



Harlequin homes

Help to Buy in England - Terms and Conditions

- 1.1 This offer is only available on selected new build plots and developments in England only. The maximum property value for Help to Buy is £600,000.
- 1.2 Help to buy is only available on capital and interest (or repayment) mortgages and on properties which are occupied by the individual or individuals taking out the mortgage.
- 1.3 Purchasers will be required to raise funding (including a mortgage and a deposit) of not less than 80% of the property purchase price (excluding any mortgage fees). The property will be subject to a first charge in favour of the mortgage company. Purchaser deposit must be a minimum of 5% after the equity loan has been applied. Mortgage lender's criteria may affect any deposit percentage and whether it applies before or after the equity loan is deducted from the purchase price.
- 1.4 The HCA will provide an equity loan to eligible purchasers of not less than 10% and not more than 20% of the purchase price subject to the terms of the equity loan agreement. Based on the maximum purchase price of £600,000, the HCA will therefore provide an equity loan of up to £120,000.
- 1.5 The equity loan provided by the HCA will be secured by a second charge on the property behind the first charge referred to in paragraph 1.3.
- 1.6 The equity loan provided by the HCA will not incur any loan fees for the first 5 years. From the beginning of year 6, loan fees will be payable by the purchaser at an annual gross rate of 1.75% of the loan's value, rising at the Retail Prices Index (published by the Office for National Statistics) plus 1% per year thereafter. Fees don't count towards paying back the equity loan.
- 1.7 The equity loan must be repaid within 25 years of legal completion of the purchase of the property whether the property is sold or not.
- 1.8 The equity loans will be repayable on the basis of the greater of the price of the property or its market value at the time of future sale or mortgage repayment as opposed to the original purchase price but disregarding additions or improvements made to the property by the purchaser with the consent of the HCA. This means that if the property increases or decreases in value, the purchaser will pay the HCA the same percentage of the new price of the property as the percentage the equity loan was of the original price. This may result in the HCA being paid more or less than the original loan value.

- 1.9 If, on the sale of the property, the price of the property has fallen and there is insufficient money from the sale to repay the equity loans after the mortgage has been paid the purchaser will lose any deposit paid. The HCA will not however seek to recover the balance of their equity, not otherwise paid out of the proceeds of sale, from the purchaser.
- 1.10 The purchaser may repay the equity loan to the HCA at any time following legal completion. Repayment whether in full or by instalments will be based on the market value of the property at the time of the repayment(s) and the purchaser will have to arrange and pay for the valuation of the property at that time. The minimum instalment value is 10% of the total of the equity loans.
- 1.11 Detailed terms and conditions apply to the equity loan which will be made available to the purchaser via their legal advisors as part of the conveyancing process.

An example of how Help to Buy works is as follows:

Mortgage	£90,000	(75%)
Deposit	£6,000	(5% of purchase price)
Equity loan	£24,000	(20% provided by HCA)
Purchase price	£120,000	

The equity loan provided by the HCA will not incur any loan fees for the first 5 years. From the beginning of year 6, loan fees will be payable by the purchaser at an annual gross rate of 1.75% of the loan's value, rising at the Retail Prices Index (published by the Office for National Statistics) plus 1% per year thereafter.

Open market value	£150,000	(a 25% uplift in value)
Mortgage repayment	£90,00	(assuming no repayment of capital)
Equity loan	£30,000	(20% of the open market value)
Remainder available to purchaser	£30,000	

