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HELP TO BUY EQUITY LOANS

Open to both first-time buyers and home movers on new-build homes

With a 'Help to Buy' equity loan, including London 'Help to Buy', you can add to your deposit on a new-build property, whether you're a first-time buyer or moving home. Loans are available on homes worth up to the value of £600,000.

You will need to have at least 5% of the property price as a deposit. The Government will give you a loan for up to 20% of the property price, and you'll need to apply for a mortgage for up to 75% of the property price to cover the rest.

In the March 2014 Budget, the Government extended 'Help to Buy' equity loans to March 2020.

The home you buy must:

- Be a new build
- Have a purchase price of up to £600,000 in England (or £300,000 in Wales)
- Be the only one you own
- Not be sub-let or rented out after you buy it
- Be one that you can show you can't afford (if you're applying in Wales)

HOW IT WORKS

With an equity loan:

- You need a 5% deposit
- The Government will lend you up to 20% (up to 40% in London)
- You need a mortgage of up to 75% for the rest (up to 55% in London)

You must buy your home from a registered 'Help to Buy' builder.

EQUITY LOAN FEES

You'll have to pay equity loan fees, but not for the first five years.

In the sixth year, you'll be charged a fee of 1.75% of the loan's value. The fee then increases every year, according to the Retail Prices Index plus 1%.

Your 'Help to Buy' agent will contact you to set up these monthly fee payments. You'll also get a statement about your loan each year. Fees don't count towards paying back the loan.

PAYING BACK THE LOAN

You must pay back the loan after 25 years or when you sell your home – whichever comes first. The amount you pay back depends on how much your home is worth (the market value). ■

REQUIRE FURTHER INFORMATION?

We can help you with your mortgage needs. Whether you're a new customer or we've previously arranged a mortgage for you, please contact us to discuss your requirements.

Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

Peter Richards Financial Ltd is authorised and regulated by the Financial Conduct Authority.