

# Help to Buy Mortgages



**Help to Buy is a scheme which is available to all buyers who have a 5% deposit available.**

In order to qualify for a Help to Buy mortgage, you do not have to be a first time buyer. However, there are certain criteria that will need to be met. For instance, you cannot own another property anywhere in the world, and if you do, then you will have to sell that property before you can complete your Help to Buy property.

There is also a limit on the purchase price of £600,000.00.

You will have to live in the property, so you would not be able to rent it out.

There are two types of Help to Buy Mortgage – the Equity Loan, and the Mortgage Guarantee Scheme. The criteria above apply to each type.

If you opt for the Mortgage Guarantee Scheme, then you will apply for a 95% mortgage with a high street lender. The mortgage will work exactly like any other, except that the government offers the lender the opportunity to purchase a guarantee, meaning that the lender then has additional security and so is able to offer higher loan to value mortgages e.g. 95%. You as the borrower will be responsible for the monthly payments on the 95% mortgage. The scheme only applies to repayment mortgages.

The Equity Loan Scheme is only available on new-build properties which are being purchased directly from the developer. This type of loan is known as a shared equity loan. The loan will be registered against the property as a second mortgage. The Government loan is free for the first five years. In the sixth year, interest will begin to accrue. When you sell your property you will need to repay the government loan – repayments are calculated on a percentage basis. So if your initial government loan represents 20% of your property value, when you sell, the amount required to be repaid will be 20% of the sale price.

The additional paperwork involved in a Help to Buy mortgage can be off putting, and a solicitor who knows their way around it is a must! At Morrish we have experienced property lawyers who have the necessary expertise. Your transaction will always be dealt with by a dedicated lawyer, assisted by a friendly and approachable team. We are able to deal with any type of property, anywhere in England or Wales, and offer an up to date take on a traditional practice.

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