



Your Property Questions Answered

Q: I am interested in buying a new build property and Help to Buy has been mentioned. What is Help to Buy and how will it benefit me?

A: Help to Buy for new build properties launched in April 2013 is to be available until 2020. Under the scheme, the buyer is only required to raise 5% of the property value as a deposit. The Government makes a further loan of up to 20% through the Homes and Communities Agency with the buyer entering into an equity loan. The idea then is that with a 25% deposit a buyer has access to more attractive mortgage rates from lenders participating in the scheme.

The first five years of the Government loan is interest-free and then in year six, you will be charged 1.75% which will climb at a rate of 1% of that figure plus any increase in line with inflation.

Borrowers can choose to repay the equity loan at any time, without penalty or you can pay back either 10% or 20% of the total amount as long as the loan is worth at least 10% of the current value of your home.

If you do not repay the equity loan, when you come to sell it, the government will reclaim its 20% stake in your home **at its current value**.

Unlike previous schemes, there is no maximum income requirement, but the property must be a new-build home and your only residence. You cannot use Help to Buy to purchase a buy-to-let property.

With a wealth of experience in this area please do not hesitate in contacting our property team on 01934 637929 or e-mail jcollins@powellslaw.com if you would like further information on the new build scheme or other aspects of the Help to Buy Scheme such as the Mortgage Guarantee.