



# homeline

Your Mortgage & Protection Specialists

## Help to Buy

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## Help to Buy Equity Loan

In his budget speech the Chancellor announced two new proposals for homebuyers under the inventive title of “**Help to Buy**”.

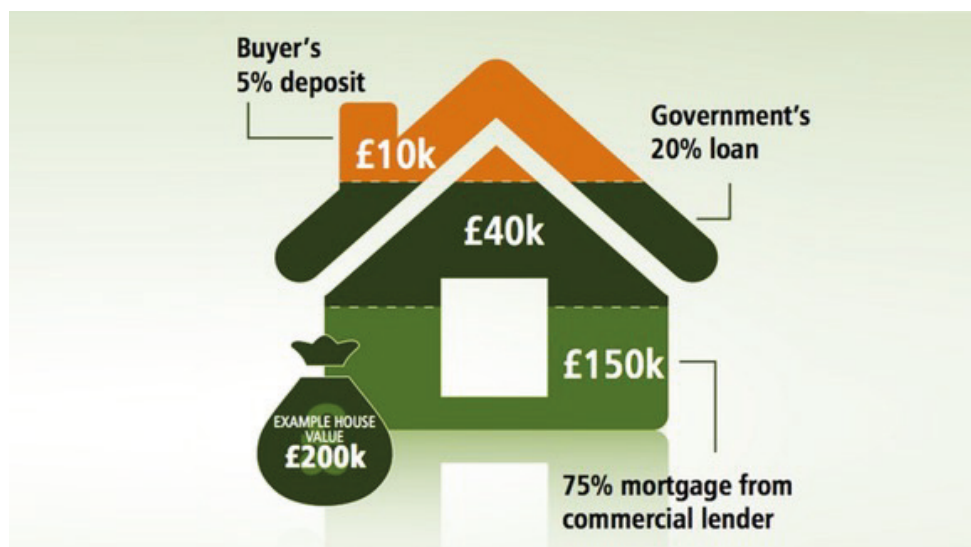
From 1st April 2013, the “**Help to Buy : Equity Loan**” was opened to all those who aspire to own a new build home. It will replace and build on the principles of the “First Buy scheme.

The Government will:

- Provide an equity loan worth up to 20% of the value of a new build home, repayable once the home is sold.
- Significantly widen the eligibility criteria to ensure as many people as possible are able to benefit. The maximum home value will be £600,000 and there will be no income cap constraint
- Ensure that the scheme is open not only to first time buyers but also to all those looking to move up the housing ladder.

The “**Help to Buy: Equity Loan**” will be open for the next three years, which the government anticipate will provide £3.5 billion of investment in England, supporting up to 74,000 more home buyers as well as providing a boost to the construction sector.

The scheme will apply in England only. A share of the money will be allocated to the devolved administrations for them to use on their own schemes.



## Help to Buy Mortgage Guarantee

The second scheme, a Government guarantee, will encourage lenders to offer better access to low deposit mortgages. This will be paid for by fees charged to lenders in such a way that they compensate the Government for expected losses, the cost of capital and administrative costs. The **"Help to Buy : Mortgages Guarantee"** will, subject to the final design, make available up to £12 billion of government guarantees, sufficient to support up to £130 billion of high loan-to-value mortgages.

The devil is in the details on this scheme, although details are still being finalised we do know the following;

- Available from January 2014, this scheme will run for three years
- New build and existing homes
- You'll need a deposit of as little as 5% for this scheme
- Available to first time buyers and existing home owners.
- You'll need to secure a mortgage for your purchase. The Government guarantee will encourage lenders to offer better access to low-deposit mortgages.
- Maximum home purchase of £600,00.

These new schemes will sit alongside the existing Newbuy schemes.

