

The EHL Help to Buy Guide



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What is Help to Buy?

'Help to Buy' has been making headlines with the early launch of the Mortgage Guarantee strand of the scheme, which was originally not due to be introduced until the beginning of 2014.

Already, lenders have started to take applications for mortgages that are subject to the Mortgage Guarantee assistance from the government, and if you have been struggling to buy a property in recent months, that may mean a new home is now within your grasp.

But Mortgage Guarantee is not the only element of Help to Buy, so it's important to have a general overview, in order to understand the initiative in full.

Mortgage Guarantee

The most recently introduced element of the scheme allows buyers to purchase new-build and existing property anywhere in the UK with a deposit of just 5%.

Government backing guarantees a portion of the rest of your borrowing, effectively reducing the risk faced by the lender when they approve the loan.

You can borrow on properties worth up to £600,000, they must be your primary residence (i.e. not a rental or 'buy to let' home) and you must have no history of debt problems.

Equity Loans

The other 'main' strand of Help to Buy are Equity Loans, which are only available in England, and not elsewhere in the UK.

In principle, these are very similar to the Mortgage Guarantee scheme - you pay a deposit of 5% on a property worth up to £600,000, but instead of guaranteeing the loan, the government pay a lump sum towards the transaction, and take an equity stake of up to 20% in the property.

After five years, you begin to pay fees for this, but you can buy out the government's stake by paying back 10%, 20% or 100% of the amount they loaned to you, giving you the chance to own 100% of the equity in your home as soon as you can afford to do so.

Other Options

While the two options described above are the current major components of Help to Buy, there are other options too - shared ownership schemes and the NewBuy initiative, which allows new-build properties to be purchased with just a 5% deposit are two alternatives.

If you live in a council-owned property, you may also have the right to buy it at a favourable price, while social housing schemes and no-deposit or shared equity offers from housing developers are also means of improving the affordability of property, particularly for first-time buyers.

How to get started with Help to Buy

Getting started with Help to Buy is easier than you might think - you don't have to contact any government departments or go cap-in-hand to your local benefits office, or anything like that.

Instead, you simply apply for a relevant Help to Buy assisted mortgage in the same way that you would apply for any other mortgage.

You can do this directly with a lender, if you have a specific Help to Buy mortgage product in mind that you are certain is right for you.

Alternatively, if you're not sure what mortgage would suit you best - or even which version of Help to Buy, 'Equity Loans' or 'Mortgage Guarantee', you need - a mortgage advisor should be able to help you decide.

If the Equity Loan route is right for you, then the process is a little different, as the lending is not simply built into your mortgage.

That means you will need to contact your local Help to Buy agent - they deal **only** with Equity Loans, **not** with Mortgage Guarantees, so this is the one potential complication if you have not yet decided which route is best for you.

Contact the appropriate Help to Buy agent for your area - there are 17 in all nationwide, with specific instructions in place for London buyers until March 2014.

They can give you more advice on the eligibility criteria and the application process, and should remain accessible to you at other major milestones en route to buying your new home.

For the Mortgage Guarantee route, meanwhile, simply speak directly to a lender or mortgage advisor, and they should be able to assist you in understanding how to proceed.

If you have any further doubts, and EHL are handling your conveyancing or any other aspect of your property purchase, just ask your contact at EHL for more information about Help to Buy, and how it might be able to help you to buy your new home.



Ok, I'm ready to start – what do I do?

You've read the information and you're raring to go and get your foot onto the property ladder. So what do you need to do first?

Review your finances: Find out what money you have and where. Have you got enough for the 5% or will you be getting help from parents? Read our "How to get started" section in this booklet and start talking to mortgage advisors.

Finances sorted. Now what?

Find a house: This is the fun part. Get down to your estate agent and start the search for your first home. The property marketing is growing rapidly and there's plenty out there to choose from. Then get some viewings booked in and have a look around.

Found it! What's the next step?

Get your lawyer on board: You've found the property you want and you'd like to make an offer, now is the time to instruct your solicitor.

The Process:

1. Initial Instructions from you

Once we have received your initial instructions we will ask you to complete and return some initial paperwork together with cleared funds for any searches you wish to order.

2. Receive draft Contract

The Seller's solicitors will prepare the draft Contract for the sale and send this to us along with the Official Copies (electronic title deeds), property forms and copies of any relevant documents relating to the property. We would expect to receive this within 1 week from the Memorandum of Sale being issued by the agent.

3. Searches and investigation of title

We will then carry out any searches requested by you and review the paperwork sent by the Seller's solicitor. If we have any queries about the property or any of the paperwork we will get in touch with the Seller's solicitor, who may need to refer to the Seller. Searches usually take 10 working days to be returned.

4. Report

Once the Seller's solicitor has replied to all enquiries raised by us and we have received the result of any searches, we will send you a report on the property along with a report on your mortgage offer (if applicable). We will also set out the financial side of the transaction, providing you with a completion statement showing the total amount due from you to be able to complete.

5. Signing

If you are happy with the paperwork, we will arrange for you to sign and a completion date is then agreed between all parties in the transaction. At this point you will transfer the deposit (usually 10% of the purchase price) to us and at that point we will be ready to exchange contracts.

6. Exchange of Contracts

On exchange of contracts the transaction (and completion date) becomes legally binding. We will send the deposit to the Seller's solicitor and request your mortgage advance from your lender. You must ensure that the balance of the funds due from you is with us at least the working day before completion.

7. Completion

Completion is the 'moving day' and the balance of the purchase price is transferred to the Seller's solicitor. The Seller will leave the keys with the estate agent and as soon as the Seller's solicitor received the funds from us the estate agent will release the keys to you.

A few FAQs:

How long does it take?

Every transaction is different and unfortunately there is no exact timescale, although on average a transaction takes between 6 and 8 weeks. It really does depend on how long the chain is, mortgage funding and if there are any problems with the title.

When can I book removals or serve notice on my rented accommodation?

Until contracts have been exchanged the transaction is not legally binding and any party can withdraw without any penalty. We would therefore always advise you not to make any arrangements until we have exchanged contracts as you may incur costs should completion be delayed or not take place.

Why does completion have to take place on a weekday?

On the day of completion funds are transferred between each solicitor by CHAPS payments (same day transfer), the banks do not offer this facility at the weekend.

I've exchanged contracts! What's my next move?

Now is the time to notify your landlord you'll be leaving and set a completion date or moving day. Start booking your moving vehicles and hire vans, arrange a day off work and remember to put together a box of emergency "first day" box of provisions for your new house (tea and biscuits!)

I'm all moved in – is there anything else I need to do?

We've put together a checklist of things you will need to do when you move into your new property.

Change your address: It may seem obvious but all post may still be going to your old address. Contact the Royal mail to see what needs to be done.

Set up your utilities: The ones you need to contact include electricity, gas, telephone, internet, and water.

Take Your Meter Readings: As soon as you get in take your water, gas and electric metre readings ready for when you call the utility companies.

First Aid: Moving is a hazardous business make sure you have your first aid kit readily to hand, and get the emergency numbers for the area just in case.

Find the fuse box Check it out and make sure you fully understand the labeling.

Find the water shut-offs: This includes the main water shut-off as well as shutting off outside water.

Check the smoke detectors: Find all the smoke detectors and test them all.

Your house number: Make sure that your house's street number is clearly visible from the road, especially if you're expecting a moving van and/or delivery van shortly after the move.

Change the locks: This is good practice as you don't know how many keys previous owners have had or handed out.

Update your driver's license, existing insurance policies, and electoral registration: Most of this is really simple to do online or over the phone

Update your Will: Remember whenever your circumstances change you will need to update your Will so that it is valid. Speak to our Wills team today to find out more.

A final idea - send out your new contact information: Sending your new address to family and friends will keep them updated and keep you in touch

Congratulations! You have your first home and are on the property ladder! If you would like any further help or for a quote on our fixed-fee conveyancing fees please contact us on 0116 266 5394.