

Terms & Conditions

If you are a first-time buyer who can't afford to buy a home in your area through securing a conventional mortgage, you may be able to get help through an 'equity loan' scheme. FirstBuy* (Previously known as HomeBuy Direct) is a government led equity loan scheme offering up to 20% of the purchase price of your new home.

Your questions answered

Q. What is FirstBuy?

A. FirstBuy is a new Government led equity loan scheme designed to help first-time buyers on to the property ladder. With many aspiring homeowners struggling to raise a large enough deposit to qualify for a mortgage, the FirstBuy Scheme aims to help people get on to the housing ladder with a minimum deposit of 5%.

Q. What is a HomeBuy Agent?

A. A HomeBuy Agent is a local housing association that has been authorised by the Homes and Communities Agency (HCA) to administer the scheme in partnership with selected house builders.

Q. Who is eligible for a FirstBuy equity loan?

A. You can only buy a home through an equity loan scheme if:

- Your household earns £60,000 a year or less. A 'household' is the number of people who are buying the home. For example, a household might be you alone or you and your partner.
- You currently rent a council or housing association property, are a first-time buyer (you are a first-time buyer if you haven't owned a home before or you used to own a home, but can't afford to buy one now).
- You can't otherwise afford to buy a home in your area

Q. How much deposit am I required to put down to secure a mortgage?

A. Under the FirstBuy scheme you are required to provide a deposit equating to 5% of the full list price. For example, when buying a house with a list price of £200,000 you would require a 5% deposit equating to £10,000 to secure a mortgage.

Q. How do I apply for an equity loan?

A. Your Linden Homes Sales Executive will refer you to a mortgage advisor, from a list approved with the HCA and local HomeBuy Agent, who will take you through the next steps and progress your application in conjunction with the local HomeBuy Agent.

Q. How do equity loans work?

A. With an equity loan, you buy your home with at least 75% of the cost met by a conventional mortgage and a 5% cash deposit.

The remaining cost of the home is paid for by the government and Linden Homes through an equity loan.

The property title will be in your name, which means you can sell your home at any time.

The government and Linden Homes will then get an equal share of your home's price when you sell it based on the original loan percentage.

The loan is called an equity loan because its value changes based on how much your home is worth. This means the amount you owe will rise and fall with the value of your home.

| Example of a purchase with an equity loan scheme | Cost | Percentage |
|--|----------|------------|
| Purchase price of new home | £200,000 | 100% |
| Your mortgage | £150,000 | 75% |
| Your Deposit | £10,000 | 5% |
| Equity loan | £40,000 | 20% |

If this home sold for £210,000, you would receive £168,000 (80%) and be required to repay your mortgage with this share of the money. The remaining balance of £42,000 (20%) would be used to repay your equity loan.

*Available on selected homes only subject to FirstBuy terms and conditions and only available to customers where a primary mortgage is required to secure the purchase

Linden Homes is part of the Galliford Try Group
Galliford Try Homes Limited. Reg. No. 03158857 Reg Office: Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL

Q. What is the maximum purchase price under FirstBuy?

A. The maximum purchase price applicable under the FirstBuy scheme has been set at £280,000 or £300,000 if you live in London or the South East.

Q. How long do I have to pay back the equity loan?

A. The outstanding balance on your equity loan will need to be repaid during or at the end of the 25 year term

Q. What interest is payable on the equity loan?

A. You won't be charged any fees for the first five years of owning your home.

In the sixth year, you will be charged a fee of 1.75% of the equity loan value. Every year after this, the fee will increase. The amount of increase is calculated by using the Retail Price Index (RPI) + 1% (The RPI measures inflation).

For example, if the RPI was 5%, the 1.75% fee charged in year six would increase by 6% (5% RPI + 1%) in year seven to 1.86%. The table below shows a worked example based on the original purchase price of £200,000.

| Year | Equity loan | Fee rate | Yearly fee | Monthly fee |
|------|-------------|----------|------------|-------------|
| 5 | £40,000 | 0% | £0 | £0 |
| 6 | £40,000 | 1.75% | £700 | £58.33 |
| 7 | £40,000 | 1.86% | £744 | £62 |

Fees are charged in addition to the equity loan.

Q. Who collects the interest on the equity loan?

A. Once you start paying interest on the equity loan in year six, the National HomeBuy agent will start collecting fees on the equity loan. The HomeBuy agent will contact you at least one month before you start paying your fees to arrange the direct debit with your bank. You can pay your fees monthly or in a single yearly payment.

They will also provide you with a statement every year after you complete your purchase. This will tell you when you need to start paying your fee. This yearly statement will also show any payments you have made once you start paying the fee.

Q. Are there any other costs associated with the repayment of the equity loan?

A. You will have to pay valuation costs and Solicitor's fees on repayment of the loan. You should ask your conveyance solicitor for details.

Q. Do I still have to pay Stamp Duty?

A. Yes – Stamp Duty is payable on the full list price of your home (not the 80% price) so if you are buying a home with a list price over £125,000 you will need to pay Stamp Duty at 1%, unless you are a first time buyer, in which case you will only pay Stamp Duty on a home with a list price over £250,000 at 3%.

Q. Can I use my own mortgage advisor and solicitor?

A. Yes but you are encouraged to use our nominated mortgage advisor, New Homes Mortgage Helpline, to help arrange your mortgage and to use our nominated solicitor as they will be familiar with the scheme which can assist with handling the transaction.

For further information on FirstBuy visit homesandcommunities.co.uk/firstbuy

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER DEBT SECURED ON IT.