

HomeBuy Direct Scheme

LarkfleetHomes



**HomeBuy**
UK Government

Real help **now**

The HomeBuy Direct Scheme

Own 100%, pay for 70%. No deposit.

The HomeBuy Direct scheme provides equity loans to help first-time buyers purchase selected Larkfleet Homes properties.

You take out a mortgage to cover at least 70% of the purchase price and this is topped up with an equity loan covering up to 30% of the price. No deposit is required!



The HomeBuy Direct Scheme

Who can apply

The scheme will be open to people with a household income of up to £60,000, who could not otherwise afford to buy a suitable property in the area where they live or work.

What is HomeBuy Direct

HomeBuy Direct is a new initiative introduced with Government and Larkfleet Homes funding. It aims to make new affordable homes available to eligible buyers priced out of the housing market.

What types of homes are available?

HomeBuy Direct homes are only available on specified plots on designated developments.

How long does the process take?

Your Larkfleet Homes Sales Adviser 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.

The 'Authority to Proceed' from the Sales Adviser is valid for three months – the time limit for exchange of contracts. We would typically be looking to exchange contracts within one month of making a reservation.

Great investment opportunities
with Larkfleet Homes.

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How does it work?

HomeBuy Direct enables eligible buyers to purchase a new Larkfleet Home, with an affordable mortgage 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 Larkfleet Homes.

The Agency and Larkfleet Homes 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 Larkfleet Homes 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 Larkfleet Homes. This fee will increase each year by the RPI plus 1%.

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 Larkfleet Homes 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 Larkfleet Homes 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.

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

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 Larkfleet Homes 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 Larkfleet Homes 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.

The equity loan is co-funded by the HCA and the Larkfleet Homes. The total amount that the you pay back on the equity loan component corresponds to the property's market value at the time of repayment.

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 Larkfleet Home for the first time, although if you are looking to buy a new Larkfleet Home after a relationship breakdown you will also be considered.

Qualifying criteria for all applicants

Must be a qualifying buyer unable to afford a Larkfleet Home. Applicants must not be able to buy a Larkfleet 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 our selected Solicitors and Mortgage Advisers.



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