



Help to Buy Guide

PERITUS
PRIVATE FINANCE

What is Help to Buy?

Help to Buy is a government scheme for those that have a minimum 5% deposit to purchase a home.

The scheme offers an equity loan – This is available to first time buyers who want to purchase a 'new build' home.

You can borrow from 5% up to a maximum of 20% (40% in London) of the full purchase price of a new build property. Your homebuilder must be registered with the scheme so please check first.



Help to Buy: Equity Loan price caps

April 2021 to March 2023

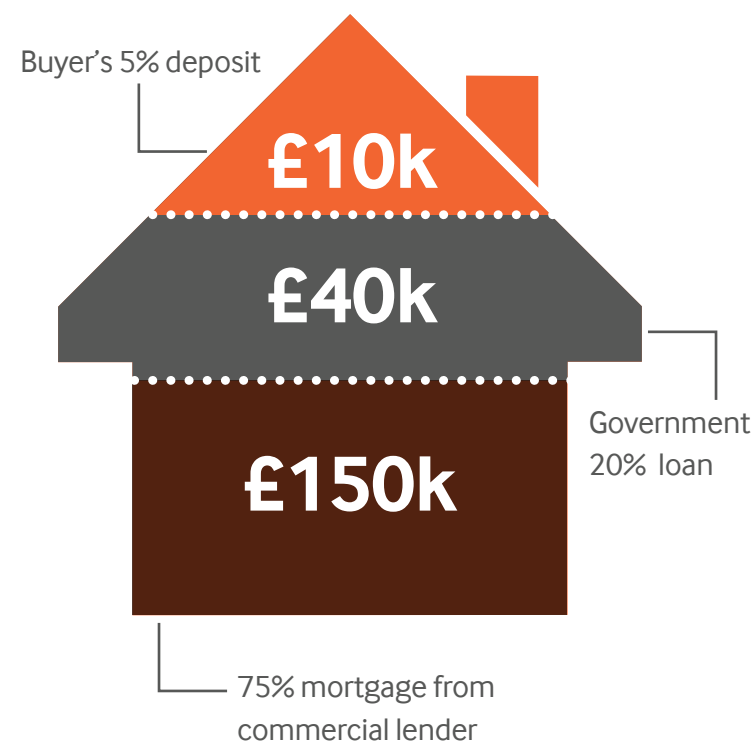
Region	Max property price
North East	£186,100
North West	£224,400
Yorkshire and the Humber	£228,100
East Midlands	£261,900
West Midlands	£255,600
East of England	£407,400
London	£600,000
South East	£437,600
South West	£349,000

Equity loan – the headlines

- You must be a first time buyer. This means that you cannot already own, or have owned previously, a property or residential land in the UK or abroad.
- If you are buying a property with another person, you must both meet the definition of a first time buyer to benefit from the scheme.
- Available to new builds only.
- A minimum of 5% deposit is needed.
- While there is no minimum or maximum income brackets, you must be able to fund at least 80% of the purchase through a combination of deposit and mortgage.
- The government equity loans are up to 20% of the sale price, 40% of the sale price in London.
- There is no interest paid on the equity loan in the first five years. In the sixth year you will be charged 1.75% of the loan.
- When you sell your home or the mortgage is paid off, you have to pay off the equity loan and a share of any increase in value of the property.
- Help to Buy agents in your area advise of local developers registered with Help to Buy.
- When an offer has been agreed you will need to complete a Property Information Form (PIF) available from the developer and send a copy of your reservation form to the Help to Buy Team. They check you are eligible and can afford the commitment, subject to meeting their criteria you are offered an Authority To Proceed (ATP).
- Help to Buy equity loans are available until March 2023.

How it works

Example house value £200k



Paying back the equity loan*



For the first five 5 years:

- the equity loan is interest free
- you pay a £1 monthly management fee by Direct Debit

From year 6:

- pay the £1 monthly management fee
- pay monthly interest fee of 1.75% of the equity loan
- interest rate will rise each year in April by the Consumer Price Index (CPI), plus 2%
- continue to pay interest until you repay your loan in full

When you take out your equity loan, you agree to repay it in full, plus interest and management fees.

You must repay your equity loan in full:

- at the end of the equity loan term
- when you pay off your repayment mortgage
- when you sell your home
- if you do not follow the terms set out in the equity loan contract and we ask you to repay the loan in full

The amount you pay back is worked out as a percentage of the market value at the time you choose to repay.

If the market value of your home rises, so does the amount you owe on your equity loan. And if the value of your home falls, the amount you owe on your equity loan falls too.

*Source: HM Government

**For all the up-to-date information please visit
<https://www.helptobuy.gov.uk>**

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.
There may be a fee payable for our mortgage service, usually £495, plus we will receive commission from the lender.



Call 020 3745 5893
peritus-group.co.uk

info@peritus-group.co.uk

Registered Address: Peritus Private Finance Ltd, 30 Broadwick Street, Soho, London W1F 8LX

Registered in: England and Wales Reg No. 03490834

Peritus Private Finance Ltd is authorised and regulated by the Financial Conduct Authority.