

# How to buy a Help to Buy home?

## The four-stage Help to Buy buying process

### Stage 1: Application

- • Contact house builders, visit schemes of registered house builders and identify your potential Help to Buy property.
- • It's recommended that you see an Independent Financial Advisor (IFA) to gain confirmation of your financial status. The Local Help to Buy Agent and house builders will be able to suggest some IFAs for you to try.
- • You must ensure you have funds to pay:
  - a reservation fee (in this case £500)
  - a deposit on exchange of contracts of at least 5% of the full purchase price (some main mortgage lenders may require higher deposits)
  - other fees on completion (e.g. stamp duty, legal fees, main mortgage fees).
- • You complete a Help to Buy "Property Information Form" (available from the house builder). You must complete this with details of your proposed purchase, your proposed main mortgage, deposit and including your household income. The Property Information Form also confirms your agreement to the funds due under the Help to Buy mortgage being paid directly to the house builder.
- • You must also reserve the home. You will usually be expected to pay a reservation fee to the house builder.
- • The signed Property Information Form and a copy of the builder's signed reservation form must be sent to the Local Help to Buy Agent.

### Stage 2: Authority to Proceed

- • Your Local Help to Buy Agent checks you can afford your main mortgage and ensures you have signed the declaration that the Help to Buy home will be your only residence. This is to protect tax payers' investment in the Help to Buy equity loan.
- • If affordable, you will receive an "Authority to Proceed" from your Local Help to Buy Agent within four working days of the house builder submitting your fully completed Property Information Form and reservation form to the Local Help to Buy Agent. This process may be delayed if you do not fully complete your Property Information Form.
- • You instruct a solicitor to act for you and tell your IFA so that a full mortgage application can be submitted.
- • The 'Authority to Proceed' will be accompanied by instructions to you and your solicitor/conveyancer. This pack will include legal documents that will be explained to you by your solicitor/conveyancer.

- You should only submit your main mortgage application once you have the “Authority to Proceed” from the Local Help to Buy Agent.

### Stage 3: Mortgage offer and exchange of contracts

- Your solicitor/conveyancer will advise you and ensure you sign the sale contract and the Help to Buy equity loan.
- Your solicitor/ conveyance will explain the legal implications of the equity loan, that the Help to Buy home must be your only residence and the consequences of a fraudulent application (see below).
- Your solicitor/conveyancer checks that your mortgage offer, property price and available funds are consistent with the Authority to Proceed, and requests permission to exchange contracts from the Local Help to Buy Agent.
- Your Local Help to Buy Agent issues approval to your solicitor/conveyancer and contracts are exchanged.
- You will have paid a deposit if required and are now legally contracted to complete the purchase by an agreed date.

### Stage 4: Completing the purchase

- At completion, your lender provides its funds and Homes England will make its funds available to you via the house builder. Once completion has taken place you own the property and can move in.
- Your solicitor returns confirmation of the sale to your Local Help to Buy Agent who then registers your details with Homes England’s Mortgage Administrator.
- A second charge is registered on your home by your solicitor in favour of Homes England, entitling it to a share of the future sale proceeds. The charge will be equivalent to the percentage contribution made towards the purchase price. You must repay the percentage contribution when you sell your home or after 25 years (whichever is earlier).

What happens to my reservation fee?

If you are not successful in getting approved for Help to Buy then you will be eligible for a full refund. This is part of the developers’ contract with Homes England.

**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.**

**You cannot rent out your existing home and buy a second home through Help to Buy.**

**You cannot purchase a Help to Buy property if you own land with residential planning use.**

**You cannot purchase a Help to Buy home whilst your name is attached to the deeds or if you will benefit financially from the future sale of a property even if you do not live there.**

**Married couples own joint assets and therefore both parties are treated as joint owners regardless of the mortgage/paperwork being in one or both names.**

**Applicants who make fraudulent claims for Help to Buy assistance will be liable to criminal prosecution.**

**All Fraudulent claims will always require immediate repayment of the equity loan assistance.**