

# HomeBuy Direct Buyers' Guide



# What is HomeBuy Direct?

HomeBuy Direct is a new product from the Homes and Communities Agency, working in partnership with housebuilders. It aims to make more new affordable homes available to eligible buyers priced out of the housing market.

It is part of the government's HomeBuy low-cost home ownership initiative, and is available in England through local HomeBuy Agents and participating housebuilders and housing associations.

This guide will give you an overview to the product. If you'd like to know more, or are interested in applying, please contact your local HomeBuy Agent (see pages 18 and 19).

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**Your home may be repossessed if you do not keep up repayments on a mortgage or any other debt secured on it.**

**Check that these mortgages will meet your needs if you want to move or sell your home or you want your family to inherit it. If you are in any doubt, seek independent advice.**

# HomeBuy Direct

## Overview: the 'stepping-stone' into home ownership

With HomeBuy Direct, the buyer ('you') buys a new home on a HomeBuy Direct development with assistance from the Homes and Communities Agency ('the Agency') and the housebuilder in the form of two equity loans.

You must take out a first mortgage (with a qualifying lending institution). This mortgage, together with any cash contribution from you, must be a minimum of 70% of the full purchase price.

The Agency and the housebuilder will provide equal equity loans to make up the cost of your home, up to 30% of the full purchase price. These equity loans are repaid when you sell your home, at which point you must repay the same percentage of the proceeds of the sale to the Agency and the housebuilder as the initial equity loans (i.e. if you received equity loans for 30% of the purchase price of your home, you must repay 30% of the proceeds of the sale).

In addition, you can, if you wish, make part repayments of the equity loans ('staircasing') after twelve months.

The equity loans are interest free for the first five years. After that, you will pay a fee on the equity loans of 1.75%, rising annually by the Retail Price Index (RPI) plus 1%.

If you purchase a home through HomeBuy Direct, you will still have 100% title to your home and you can sell it on the open market without restriction.

Local HomeBuy Agents will assess and approve your eligibility for HomeBuy Direct, and you need to be confirmed as eligible before you proceed with the buying process.

Further details on all these points and the buying process are set out within this guide.

# HomeBuy Direct continued

## How does it work?

HomeBuy Direct enables eligible buyers to purchase a new property, with an affordable mortgage and with help from the Agency and the housebuilder, on a designated HomeBuy Direct development.

This enables you to take out an affordable mortgage (minimum 70% of the total purchase price) on which you make repayments in the normal way. The rest of the purchase price will be paid for with equity loans from the Agency and the housebuilder.

The Agency and housebuilder then have an entitlement to a share of the future sale proceeds equal to the percentage contribution required to assist your purchase.

For the first five years of HomeBuy Direct home ownership there is nothing to pay on the amount that the Agency and housebuilder contributed to your purchase.

After five years, you will pay a fee to the Agency (through the National HomeBuy Agent) of 1.75% per annum on the outstanding amount of the equity loans from the Agency and the housebuilder. This fee will increase each year by the RPI plus 1%. This is illustrated on page 11.

The equity loans supporting the initial purchase mean HomeBuy Direct is a 'stepping-stone' to assist buyers into full home ownership.

When you sell your HomeBuy Direct home, you will repay the HomeBuy Direct assistance from a share of the sale proceeds. So, if the Agency and the housebuilder initially assisted the purchase with a 30% contribution, the repayment will be 30% of the total value when it is sold.

After 12 months of ownership you can also choose to make part repayments ('staircasing') of the HomeBuy Direct assistance at the prevailing market value. The minimum additional repayment is 10% of the market value.

The Agency's and housebuilder's entitlement to a share of the future sale proceeds is secured through second charges on your home. This is done in the same way that your mortgage lender will secure its lending through a first charge on your home.

Although, if you buy through HomeBuy Direct, you will have a mortgage for less than the full purchase price of the property, you will be the legal owner with 100% title to your home. The table below shows how it works.

<b>Example of HomeBuy Direct home ownership</b>	<b>£</b>	<b>%</b>
Open market price of new home	<b>£200,000</b>	<b>100</b>
HomeBuy Direct buyer affordable mortgage @ 65%	£130,000	65
HomeBuy Direct buyer pays 5% deposit	£10,000	5
<b>HomeBuy Direct buyer total contribution</b>	<b>£140,000</b>	<b>70</b>
<b>Agency and housebuilder assistance 30% equity loan</b> (via two equity loans at 15% each)	<b>£60,000</b>	<b>30</b>

In this example, the HomeBuy Direct buyer has purchased a £200,000 home with a deposit of £10,000 and a mortgage of £130,000. The Agency and housebuilder have contributed equity loans totalling £60,000 or 30% of the total purchase price.

In this example, when the home is sold, the Agency and housebuilder will be entitled to 30% of the total sale price (15% each).

Because HomeBuy Direct assistance is through an equity loan, the amount required to increase your equity share will be dependent on the total value of the property at the time you want to staircase or repay in full. The amount you need to do this will increase if your home increases in value and decrease if its value falls (see examples later in this guide).

## What is the role of the HomeBuy Agent?

The local HomeBuy Agents act on behalf of the Agency to market and administer the HomeBuy Direct schemes in their area, as well as to guide you through the process of buying your HomeBuy Direct home. The role of the local HomeBuy Agent is to:

- act at a local level on behalf of the Agency
- hold information about HomeBuy Direct schemes for prospective buyers
- deal with applications, assess eligibility and affordability, and offer guidance to prospective buyers, and
- give approval to a HomeBuy Direct buyer's solicitor/conveyancer to proceed with a purchase (exchange of contracts).

Following the HomeBuy Direct sale, your details will be transferred to the National HomeBuy Agent.

The role of the National HomeBuy Agent is to provide a single point of contact to:

- administer payment of fees by buyers on the HomeBuy Direct equity loans after five years of ownership, and
- recover the equity loans repayments as owners sell and move on or staircase.

## What types of homes are available?

HomeBuy Direct homes are only available on designated developments where the Agency has an agreement with the housebuilder to offer homes for sale through the HomeBuy Direct programme.

# Eligibility

## Who can take part in the scheme?

HomeBuy Direct homes are available to people who cannot afford to buy a home on the open market and earn less than £60,000 per annum. Priority will be given to social tenants and key workers whose household income is less than £60,000.

Applicants should be buyers looking to own a home for the first time, although if you are looking to buy a new home after a relationship breakdown you will also be considered.

### Qualifying criteria for all applicants

Must be a qualifying buyer unable to afford a home in their local market. Applicants must not be able to buy a home suitable for their housing needs within a reasonable travelling distance of their work place, without assistance.

Must be able to demonstrate access to savings or sufficient funds to pay, if required, a deposit (which may be 5% or more of the purchase price), legal fees, stamp duty and other costs of moving.

Must be able to sustain home ownership in the longer term. Typically, applicants will be employed on a permanent contract of employment (there are exceptions for key workers). If self-employed, the applicant must be able to provide accounts for the last three years.

Must not already be home owners or named on a home mortgage. If an applicant has had their name on a mortgage they will have to provide evidence that it has been (or is in process of being) removed.

Must have a good credit history - if applicants have rent arrears during the last 12 months, are in breach of their current tenancy agreement or have an adverse credit history which means they are unlikely to be able to sustain ownership, they will not be eligible for HomeBuy Direct.

Must take out a first mortgage with a qualifying lender.

# How to buy a HomeBuy Direct home

## The HomeBuy Direct buying process

### Stage 1

- You register your interest with your local HomeBuy Agent, either directly with the Agent or via the housebuilder.
- You complete a HomeBuy Direct application either online or on a paper copy and submit it to your HomeBuy Agent.
- You must see an Independent Financial Advisor (IFA) to gain confirmation of financial status. The local HomeBuy Agent will be able to suggest some IFAs for you to try. Some local HomeBuy Agents may also require you to attend a financial interview before giving eligibility approval.
- You must ensure you have funds to pay:
  - a reservation fee if required
  - a deposit on exchange if required (a deposit is typically 5% although some schemes may require higher or lower deposits at exchange of contracts), and
  - other fees on completion (e.g. stamp duty, legal fees).

### Stage 2

- Your HomeBuy Agent assesses your eligibility.
- If eligible, you will receive an 'Approval of Eligibility Letter' from your HomeBuy Agent within eight working days of submitting a full application. You also receive details of the level of mortgage you should be seeking (your 'Prescribed Mortgage Level').
- Your HomeBuy Agent provides details of the applicable HomeBuy Direct schemes in your area.

### Stage 3

- If you have not already done so, you make appointments with sales teams at HomeBuy Direct schemes.
- When you've found a suitable property, you complete a 'Property Information Form' and return it to your HomeBuy Agent together with details of your solicitor/conveyancer and a copy of the housebuilder's completed reservation form.
- You pay a reservation fee, if required, usually up to £500, to the housebuilder.
- You instruct a solicitor to act for you and tell your IFA so that a full mortgage application can be submitted.

# How to buy a HomeBuy Direct home continued

## Stage 4

- Your HomeBuy Agent reviews the 'Property Information Form' ensuring it is consistent with the terms of your approval letter.
- If it is, your HomeBuy Agent issues an 'Authority to Proceed' and instructions to you and your solicitor/conveyancer. This pack will include legal documents that will be explained to you by your solicitor/conveyancer.
- You agree to exchange contracts within a timeframe specified by the housebuilder (usually 21-28 days).
- Your solicitor/conveyancer checks that your mortgage offer, property price and available funds are consistent with the Authority to Proceed, and requests permission to exchange contracts from the HomeBuy Agent.
- Your HomeBuy Agent issues approval to your solicitor/conveyancer and contracts are exchanged.
- You will have paid a deposit if required and are now legally contracted to complete the purchase by an agreed date.

## Stage 5

- At completion, your lender provides its funds and the Agency will make its funds available to the housebuilder. Once completion has taken place you own the property and can move in.
- Your solicitor returns confirmation of the sale to your local HomeBuy Agent who then registers your details with the National HomeBuy Agent.
- Two equal ranking second charges are placed on your home by your solicitor in favour of the Agency and housebuilder, entitling it to a share of the future sale proceeds. The charges will be equivalent to the percentage contribution made towards the purchase price. You must repay the percentage contribution when you sell your home or after 25 years (whichever is earlier).

## How long does the process take?

Your HomeBuy Agent will seek to assess your eligibility (from a fully completed application form together with all the other documents they may require from you) within eight working days.

After receiving confirmation of eligibility it is up to you how soon you find a property and submit a 'Property Information Form' to your HomeBuy Agent.

The HomeBuy Agent's 'Authority to Proceed' is valid for three months – the time limit for exchange of contracts. Typically, most housebuilders will be seeking buyers to exchange contracts within one month of making a reservation.

You are responsible for securing your mortgage and appointing your solicitor/conveyancer, although your HomeBuy Agent and housebuilders will be able to suggest some options.

## Further information

The initiative is making HomeBuy Direct homes available nationally. You should contact your local HomeBuy Agent to make an application and find out more about availability of HomeBuy Direct homes in your area. An additional question and answer section appears on page 13.

# Your mortgage

## What is the minimum contribution I must make to my HomeBuy Direct home purchase?

The minimum contribution is 70% of the full purchase price which is made up from your mortgage and your cash deposit contribution. This contribution will be assessed by your HomeBuy Agent and confirmed to you when you are approved to purchase under the scheme. This will include the estimated amount of mortgage you should seek to obtain.

## What is the maximum contribution I can make to my HomeBuy Direct home purchase?

To ensure that funding can be used to help as many buyers as possible, HomeBuy Direct purchasers are always expected to maximise their contribution to a reasonably affordable level. This is assessed by your HomeBuy Agent. If you could afford more than 85% of the full purchase price you will not receive HomeBuy Direct assistance.

## How is my mortgage level assessed?

Your mortgage is designed to be affordable relative to your income. Your HomeBuy Agent will ensure you maximise your mortgage while having regard for the overall affordability of your repayments.

Typically, your mortgage will be based on a multiple ranging from three to four times your household income. Your HomeBuy Agent will also work to a guideline to ensure that your monthly costs (mortgage, service charges and fees) are no more than 45% of your after-tax monthly pay.

You cannot choose to take a lower mortgage if your affordable income multiple suggests you can afford and sustain a higher one. This is because the scheme is designed to assist buyers by giving them only just enough help to achieve home ownership. With only limited resources available, the Agency is seeking to help as many buyers as possible, and allowing a buyer to reduce their mortgage could stop others from also benefiting from the initiative.

Once you have had your eligibility approved your HomeBuy Agent will set the 'Prescribed Mortgage Level'. This is the level of mortgage that you should be seeking from your lender.

## What is the legal mechanism that ensures the Agency and housebuilder receive their correct share when the equity loan is repaid?

This is through two equally-ranking second charges on your property. This means it cannot be sold in the future unless the Agency's and housebuilder's equity loan percentage is repaid.

You must agree to these legal charges being secured on your home before the purchase can be completed. The HomeBuy Direct documents include other obligations such as the requirement for you to insure your property. Your solicitors/conveyancer will advise you on the legal implications of these before they are signed.

## Your mortgage continued

### What happens when I sell my HomeBuy Direct home?

When you sell your HomeBuy Direct home, you will repay the Agency's and housebuilder's equity loan simultaneously. So if you initially purchased with a 65% mortgage and a 5% cash deposit and have made no other staircasing repayments (see Illustration 1 below), you will repay the Agency 15% of the value and the housebuilder 15% at the time you sell.

The National HomeBuy Agent will recover the Agency's repayment.

You can sell your home at any time and an independent surveyor will decide what it is worth. Your property should be sold on the open market at the prevailing market valuation.

The HomeBuy Direct equity loans must be repaid when you sell your home. You will pay the costs of selling.

The illustrations below give examples of how the equity loan repayment is calculated assuming a HomeBuy Direct home starting value of £200,000 and a buyer taking on a mortgage for 65% and paying a 5% deposit. Your solicitor/conveyancer will be able to provide more illustrations when they advise you on your purchase.

#### Illustration 1

Start of year	Estimated annual change in property price %	Total property value	HomeBuy Direct home owner your entitlement to 70% of property value	Agency and housebuilder entitlement to 30% of property value
1	2	£200,000	£140,000	<b>£60,000</b>
2	2	£204,000	£142,800	<b>£61,200</b>
3	2	£208,080	£145,656	<b>£62,424</b>
4	2	£212,242	£148,569	<b>£63,672</b>
5	2	£216,846	£151,541	<b>£64,946</b>
6	2	£220,816	£154,571	<b>£66,245</b>

In the example above, if the buyer chose to sell their HomeBuy Direct home at the start of year six (after owning the property for five years) and assuming property values increased by 2% every year, the buyer would have to repay £66,245 for their HomeBuy Direct equity loan and use the remaining £154,571 to settle any outstanding balance on the mortgage provided by their lender.

## What happens if property values fall? Will I have to repay the full amount of HomeBuy Direct assistance or just a percentage of the total sale proceeds?

When you sell your home, the HomeBuy Direct equity loan documents commit you to repay a percentage of the market value equal to the percentage contribution of assistance received.

This means if the market value of your property falls below the level at which it was first purchased, you will repay less than the original amount the Agency and the housebuilder contributed to the original purchase.

You will always need to show that the proposed sale value is at the prevailing market value before going ahead.

The National HomeBuy Agent will approve the sale before allowing the second charges to be released.

As long as you have complied with all your obligations in the HomeBuy Direct mortgage deeds, you will not be required to provide for any shortfall in the equity loan if you sell when values have fallen.

If you do not comply with the terms of the HomeBuy Direct mortgage deeds, the Agency and the housebuilder will seek to recover all the money they are owed.

Your solicitor will explain the HomeBuy Direct mortgage deeds to you before the property is purchased.

### Illustration 2

Start of year	Estimated annual change in property price %	Total property value	HomeBuy Direct home owner your entitlement to 70% of property value	Agency and housebuilder entitlement to 30% of property value
1	-5	£200,000	£140,000	<b>£60,000</b>
2	-5	£190,000	£133,000	<b>£57,000</b>
3	-5	£180,500	£126,350	<b>£54,150</b>
4	5	£171,475	£120,033	<b>£51,443</b>
5	5	£180,049	£126,034	<b>£54,015</b>
6	5	£189,051	£132,336	<b>£56,715</b>

In the example above, if the buyer chose to sell their HomeBuy Direct home at the start of year six (after owning the property for five years) and assuming property values decreased by 5% annually for the first three years followed by two more years when they rose by 5% annually, the buyer would have to repay £56,715 for their HomeBuy Direct equity loan and use the remaining £132,336 to settle any outstanding balance on the mortgage provided by their lender.

## Your mortgage continued

### Can I 'staircase'?

The HomeBuy Direct scheme allows you to repay all or part of the equity loan. A partial repayment is called 'staircasing'. Staircasing payments can be made after 12 months of ownership and must be a minimum of 10% of the home's prevailing market value – whether that value is more or less than when originally purchased.

An independent RICS surveyor/valuer must provide the valuation and you will pay for this. Enquiries about staircasing payments should be made to the National HomeBuy Agent.

If you staircase after five years of ownership, then the fees (see below) you pay on the HomeBuy Direct equity loan will be reduced because the outstanding loan percentage is smaller.

If you extend your mortgage to staircase, your mortgage repayments will probably increase to reflect the fact that you have repaid some of the equity loan.

In the example below, the buyer chooses to staircase by 10% to 80% at the start of year six (after owning the property for five years). Assuming property values increased by 5% every year, the buyer would have to repay £25,526 to increase their share of the future property value.

If the buyer has any fee arrears (see page 11) at the time of staircasing, the arrears must also be paid at the same time as the staircasing payment is made.

Your solicitor/conveyancer will be able to provide more illustrations when they advise you on your purchase.

Start of year	Estimated annual change in property price %	Total property value	HomeBuy Direct home owner your entitlement to 70% of property value	Cost to HomeBuy Direct home owner staircasing by 10%	After staircasing HomeBuy Direct home owner your entitlement to 80% of property value
1	5	£200,000	£140,000	not applicable	<b>not applicable</b>
2	5	£210,000	£147,000	£21,000	<b>£168,000</b>
3	5	£220,500	£154,350	£22,050	<b>£176,400</b>
4	5	£231,525	£162,068	£23,153	<b>£185,220</b>
5	5	£243,101	£170,171	£24,310	<b>£194,481</b>
6	5	£255,256	£178,679	£25,526	<b>£204,205</b>

### Are there any restrictions on the mortgage provider?

Your HomeBuy Direct mortgage must be from a qualifying lending institution. These include lenders who are authorised under the Financial Services and Markets Act 2000, and who have permission to enter into regulated mortgage contracts. This is likely to include most banks and building societies.

The Financial Services Authority keeps a register of authorised persons on its website. The register can be found at [www.fsa.gov.uk/page/register](http://www.fsa.gov.uk/page/register)

Your solicitor/conveyancer will check that the lender is compliant before a sale can proceed.

# Fees and costs

## What are the monthly costs of HomeBuy Direct?

Every month, you will need to make payments in addition to your normal monthly outgoings, including:

- mortgage repayments to lenders
- after five years, fees on the HomeBuy Direct equity loan (see below)
- service charges, if you buy a house or flat with shared areas that require maintenance
- council tax
- life insurance and payments into investment products if the mortgage is interest only
- buildings insurance, and
- utility bills and other costs of occupying the property.

## How are the fees calculated on the HomeBuy Direct equity loans?

After five years a fee is payable of 1.75% on the HomeBuy Direct assistance. This rises annually by the RPI plus 1%. This is payable to the National HomeBuy Agent.

The example below shows how fees are calculated. The fee payment is not made for the first five years. After this date a monthly fee will be payable and the table below illustrates how this would work on HomeBuy Direct equity loans totalling £60,000.

Your solicitor/conveyancer will be able to provide more illustrations when they advise you on your purchase.

Start of year	HomeBuy Direct equity loan assistance	Estimated RPI %+1	Fee percentage	Annual fee due	Estimated monthly payment
1	£60,000	6%	0%	-	£ -
2	£60,000	6%	0%	-	£ -
3	£60,000	6%	0%	-	£ -
4	£60,000	6%	0%	-	£ -
5	£60,000	6%	0%	-	£ -
6	£60,000	6%	1.75%	£1,050	£88
7	£60,000	6%	1.86%	£1,113	£93
8	£60,000	6%	1.97%	£1,180	£98
9	£60,000	6%	2.08%	£1,251	£104
10	£60,000	6%	2.21%	£1,326	£110

At the start of year six, after five years of ownership, the HomeBuy Direct owner in this example has to pay a monthly fee of £88. At the start of year seven, after six years of ownership, the monthly fee will have risen to £93.

## Fees and costs continued

The fee structure is to encourage you to staircase and move to full ownership. The introduction of fees also takes into account that you get all the benefit of living in a house that has been made possible by the Agency and the housebuilder contributing part of the purchase price until the property is sold.

The fee is not introduced until year six, which means that you have a five year period of zero fees at a time when first-time buyers are usually the most financially stretched.

The future rate of inflation cannot be predicted but you should assume your fees will always rise. The example shown above assumes annual inflation as measured by the RPI is 5% making the annual fee increase by 6%, from 1.75% to 1.86%, in year seven. By the start of year ten, if the same rate of inflation is maintained, the fee would be £110 per month.

The payment of fees does not contribute towards repaying the HomeBuy Direct equity loans. If you staircase or want to make full repayment of the equity loans, any fee arrears must be repaid at the same time.

### Annual Percentage Rates (APR) for HomeBuy Direct owners

Because you have to pay fees on the HomeBuy Direct equity loan during your ownership and may have to pay more than the original contribution back to the Agency and housebuilder, the effect will be similar to a loan under which a buyer pays credit charges at a rate dependent on the growth in house prices combined with the percentage rates of fees payable.

The previous illustrations demonstrated separately the effects of house price changes and fees on the costs a buyer would have to pay starting with a £200,000 market value home and a buyer's affordable mortgage and contribution of 70%.

The combined effect of fees and repayments effects the APR which is the buyer's cost of credit.

**Using the previous illustrations, after six years of ownership, if the buyer decides to sell and house prices have grown for example by 5% every year, the buyer will have to repay £80,406 on their equity loan.**

**The owner will have also paid £1,050 in fees on the HomeBuy Direct equity loan and is assumed to have paid £2,000 in legal and valuation fees. This means the total amount payable after five years on the HomeBuy Direct original assistance of £60,000 is £83,456.**

**For this example, this is equal to an APR 5.7% typical. The total amount repaid is £83,456. You should remember this is an illustration. House inflation, the Retail Price Index and the fees and costs an owner pays could all vary substantially over time. Your solicitor/conveyancer will be able to provide a further illustration of APR when they advise you on your purchase.**

**Prospective buyers should always seek independent financial advice before proceeding.**

# Questions and answers

## **Q Will I have to pay Stamp Duty?**

The Government's standard rules and procedures for Stamp Duty Land Tax (SDLT) apply to all HomeBuy Direct purchases.

SDLT is payable at the time of purchase, on the full purchase price of the home. That is, the amount paid by you (the first mortgage and any cash contribution) plus the value of the HomeBuy Direct assistance.

There is no further SDLT to pay on any 'staircasing' repayments or repayment when the home is sold.

You should budget for SDLT on the full open market price of the property when you purchase a HomeBuy Direct home.

## **Q Who pays for repairs and ongoing maintenance to my home?**

It is your responsibility to repair and maintain your home. New homes often come with a guarantee that will cover certain defects for up to 10 years after it was built. This guarantee usually only covers defects in the housebuilder's workmanship.

## **Q Who provides the contribution for HomeBuy Direct?**

There are two contributions: one from the housebuilder and one from the Agency. The contributions are made equally and secured by the equally ranking second charges.

## **Q If I am not eligible for help under this scheme, are there any other schemes available that may help me?**

Other schemes offered through the Agency may be applicable to your personal situation and needs. Details on the full HomeBuy suite of products can be obtained from your local HomeBuy Agent.

## **Q How long will it take before I can move in?**

Because HomeBuy Direct homes are generally on new developments (and may still be under construction), in common with most new home sales, you will normally be expected to arrange a mortgage and exchange contracts within one month of paying a reservation fee.

The moving in date will then depend on the time required to complete construction work and this will vary from scheme to scheme. Some HomeBuy Direct applicants will be prepared to wait a longer period of time for a home that matches very specific needs whereas others will buy from a development that allows earlier occupation.

## Questions and answers continued

### **Q What happens if the completion of my home is delayed?**

Once you have committed to buy a home (at exchange of contracts) the housebuilder will have agreed to build the home and keep you informed of progress.

If you are unhappy about any delays in construction you must speak to the housebuilder. Your solicitor/conveyancer will be able to advise on the housebuilder's contractual responsibilities before you agree to the sale.

### **Q Are there any restrictions on the properties that I can purchase?**

All HomeBuy Direct homes are on new build developments where the Homes and Communities Agency has an agreement with the housebuilder. You can only purchase from these designated schemes.

To ensure that growing families have access to the scheme, purchase of a property one bedroom larger than your household's current need is permitted. This is assessed by your HomeBuy Agent as part of the eligibility approval process.

### **Q What happens if the rules change after I purchase and I am no longer a priority? Do I have to pay all the cash back?**

No – eligibility status will be judged against the criteria at the time you are given financial help to buy your home. So if the scheme rules change you will not be affected.

### **Q Can I sublet my HomeBuy Direct home?**

No – HomeBuy Direct is designed to assist you to get on the housing ladder. If you wish to sublet, you will first have to repay the HomeBuy Direct equity loan assistance.

### **Q Can I own a HomeBuy Direct home and buy a second home?**

No – HomeBuy Direct is designed to assist you to get on the housing ladder. If you wish to purchase another home you will have to repay the HomeBuy Direct equity loan.

### **Q Can I use cash from my council, Registered Social Landlord or other public sector body to buy with the addition of help through HomeBuy Direct?**

No – assistance through government key worker or other programmes cannot be combined with any other publicly funded home ownership scheme such as HomeBuy Direct.

### **Q After purchasing my home, can I increase my mortgage or take out another loan?**

Not without permission from the National HomeBuy Agent. Further advances must be approved by the National HomeBuy Agent.

Advances to be used for staircasing or repaying the Agency's contribution will usually be welcomed. Advances for other purposes will be considered by the National HomeBuy Agent on a case by case basis (see question below regarding extending or altering the property).

You can transfer your mortgage to another lender, which must be a qualifying lending institution (see page 10), with permission from the National HomeBuy Agent. You must ensure your new lender is informed that it is a HomeBuy Direct property with a second charge entitling the Agency to a share of the future sale proceeds.

The National HomeBuy Agent may decline permission for further advances or transfer to another lender if they consider you may be putting yourself in an unsustainable financial position.

### **Q Can I extend or alter the property?**

Not without permission. Because HomeBuy Direct is designed to help aspiring buyers into home ownership, you should consider repaying part or all of the Agency's contribution before making plans for improvements or alterations. This is because the Agency is seeking to help future aspiring buyers and may use the proceeds of these repayments to make more low-cost homes available. Therefore, consent will not usually be granted for significant home improvements. However, the National HomeBuy Agent will review cases of hardship if, for example, property modifications are required for a disability.

When your property is sold in the future, if improvements have been made with the approval of the National HomeBuy Agent, these will be ignored when your property is valued to work out how much should be repaid to Agency.

### **Q After five years of ownership how is the fee collected?**

The National HomeBuy Agent will collect this fee monthly by direct debit or standing order. They will contact you at least a month before fees are due to set up the payment arrangement.

You will also receive a statement each year confirming when fees are payable. The statement will also show any payments made once you start paying the fee. Fees can be paid in a single yearly payment or in monthly instalments.

### **Q Can two key workers buying together get a double subsidy of Agency assistance to help them buy a HomeBuy Direct home?**

No, you cannot combine two separate applications for financial assistance. Any joint income will be taken into consideration to assess your affordable mortgage.

## Questions and answers continued

### **Q I am a key worker on a temporary contract, am I eligible for assistance?**

You may be eligible for help, and should check with your local HomeBuy Agent for details.

### **Q What if I die after purchasing a HomeBuy Direct home?**

This depends on whether you bought your home alone or with others.

If you bought the house/flat on your own and you die, the home will be passed on in the normal way under the terms of your will and the payments explained in this guide will be made by your estate in accordance with the scheme. If you have not made a will it will pass under the laws of intestacy.

It is recommended that a sole buyer seeks independent legal advice about this.

If you bought your home with others and one of them dies, their interest in the property will either be transferred to the surviving co-owner(s) or will pass under the terms of their will, or (if there is no will) the laws of intestacy.

It is recommended where there are two or more owners, that they seek independent legal advice about this.

### **Q Can owner names be added or changed on the HomeBuy Direct property?**

Only with permission from the National HomeBuy Agent. This will require a deed of accession and/or a deed of release to be completed by you. This is a legal document that permits name changes on the property.

### **Q Can I get help with benefits to pay the HomeBuy Direct fees if, for example, I lose my job?**

Because HomeBuy Direct fees are not classified as rent, you may not qualify for Housing Benefit. You should make sure you have made arrangements to ensure you can continue to make your HomeBuy Direct payments if your income falls. You should seek independent financial advice about this before purchasing a HomeBuy Direct home.

### **Q What happens if my partner or a friend moves into my property to live?**

Any person aged eighteen years old or above must sign a form of consent that they have no interest in the property and have sought independent legal advice in relation to their rights. This will be required before the local HomeBuy Agent consents to the exchange of contracts.

# Use this guide to help you through the HomeBuy Direct buying process

Action	Completed
1 Read the HomeBuy Direct Buyers' Guide	
2 Contact your local HomeBuy Agent to find out about HomeBuy Direct homes in your area. See the contact details on pages 18 and 19.	
<p>3 Get an application form from your local HomeBuy Agent.</p> <p>Complete an application form and send it to your HomeBuy Agent as soon as possible.</p> <p>For the application to be complete, your HomeBuy Agent will also request additional documents to confirm identity, employment, income, savings and other circumstances.</p> <p>It is very important you supply all these documents with your application form. If you do not, your application cannot be considered.</p>	
4 Visit the HomeBuy Direct developments in your area, identify your preferred choice and tell the housebuilder and local HomeBuy Agent that you would like to purchase a HomeBuy Direct home.	
<p>5 See an IFA to review your mortgage options. The HomeBuy Agent and HomeBuy Direct housebuilder will be able to suggest some names.</p> <p>Tell the IFA you are a HomeBuy Direct applicant because your HomeBuy Agent will need to contact them. <b>Ensure you have access to sufficient funds to pay a deposit and other fees. Your HomeBuy Agent will need to check that you can do this.</b></p>	
6 If your HomeBuy Agent approves your eligibility, go back to the HomeBuy Direct housebuilder to reserve your home. Send the reservation forms back to the HomeBuy Agent for approval along with the completed 'Property Information Form'.	
7 Tell your financial advisor you have reserved a property so they can be ready to submit your mortgage application.	
8 Instruct a solicitor/conveyancer to act for you. Your HomeBuy Agent and HomeBuy Direct housebuilder will be able to suggest some names.	
9 If your HomeBuy Agent approves your reservation, tell your financial advisor straight away so that the mortgage application can be submitted.	
10 See your solicitor/conveyancer so that they can advise you of the purchase details and the legal documents you will need to sign. .	
11 When your mortgage offer arrives, your solicitor will ask your HomeBuy Agent for approval to exchange contracts – after exchange you are now legally committed to purchase the HomeBuy Direct property.	
12 The housebuilder will keep you updated on progress completing your home and give you notice before completion so that you can arrange to move in.	

# Find your local HomeBuy Agent

To find out the nearest location of HomeBuy Direct homes in your area, you should contact your local HomeBuy Agent (see below).

## East of England

### Bedfordshire, Cambridgeshire, Peterborough and West Suffolk

Bedfordshire Pilgrims Housing Association /  
Keyhomes East  
0845 456 6757  
[www.keyhomes-east.org.uk](http://www.keyhomes-east.org.uk)

### Essex

Moat  
0845 359 6161  
[www.homebuy.co.uk](http://www.homebuy.co.uk)

### Hertfordshire

Lea Valley Homes Aldwyck Housing Association  
01582 869 440  
[www.leavalleyhomes.co.uk](http://www.leavalleyhomes.co.uk)

### Norfolk and East Suffolk

Orbit  
0845 850 2050  
[www.orbithomebuyagents.co.uk](http://www.orbithomebuyagents.co.uk)

## East Midlands

### Derbyshire, Leicestershire and Nottinghamshire

East Midlands Housing Association / EM HomeBuy  
0844 892 0112  
[www.emhomebuy.org.uk](http://www.emhomebuy.org.uk)

### Lincolnshire and Rutland

Eastern Shires Housing Association / Home2you  
0845 845 0800  
[www.home2you.co.uk](http://www.home2you.co.uk)

### Northamptonshire

Bedfordshire Pilgrims Housing Association /  
Keyhomes East  
0845 456 6757  
[www.keyhomes-east.org.uk](http://www.keyhomes-east.org.uk)

## London

### East, North and West London

Metropolitan Housing Group / Housing Options  
0845 230 8099  
[www.housingoptions.co.uk](http://www.housingoptions.co.uk)

### South East and South West London

Tower Homes / Housing Options  
0845 230 8099  
[www.housingoptions.co.uk](http://www.housingoptions.co.uk)

## North East

### Tees Valley and County Durham

Nomad E5  
0191 229 7333  
[www.nomad-homes.co.uk](http://www.nomad-homes.co.uk)

### Tyne and Wear and Northumberland

Nomad E5  
0191 229 7333  
[www.nomad-homes.co.uk](http://www.nomad-homes.co.uk)

## North West

### Cheshire

Riverside Housing Group  
0845 111 0000  
[www.cheshirehomebuy.org.uk](http://www.cheshirehomebuy.org.uk)

### Cumbria

Eden Housing Association  
01768 861 400  
[www.affordable-homes.co.uk](http://www.affordable-homes.co.uk)

### Greater Manchester and Lancashire

Plumlife  
0161 447 5050  
[www.plumlife.co.uk](http://www.plumlife.co.uk)

### Merseyside

Plus Dane Group / Homes Hub  
0845 603 4559  
[www.homes-hub.co.uk](http://www.homes-hub.co.uk)

## South East

### Berkshire and Oxfordshire

Catalyst  
0845 601 7729  
[www.catalysthomebuy.org.uk](http://www.catalysthomebuy.org.uk)

### Buckinghamshire and Milton Keynes

Catalyst  
0845 601 7729  
[www.catalysthomebuy.org.uk](http://www.catalysthomebuy.org.uk)

### Hampshire and Isle of Wight

Swaythling Housing Association  
023 8062 8000  
[www.homesinhants.co.uk](http://www.homesinhants.co.uk)

### Kent

Moat  
07002 662 846  
[www.homebuy.co.uk](http://www.homebuy.co.uk)

### Surrey

Thames Valley Housing Association  
0845 600 6699  
[www.homebuy4u.co.uk](http://www.homebuy4u.co.uk)

### Sussex

Moat  
07002 662 846  
[www.homebuy.co.uk](http://www.homebuy.co.uk)

## South West

### Avon, Gloucestershire, North Somerset and North Wiltshire

New Futures Partnership  
0800 073 1315  
[www.homebuy-southwest.co.uk](http://www.homebuy-southwest.co.uk)

### Devon, Cornwall and West Somerset

West Country Housing Association/Home 2 Own  
0800 975 1915  
[www.home2own.org.uk](http://www.home2own.org.uk)

### Dorset, South Wiltshire and South Somerset

Knightstone Housing Association/My Place  
0800 707 6707  
[www.search4myplace.co.uk](http://www.search4myplace.co.uk)

## West Midlands

### Coventry and Warwickshire

Mercian Housing Association  
0845 607 6726  
[www.homebuyagents.co.uk](http://www.homebuyagents.co.uk)

### Hereford and Worcester

West Mercia Housing Association  
0845 658 5420  
[www.home2own.uk.com](http://www.home2own.uk.com)

### Staffordshire and Shropshire

Mercian Housing Association  
0845 607 6726  
[www.homebuyagents.co.uk](http://www.homebuyagents.co.uk)

### Wolverhampton, Walsall, Dudley, Birmingham, Sandwell and Solihull

Mercian Housing Association  
0845 607 6726  
[www.homebuyagents.co.uk](http://www.homebuyagents.co.uk)

## Yorkshire and the Humber

### North Yorkshire and Humberside

Joseph Rowntree Foundation  
0800 633 5670  
[www.jrht.org.uk](http://www.jrht.org.uk)

### South and West Yorkshire

Yorkshire Housing Association/My 4 Walls  
0113 243 6893  
[www.my4walls.org.uk](http://www.my4walls.org.uk)

# Key worker eligibility

## Qualifying criteria for key workers

Be employed as one of the following qualifying key worker professions:

- clinical staff employed by the NHS (excluding doctors and dentists)
- teachers, including FE teachers and Early Years/nursery teachers
- police officers and community support officers in specified forces (frontline civilian police staff may also be eligible in some areas)
- prison officers and some Prison Service staff in prisons in specified areas
- probation officers, senior probation officers, Probation Service
- local authority/local education authority/NHS social workers
- local authority therapists (including occupational therapists and speech and language therapists)
- local authority educational psychologists
- local authority/local education authority/NHS nursery nurses
- local authority planners
- local authority clinical staff
- uniformed staff, below principal level, in Fire and Rescue Services
- Connexions personal advisors
- armed forces personnel and some civilian MoD personnel (clinical staff, MoD police officers and uniformed staff in the Fire and Defence Service)
- Highway Agency traffic officer staff, and
- local authority environmental health officers/practitioners.

## The key worker applicant must also:

- be unable to buy a home suitable for their household needs within a reasonable travel to work area of their employment
- be permanent employees or be temporary employees where all the following conditions are met at the time of application:
  - i at least six months must be remaining on the contract
  - ii the contract must have been issued at the outset for at least 12 months
  - iii at least three months of the contract have already elapsed
  - iv there is a reasonable prospect of continuing employment as a qualifying key worker sufficient to sustain home ownership in the longer term
- have a household income that does not exceed £60,000 per annum, and
- be first-time buyers.

The key worker eligibility criteria may be amended from time to time. Your HomeBuy Agent can provide further details.



Homes &  
Communities  
Agency

**Homes and Communities Agency**  
110 Buckingham Palace Road  
London  
SW1A 9SA

0300 1234 500

[homebuy.direct-enquiries@hca.gsx.gov.uk](mailto:homebuy.direct-enquiries@hca.gsx.gov.uk)

[homesandcommunities.co.uk/homebuy](http://homesandcommunities.co.uk/homebuy)



[www.communities.gov.uk/housing](http://www.communities.gov.uk/housing)