

Help to Buy (Scotland) – Information for Builders

Background

Help to Buy (Scotland) is a shared equity scheme which was first launched in September 2013. It aims to support Scotland's house-building industry following the financial crisis as well as help people to buy a new build home in Scotland.

It is made up of two parts - the Affordable New Build and the Smaller Developers schemes. The schemes currently provides up to 15% equity towards the purchase of new build homes up to a value of £200,000.

Registering for the scheme

All home builders can register to participate in the Help to Buy (Scotland) Affordable New Build and Small Developer schemes. There are no separate registration processes for the main scheme and the Smaller Developers scheme.

Home builders should request a registration form from housingmarkets@gov.scot. Once the home builder returns the completed form, they will be sent a Participation Agreement which they are strongly advised to read and to take advice on in the first instance before signing and returning a copy.

Participation Agreement

All home builders will be expected to enter into a Participation Agreement with Scottish Ministers. Once the registration form has been approved they will be forwarded a Participation Agreement between the company and Scottish Ministers which should be signed and returned.

The name of the company entering into the Participation Agreement with Scottish Government should be the name entered on all documents relating to the reservation, application and sale of eligible properties.

To speed up the registration process builders should initially submit an electronic version followed by a hard copy of the signed document.

Once registered, the company will be added to the list of [registered builders](#) within a week.

General rules

Assistance will be offered to buyers who wish to purchase a new build home from a home builder who has registered with the Scottish Government to participate in the Help to Buy (Scotland) Affordable New Build scheme.

The scheme will not be available for part exchange, buy-to-let or self-build properties.

The sale price of homes sold under the scheme must be no greater than the main mortgage lender's independent valuation

It is a requirement of the scheme that buyers, with the exception of those aged 60 and over, take out and maintain a mortgage with a qualifying lender. A list of lenders is available at <https://www.mygov.scot/help-to-buy/how-to-apply/>

Applicants can apply up to nine months in advance of the anticipated completion date. Applicants should apply at least three months in advance of the completion date to allow the necessary legal paperwork to be completed.

If an owner decides to sell their property and, for example has an 85% stake in their property, the Scottish Government will receive 15% of the value at the time of the sale. Owners may choose to 'tranche up' and purchase additional equity in their home and the minimum amount they are expected to 'tranche up' by is 5%.

Warranties

As a general rule, all properties must be covered by an industry-recognised warranty, such as NHBC and home builders are expected to have adopted the [Consumer Code for Home Builders](#)

On a case by case basis Scottish Government may agree that particular homes may be covered by a suitable professional consultant's warranty, but only where a purchaser's primary lender has confirmed its acceptance of such a warranty and where the benefit of the warranty is also extended to Scottish Ministers.

Financial Advice

Home builders may have their own independent financial advisors although they must inform prospective buyers that they may seek independent financial advice from any other source.

Delays

If there are any expected delays or if any transactions are withdrawn, the home builder must inform the relevant administering agent immediately. Failure to do so could result in assistance not being provided or the home builder being removed from the list of participating home builders.

Reservation Fees

If a buyer has paid a deposit/reservation fee to a home builder and they are not eligible to receive funding from the scheme any deposit/and or reservation fee that they have paid should be returned to them by the home builder. Home builders must comply with Section 4.4 of the Participation Agreement as follows:-

“Contracts with purchaser

The Provider hereby agrees that in the event it enters into any contract with an Eligible Purchaser for the purchase of a Dwelling using the Help to Buy (Scotland)

Affordable New Build Scheme and, prior to completion of such transaction Equity Funding in relation to such transaction is withdrawn from the Eligible Purchaser by the Scottish Ministers then the Provider shall unconditionally release the Eligible Purchaser from such contract and return to them any deposit and/or reservation fee paid by that Eligible Purchaser."

Incentives

Home builders should be aware that any incentives offered to purchasers will need to comply with UK Finance Guidance and not exceed 5% of the open market purchase price. Home builders are required to use the UK Finance [Disclosure form](#).

Administering Agents

There are currently three Administering Agents who administer the scheme on behalf of the Scottish Government. Contact details can be found at <https://www.mygov.scot/help-to-buy/how-to-apply/>

Home builders are strongly encouraged to work closely with the agent administering the scheme in their area.

Administering Agents assess applications to the scheme from prospective buyers to determine whether they meet certain criteria. They inform prospective buyers if their application is eligible, also notifying the developer and buyer's solicitor, within five working days.

Older Purchasers

There is no requirement to take out a mortgage for buyers aged 60+ who demonstrate a housing need to move. Mortgages of less than 25% are also permitted for this group. Applicants must maximise their stake by using their full house sale proceeds and savings (minus reasonable expenses e.g. removal costs, legal fees etc). Anyone in this group who can raise the purchase price of the property through the sale of their existing home and savings is not eligible.

Applicants aged 60 and over must demonstrate a housing need to move which should include at least one of the following

- Under occupation – living in a property which is too large and need to downsize
- Their current property is no longer suitable to meet their needs – can no longer manage the stairs etc
- Support – need to move closer to family or friends for care and support
- Currently living in the private rented sector

If an applicant aged 60 and over is not taking out a mortgage, a mortgage valuation will still be required.

Help to Buy (Scotland) Branding

The UK Government 'Help to Buy' branding can be used in Scotland. The branding, logos and associated guidelines can be found on the Homes England website.

[Help to Buy logos](#)

[Help to Buy logo terms & conditions](#)

IMPORTANT : Home builders should also include the Scottish Government Saltire logo, which can be obtained by contacting housing.markets@gov.scot

Please add '*Supported by the Scottish Government*' using the specification:

Text: Supported by the Scottish Government

Font: Arial

Position: Above the Saltire with the S of supported aligning with the left edge of the Saltire.