

Help To Buy explained

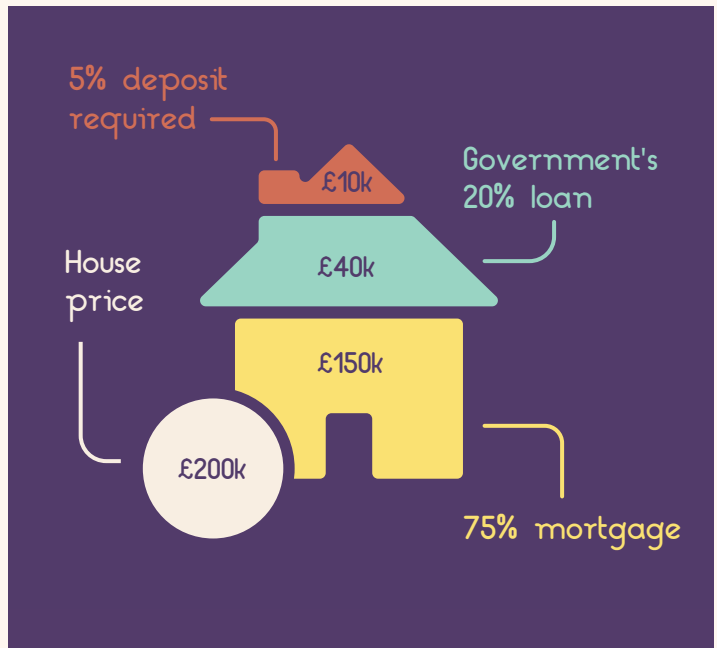
Many people are aware of the Government's Help to Buy scheme, however you may not be aware that there are two types of Help to Buy scheme: Equity Loan and Mortgage Guarantee.

Equity Loan

The first part of Help to Buy, which launched in 2013, is an Equity Loan scheme. It is open to both first-time buyers and homemovers – but is restricted to new-build homes.

Under this part of the scheme, the buyer is only required to raise

5% of the property value as a deposit. The government will provide a further loan of up to 20%. With a combined deposit of 25%, you will then have access to more attractive mortgage rates from lenders participating in the scheme.



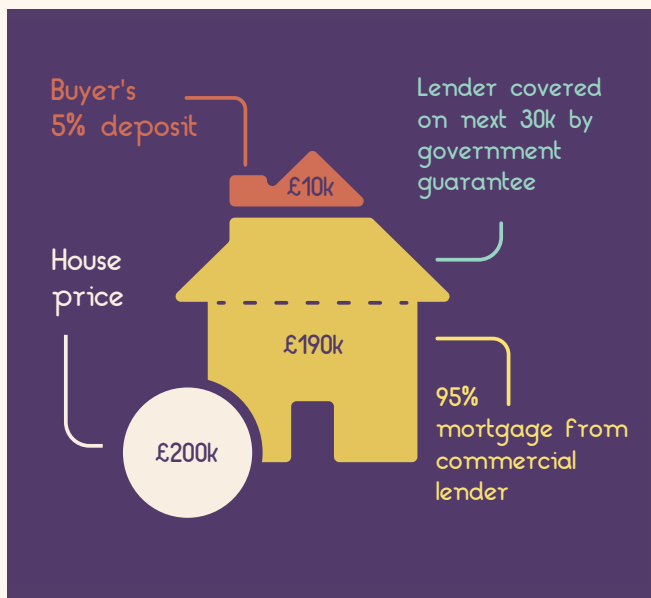
Mortgage Guarantee

The Mortgage Guarantee element of Help to Buy is designed to give first-time buyers and homemovers with a small deposit a better chance of getting a mortgage.

Unlike the Equity Loan part of Help to Buy, the Mortgage Guarantee

element applies to both new-build and existing homes. The maximum purchase price of £600,000 is the same.

Under the scheme, buyers will only need to raise 5% of the property value, while the government will then provide a guarantee to the mortgage lender for up to a further 15%. This gives banks and building societies the peace of mind to lend larger mortgages and at lower rates.



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