



# HELP TO BUY SCHEME SET TO END IN 2023

The Government confirmed in their last budget it does not intend to introduce a further Help to Buy scheme after March 2023 so that means you have four years left to get your five per cent deposit saved and use the scheme. For lucky Londoners the purchase price cap remains at £600,000 when the new scheme starts in April 2021; all other regions will see the price cap reduced.

So, what do you need to know?

## What is Help to Buy?

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Help to Buy is a government scheme which helps buyers of new homes in England. The equity loan contributes up to 40% for (London) towards a new home; some key information is set out below.

- Maximum purchase price £600,000 (in London; regional caps apply);
- No minimum loan amount, maximum loan amount in London is £240,000;
- Minimum five per cent deposit required;
- Available for the purchase of new homes;
- The house builder must be registered with the Help to Buy Scheme, so check with the sales office at the development you are looking at to confirm that they offer Help to Buy homes;
- In London you can apply for a Help to Buy loan for up to 40% of the equity of the property and the first mortgage must be at least 25% of the value of the property. The first mortgage and your cash contribution must be a minimum of 60% of the purchase price;
- The Help to Buy loan must be repaid after 25 years or sooner if you sell the property;
- You will repay the same percentage you pay to Help to Buy e.g. when you come to sell you will repay 40% of the sale price;
- Help to Buy secures a second charge on your property – we can guide you through what this means during the purchase;

What happens if the house price falls? If you comply with all your obligations in the Help to Buy mortgage deed, you will not be required to repay any shortfall in the equity loan repayment. If you do not comply with the obligations, Help to Buy can seek to recover all the money they are owed. We can advise you on the mortgage deed obligations as part of the purchase.

## How can we help?

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Our property team are experts in the purchase of new build properties and the Help to Buy Scheme. We can guide you through the Help to Buy process, terms and obligations and all aspects of your purchase with our experienced, efficient and friendly approach.

Rebecca Thomas is a Senior Associate in our Property team and has extensive experience of working in all areas of the London residential property market, including on several key developments in east London. Rebecca provides comprehensive advice in all areas of residential property law including leasehold, new build and off plan (developers and buyers). She is experienced in advising a range of clients including investors, developers, owner occupiers, offshore and domestic companies.

If you would like advice on the Help to Buy Scheme, or any other residential property-related matters, please contact Rebecca.