

Help to Buy – The Government initiative to support all buyers of new build homes



Frequently Asked Questions (FAQ)

What is Help to Buy?

Help to Buy is made up of two schemes – “equity loan” where the Government will loan you up to 20% of the value of your new build home and “mortgage guarantee” where lenders will be incentivised to make more mortgages available for people with small deposits.

Why has the Government set up these schemes?

The Government wants to help more people across the country make the aspiration of home ownership a reality. Help to Buy is aimed at increasing the supply of low-deposit mortgages as well as new housing.

Can I buy a house using Help to Buy?

If you have a 5% deposit and want to buy a new build home, you’ll be able to access the Help to Buy: equity loan scheme from 1 April 2013. If you want to buy a property which is either new build or an existing property, the Help to Buy: mortgage guarantee will be available from January 2014.

What if I don’t have a deposit – can I still get a mortgage?

To access a Help to Buy product, buyers will need a minimum 5% deposit.

Am I guaranteed to get a mortgage? Are there any criteria I need to meet?

For both schemes, borrowers will need to meet appropriate tests to ensure they can pay back the mortgage, as well as passing their chosen lender’s credit and affordability checks.

How much can I borrow?

Subject to meeting the eligibility criteria and affordability checks, you’ll be able to use either Help to Buy scheme to purchase a property with a value up to £600,000.

Can existing homeowners access the scheme?

Yes. Both schemes are available to home movers as well as first-time-buyers, subject to meeting the relevant eligibility criteria.

Can I get an interest only mortgage using Help to Buy?

Help to Buy is only available on capital repayment mortgages.

Can I buy a property using Help to Buy and rent it out?

Help to Buy will only be available on properties which are occupied by the individual or individuals taking out the mortgage.

How do I go about accessing these schemes?

Help to Buy: equity loan will be available from 1 April 2013. Buyers will be able to access this through participating housebuilders and HomeBuy agents.

Help to Buy: mortgage guarantee will be available from January 2014. The Government will provide further details about the scheme later in the year.

Can I get a mortgage through an incorporated company?

Help to Buy mortgages are only available to an individual or individuals rather than incorporated companies.

Can I still get a NewBuy mortgage?

Yes. This scheme is still in place and remains open to buyers.

Questions on Help to Buy: equity loan

What is the Help to Buy: equity loan scheme?

The Government will provide buyers with an equity loan of up to 20% of the value of a new build property. The loan is interest free for the first five years. From year six a fee of 1.75% is payable on the equity loan, which rises annually by RPI inflation plus 1%.

When will I be able to get a Help to Buy: equity loan?

Help to Buy: equity loan will be available from 1 April 2013.

When will I have to pay back my equity loan?

The equity loan can be repaid at any time within 25 years (or the terms of the mortgage), or on sale of the property.

Why can't I get an equity loan on a property that's not new build?

Help to Buy: equity loan is focused on new build properties only. Buyers wanting to purchase an existing property may be interested in the Help to Buy: mortgage guarantee.

Questions on Help to Buy: mortgage guarantee

What is the Help to Buy: mortgage guarantee?

Subject to the final scheme design, the Government will make available £12bn of guarantees to lenders which will be sufficient to support £130 billion of high loan to value mortgages. The purpose of the scheme is to increase the availability of mortgages for buyers with small deposits.

How does the scheme work?

The Government will provide lenders with the option to purchase a guarantee on the high loan-to-value portion of the mortgage. This guarantee will incentivise lenders to offer a greater number of mortgages to buyers with small deposits.

When will I be able to get a Help to Buy: mortgage guarantee?

Help to Buy: mortgage guarantee will be available from January 2014.

Will the Government be guaranteeing my mortgage payments for me?

No. Under Help to Buy: mortgage guarantee, the Government will provide guarantees to lenders on a proportion of the mortgage. If a borrower's property is repossessed, the Government will cover a proportion of the losses suffered by lenders.

What type of property can I buy?

Help to Buy: mortgage guarantee will be available on all residential properties in the UK, up to a value of £600,000.

I have a deposit which is larger than 20% – will I still be able to get a Help to Buy: guarantee mortgage?

Help to Buy: mortgage guarantee will only be available to buyers with deposits between 5% and 20%. Mortgages are already widely available for those with a deposit of 20% or more.

Will I be able to get a Help to Buy: mortgage guarantee on a property that's not new build?

Help to Buy: mortgage guarantee will be available on both new build homes and existing properties.

Who should I contact about getting a Help to Buy: mortgage guarantee?

The Government will provide further details on how to get a Help to Buy: mortgage guarantee later this year. Help to Buy: guarantee mortgages will not be available until January 2014.

Will lenders have to offer me a guaranteed mortgage?

No. Lenders may choose whether to use the guarantee or not.

What will the interest rate be on Help to Buy: mortgage guarantee?

Interest rates on products supported by Help to Buy: mortgage guarantee will be set by lenders. The Government will not be involved in setting the price, which is a commercial decision for individual lenders.