of 1.75% (which will rise with inflation).
- Interest rates don't apply to the mortgage guarantee option.

Will buying a house be more complicated than usual using 'Help to Buy'?

There will be additional paperwork and extra legal time needed to complete the purchase. This will usually mean increased conveyancing costs, but a good solicitor will always be happy to discuss this with you before they start work and agree the final cost upfront.

Will buying take longer with 'Help to Buy'?

Just because there is extra work involved for your solicitor, it doesn't mean it will take longer to complete your house purchase. The additional steps and paperwork needed can usually be dealt with during the course of the purchase, so there should be no delays for you or the seller.

What happens if I want to rent or sell my house, once it has been bought through the scheme?

You can sell the property at anytime. If you used an equity loan to fund your purchase this will need to be paid back from the proceeds of the sale. Sub-letting the property however is not an option.

What are my responsibilities if I choose to use 'Help to Buy'?

Buying a home, however you choose to finance it is a big commitment. So if you're using the 'Help to Buy scheme' it's important you ask your solicitor to check exactly what your rights, responsibilities and limitations are.



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