

The key to home ownership



There is a way, with HomeBuy Direct

What is HomeBuy Direct?

- It is a government supported shared equity programme designed to get 10,000 first time buyers onto the property ladder
- It is available on selected new build housing developments and properties
- Buyers will be offered an equity loan of up to 30% of the property price (funded by the government and the developer)
- Buyers benefit from being able to borrow less from the bank/building society, resulting in lower mortgage repayments
- After five years in the home, a fee becomes due on the equity loan. This is charged at 1.75% of the loan and rises annually at 1% more than the Retail Price Index. See example
- After a year in the home, buyers can opt to repay part or all of the equity loan. This is known as staircasing. The minimum staircase payment is 10% of the home's value. Any staircasing payments made before year six will proportionally reduce the equity loan fee mentioned above
- Should the home owner sell the property or move, the shared equity loan must be repaid in full. The amount will be based on the percentage of the equity loan outstanding in relation to the property value at the time of sale – not purchase. See example
- Applying through HomeBuy Direct should take no longer than eight weeks

How does the scheme work?

- Buyers will need to obtain a mortgage for 70% of the purchase price
- A minimum deposit may be required by the mortgage lender

- Keepmoat Homes and the government will fund the remaining value of the property up to a maximum of 30%
- Buyers will own 100% of the property

Who will be eligible?

- Households earning less than £60,000 which can't afford to buy a suitable property on the open market without assistance
- Although the scheme is targeted at first time buyers it can also help people who have previously owned properties, but are now unable to buy without assistance. For example, in the case of relationship breakdowns or families which are overcrowded in their existing homes
- Buyers have to be in full time employment and have a clean credit history

Example

Jenny, a part time secretary, and John, a driver, have a joint income of £36,000. They want to buy a Keepmoat Home priced at £120,000 and have saved up a small deposit, but still can't find a bank or building society that will offer them the mortgage they need

After meeting the loan criteria for the HomeBuy Direct Scheme, the couple have been able to secure their £120,000 house for just £84,000 – with the remainder (£36,000) being provided by Keepmoat Homes and the government

What's more, for the first five years, there is nothing to pay on this equity loan. Fees become due in year six, charged at 1.75% of the loan value. So, in Jenny and John's case that's £52.50 per month

If, in the future, the couple were to sell the house for £132,500 (assumes a 2% value increase per year for five years), the amount of equity loan to repay would be £39,750 (30% of the sale value)

Pop in and discover the Keepmoat way

keepmoathomes.co.uk



Real help now

HomeBuy Direct is available on selected plots only, subject to status. Terms and conditions apply. Please ask for further details. Details correct at time of going to print.