

# HELP TO BUY (SCOTLAND) AFFORDABLE NEW BUILD SCHEME

## INFORMATION FOR BUYERS

The Help to Buy (Scotland) Affordable New Build Scheme is a Scottish Government scheme to help first time buyers and existing homeowners to buy an affordable new build home from a participating home builder. The scheme will operate until 31 March 2021. This means that all transactions must be concluded by this date and no transactions can conclude past it.

The scheme is open to first time buyers and existing homeowners and provides help of up to 15% of the purchase price of an affordable new build home.

Applications to the scheme should not be submitted more than 9 months from the date of expected settlement of your purchase of your new home.

The assistance is not to help you to provide a deposit to a lender.

Applications will be accepted by administering agents from both first time buyers and existing homeowners seeking assistance to buy a home valued up to a maximum price. **Please see page 3 for important information on what the maximum threshold prices are.**

This leaflet provides an overview of how the scheme operates. If you are interested in participating in the scheme, you are encouraged to read this leaflet before you take any further action.

This leaflet can be downloaded from the <https://beta.gov.scot/publications/help-to-buy-information-for-buyers-leaflet/> website.

More Homes Division  
Scottish Government  
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**CONTENTS****PAGE NO.**

1.	What is the Help to Buy (Scotland) Affordable New Build Scheme?	3
2.	Who can take part?	5
3.	Important information about the scheme	6
4.	How do I know if I'm eligible?	7
5.	Case Studies	8
6.	What percentage of a home can I own?	11
7.	What are my responsibilities as a shared equity owner?	12
8.	How can I purchase additional equity in my home?	13
9.	What happens when I want to sell my property?	14
10.	What happens if I want to make improvements to the property?	15
11.	How do I apply?	16
12.	Administering Agents	17
13.	What happens next if I am eligible?	18
14.	What else do I need to know?	19
15.	Post-sale information for home owners	20
16.	General Questions and Answers	21
17.	Flowchart for a typical transaction	24

## 1. What Is The Help To Buy (Scotland) Affordable New Build Scheme?

The Help to Buy (Scotland) Affordable New Build Scheme aims to help both first time buyers and existing homeowners to buy an affordable new build home where this is sensible and sustainable for them to do so.

The homes that are provided under the scheme are affordable new build homes from a home builder who has been approved to participate in the scheme. If your application to the scheme is eligible, the Scottish Government will help you to buy a new build home so you do not have to fund all of it.

Your mortgage lender is likely to require you contribute a deposit of around 5% with your mortgage and deposit covering a combined minimum of 85% of the total purchase price. Your mortgage must be from a qualifying lender and must be a repayment mortgage. You are not permitted to buy a Help to Buy (Scotland) Affordable New Build home with an interest-only first mortgage.

If you are aged 60 or over, you are not required to take out a mortgage. Please note that a valuation will still be required even if you choose not to purchase with a mortgage.

There are maximum ceiling figures which will apply to the price of a home that you are able to buy with assistance from the scheme. You cannot buy a home under the scheme if more than the applicable ceiling figure.

**The maximum threshold figures for the Help to Buy (Scotland) Affordable New Build Scheme is £200,000.**

**Important information to read before you reserve a property – If you submit an application to the scheme and the anticipated completion date for the purchase of your new home is after 31<sup>st</sup> March in that year (and therefore falls within the next financial year), the maximum threshold price for the year in which the transaction will complete will apply. You are strongly advised to discuss this with your solicitor before you conclude missives for buying a home.**

**For example – In November 2016, you submit an application form to the scheme with an anticipated completion date of May 2017. The maximum threshold price of £200,000 will apply to your application.**

A qualifying lender is one who is authorised under the Financial Services and Markets Act 2000, and who has permission to enter into regulated mortgage contracts. A list of lenders is available on the Scottish Government Help to Buy web page( <https://www.mygov.scot/help-to-buy/how-to-apply/> )

Your independent financial advisor will be able to advise you on suitable lenders.

You will own the property outright and the whole title to your home will be registered in your name. The Scottish Government will not own a share of your home and its

interest in the property will be secured by a mortgage (or a 'standard security' as it is known in Scotland).

<b>Worked Example for a home where the sale concludes prior to 31<sup>st</sup> March 2017</b>	<b>£</b>	<b>%</b>
Purchase price of new home	200,000	100
Mortgage obtained by buyer of 80%	160,000	80
Buyer pays 5% deposit	10,000	5
Total Contribution from buyer	170,000	85
Scottish Government Assistance of a 15% equity stake	30,000	15

## 2. Who Can Take Part?

The Help to Buy (Scotland) Affordable New Build Scheme is open to both first time buyers and existing homeowners seeking to buy a new build home from a participating home builder.

The home must be your only residence, and you must not own or part-own any other residential property.

If you wish to apply to the scheme, you must first check with the home builder who is selling the new build home to find out if they have been approved to participate in the scheme. You can only buy a home from a home builder who is registered to participate in the scheme. You can find a list of participating home builders at <https://www.mygov.scot/help-to-buy/registered-builders/>

If the home builder informs you that they have been approved to participate in the scheme, you should speak to an independent financial advisor, or a lender participating in the scheme, **before you apply to the scheme and before you submit a full mortgage application.**

If your application to the scheme is successful but it becomes apparent prior to legal settlement that you (or your partner) already own a home (without notifying the agent previously) your application will not proceed and you will be disqualified from applying to the scheme in the future.

You should ensure that you have funds available to pay for the following:-

- a reservation fee to the home builder if required;
- a deposit of 5% of the full purchase price of the property (if applicable); and
- any other relevant fees that you will need to pay such as land and buildings transaction tax, legal fees and registration fees.

If you are a first time buyer and you have previously opened a Help to Buy: ISA to save towards the purchase price of a home then the amount that you have saved plus any bonus received can be used for the purchase of your Help to Buy (Scotland) Affordable New Build home. You must speak to your solicitor as soon as possible if you plan to use your Help to Buy: ISA to help with the purchase of your home, as your solicitor must be registered under the rules of the Help to Buy: ISA scheme (which is run by the UK Government and not the Scottish Government) in order to access the money held in your ISA on your behalf.

If you are aged 60 or over you do not have to take out a mortgage. However, you should maximise your contribution by using your full house sale proceeds (minus any reasonable expenses such as legal, estate agency fees and removal costs). If you can raise the purchase price of the property through the sale of your current or previous home and your savings you will not be eligible.

If you are 60 or over and wish to apply without a mortgage, or mortgage of less than 25% of the purchase price, you must also demonstrate a housing need to move which should include at least one of the following:\*

- Under-occupation – the applicant is living in property which is too large and needs to downsize
- Their current property is no longer suitable to meet their needs – (e.g. they can no longer manage stairs).
- Support – the applicant needs to move closer to family or friends that provide care and support
- Living in private rented accommodation

\*Please note this list is not exhaustive and other circumstances can be considered as evidence of housing need.

### 3. Important Information about the scheme

The scheme is not available to assist buy-to-let investors.

You may not part-exchange your existing home with a home builder and buy a new home from them.

The scheme is not available to assist with the purchase of self-build homes.

You cannot purchase a property that is not a new build property.

If you or your partner already owns a home i.e. where either of you are named on the title deeds of a domestic property, you cannot conclude your Help to Buy (Scotland) Affordable New Build Scheme transaction until your other home has been sold.

You cannot buy a home from a home builder who is not registered to participate in the scheme. You must reserve a property and obtain a full Reservation Agreement before applying to the scheme.

You cannot buy a home for more than the threshold prices for the scheme which apply for the financial year in which you complete the purchase. There is important information on this on Page 3 of this leaflet.

You must take out a repayment mortgage with a participating lender, unless you are aged 60 or over. A list of lenders is available on the Help to Buy (Scotland) Affordable New Build Scheme website <https://www.mygov.scot/help-to-buy/how-to-apply/>

You cannot purchase a property with a mortgage of less than 25% of the purchase price, unless you are aged 60 or over, in which case no mortgage is required or you can take out a mortgage of less than 25% of the purchase price.

**Missives for the purchase of your home must be concluded on your behalf no later than 3 months after the date that you are issued with an Authority to Proceed Letter.** If missives are not concluded within this period of time your application to the scheme will fall. You are strongly encouraged to discuss this with your solicitor (especially if you are an existing homeowner) and we also encourage you to keep in touch with your solicitor to ensure that missives are concluded within the 3 month timescale.

The purchase of your home (i.e. when you pay the purchase price to the home builder and receive the keys to your new home) **must** complete within 9 months of the date of the issue of your Authority to Proceed Letter, otherwise you will cease to be eligible to receive financial assistance under the scheme towards the purchase of your home. You are strongly encouraged to keep in touch with the home builder you are buying a home from to ensure that you move in to your new home within the 9 months period of time from the date of issue of your Authority to Proceed Letter. You should also not apply to the scheme for assistance to buy a property if the builder has indicated that anticipated completion date for the property is more than 9 months away.

#### 4. How Do I Know If I'm Eligible?

In the first instance, you will need to contact a participating home builder. The home builder will in the majority of cases let you see the show home at the new build development.

You will then be referred to an independent financial advisor who will put you in touch with one of the agents who administers the scheme (see chapter 12) so that you can request an application form. You will need to reserve a property and obtain a full reservation agreement and then complete an application form and submit it to the relevant agent. You will then be contacted by the agent to let you know if your application is eligible.

Your mortgage lender is likely to expect that you contribute a deposit of 5% of the full purchase price and your mortgage and deposit together must cover a minimum of 85% of the selected new build home. You must take out a minimum mortgage of 25% to participate in the scheme, unless you are aged 60 or over, in which case no mortgage is required or you can take out a mortgage of less than 25% of the purchase price.

#### **Your application to the scheme will be means tested in accordance with the scheme rules.**

Affordability is calculated using the rule of thumb level of 3.5 times your joint gross income for a joint application and 4.5 times your gross income for a single applicant. You will not be able to borrow an amount from your lender which is higher than the rule of thumb level. Agents who assess your application will use the information you provide in the application form as well as three recent pay-slips you are asked to provide.

You may not borrow an amount from your lender that is lower than the rule of thumb level. However, some flexibility exists around this rule and if the amount you wish to borrow is **slightly below** the rule of thumb level, you must provide evidence to one of the administering agents to help support your request to do this. If the amount you are borrowing is significantly lower than the rule of thumb level you may not receive assistance from the scheme.

Affordability calculations using the rule of thumb do not apply if you are aged 60 or over and not purchasing with a mortgage.



## 5. Case Studies

The following four case studies highlight how the Help to Buy (Scotland) Affordable New Build Scheme operates.

### Case study one

Ben and James currently rent a two bedroom flat in Dundee from a private landlord.

Both work full time. Three recent pay-slips show that Ben earns a salary of £30,000 and James earns £25,000 a year. They have met with their financial advisor who has advised them that the maximum mortgage they will be able to obtain is £165,000 and that they will be expected to contribute a deposit of 5% of the full purchase price.

Ben has seen an advertisement from a home builder participating in the Help to Buy (Scotland) Affordable New Build Scheme who has a development of new build homes in an area that he and James would like to live in. Ben and James make enquires about purchasing a three bedroomed semi-detached new build home which is currently being marketed for sale at £230,000.

In September 2016, Ben and James submit an application form to an agent administering the scheme. Their application form and the attached reservation form show that the anticipated completion date is May 2017.

Ben and James's application to the scheme cannot proceed because the estimated completion date of the purchase of their home is May 2017 and the threshold price for transactions completing in that financial year (i.e. 1 April 2017 – 31 March 2018) is £200,000.

## Case study Two

Jane and Sam currently rent a two bedroom flat in Dundee from a private landlord. They have been married for a year and are expecting their first child.

Both work full time. Three recent pay-slips show that Jane earns a salary of £15,000 and Sam earns £20,000 a year. They have met with their financial advisor who has advised them that the maximum mortgage they will be able to obtain is £122,500 and that they will be expected to contribute a deposit of 5% of the full purchase price.

Sam has seen an advertisement from a home builder participating in the Help to Buy (Scotland) Affordable New Build Scheme who has a development of new build homes in an area that he and Sam would like to live in. Jane and Sam make enquires about purchasing a three bedroomed semi-detached new build home which is currently being marketed for sale at £162,000.

Sam and Jane have submitted an application form to an agent administering the scheme. Their application has been assessed and it is eligible to proceed. Sam and Jane can afford to buy an 85% share of the property for £137,700. This includes contributing a 10% deposit of £16,200 and a mortgage of

Value of Property	£162,000	
Deposit of 10% of full purchase price	£16,200	(10%)
Owners' equity stake	£137,700	(85% stake)
Scottish Ministers' Equity Stake	£24,300	(15% stake)

Guidelines advise that your monthly costs (mortgage, service charges and fees) are no more than 45% of your net disposable income. In this case Sam and Jane's mortgage will be 25% of their monthly income.

### Case study three

James and Marie are married with two children. They currently own a two bedroom home but they are looking to buy a larger property with three bedrooms.

**James and Marie must sell their own home before they can buy a home under the scheme.**

Three recent payslips show that James earns a salary of £20,000 and Marie earns £18,000. A financial advisor has informed them both that the maximum mortgage they will be able to get is £133,000.

James has seen an advertisement from a home builder participating in the Help to Buy (Scotland) Affordable New Build Scheme who is marketing a 3 bedroom detached home for sale for £175,000.

When submitting their application form to the scheme they were asked to provide details of the monthly income and outgoings.

Gross household income	£38,000
Net Household Income	£31,476
Total Monthly Loan/HP Payments	£1,000
Outstanding Credit Card Balances	£10,000
Net Mortgageable income after debts	£15,876

The couple are unsuccessful as guidelines advise that your monthly costs (mortgage, service charges and fees) are no more than 45% of your net disposable income. In this case, James and Marie's expected monthly costs are around 47% of their net disposable income.

#### Case study Four

James and Sam are looking to buy their first property. They have heard a radio advertisement from a home builder for two bedroom homes being built in an area that they want to live in. The home builder is registered to participate in the Help to Buy (Scotland) Affordable New Build Scheme.

The home they would like to buy is priced at £160,000. They have saved a deposit of around £8,000 and they have a joint income of £41,000.

James and Sam's application has been assessed and they are eligible for assistance under the Help to Buy (Scotland) Affordable New Build Scheme.

Gross Household Income	£41,000
Value of Property	£160,000
Deposit of 5% of full purchase price	£8,000
Monthly Loan/HP Payments	£200
Net Mortgagable Income after Debts	£31,116
Owners' Equity Stake	£143,300 (89%)
Scottish Ministers Equity Stake	£18,700 (11%)

James and Sam's application to the scheme is eligible. Guidelines advise that their monthly costs (mortgage, service charges and fees) must be no more than 45% of their net disposable income and James and Sam's is 23%.

## 6. What Percentage Of A Home Can I Own?

In all cases, you will be expected to maximise your contribution to a reasonably affordable level.

Your mortgage lender is likely to require that you provide a deposit of around 5% of the full purchase price of a new build home and this amount together with your mortgage must cover a combined minimum of 85% of the total purchase price.

Typically, your mortgage will be based on a multiple of up to 4.5 times your household income for a single person and up to 3.5 times for a couple. The agent assessing your application will work to a guideline to ensure that your monthly costs are no more than 45% of your net disposable income.

You should be aware that if your monthly costs are more than 45% of your net disposable income, your application to the scheme will not be eligible.

If your application to the scheme is eligible, the agent will inform you what percentage of the property you will be expected to buy.

**You cannot choose to take a lower mortgage if your affordable income multiple suggests that you can afford and maintain a higher one. This is because the Scottish Government wishes to assist you by giving you the help that you need to buy a new home but not more than that.**

If you are required to provide a deposit to your lender then you may not use the equity stake funded by Scottish Ministers in this regard.

If you are aged 60 or over and not taking out a mortgage, you should maximise your contribution by using your full house sale proceeds (minus any reasonable expenses such as legal, estate agency fees and removal costs). If you can raise the purchase price of the property through the sale of your current or previous home and savings you will not be eligible

## **7. What Are My Responsibilities As A Shared Equity Owner?**

When you buy through the Help to Buy (Scotland) Affordable New Build Scheme you own the property outright – you will have full title to the property.

Like other home owners you will be responsible for all maintenance, insurance and repair costs, as well as making your mortgage repayments and paying Council tax to your local authority.

You are responsible for keeping your property in a good state of repair. If the property has common and shared areas – flats for example – you will be responsible for paying any common maintenance or service charges.

**We strongly advise you to check with your solicitor to ascertain how much these additional costs are before you proceed with buying a property.**

You will need to take costs of this nature into account when assessing whether you can afford to buy a property and should therefore seek more detailed independent financial and legal advice on the responsibilities that come with being a home owner in relation to any particular property you select and all documentation which you will require to enter into.

## **8. How Can I Purchase Additional Equity In My Home?**

The Help to Buy (Scotland) Affordable New Build Scheme allows you to repay all or part of the equity stake held by the Scottish Government, often referred to as “tranching up”.

You will have the option to increase your equity share by a minimum of 5% of your home’s prevailing market value in any one year – whether that value is more or less than when originally purchased. You may increase your share up to 100% if you choose to do so.

Any increase is subject to you paying all valuation and other legal costs and expenses. For example, if you purchased an initial equity stake of 85% and one year later you decide you wish to purchase an additional 5% share, you may do so.

There is no set deadline by which purchasers must repay to Scottish Government the equity support which they receive through the Help to Buy (Scotland) Affordable New Build Scheme.

The Scottish scheme runs on indefinitely and purchasers can decide to acquire all or some of Scottish Government’s retained equity stake in their home at a time of their own choosing. Alternatively, the equity support will have to be repaid upon the occurrence of certain events, the most common one being when the purchaser decides to sell their home.

## 9. What Happens When I Want To Sell My Property?

When you sell your Help to Buy (Scotland) Affordable New Build Scheme home (unless you have chosen to repay your equity loan earlier), you must repay the assistance you received from the Scottish Government from a share of the sale proceeds.

If, for example, you have an 85 per cent stake in your property when you want to move, then you will get 85 per cent of the selling price when it is sold. The Scottish Government will receive the remaining 15 per cent of the selling price. Therefore, if the value of your house increases, you will benefit from 85 per cent of the increase. The remaining 15 per cent of the increase will go to the Scottish Government.

### **An example of when the value of your property increases**

Initial property value	£150,000
Your stake - 85 per cent	£127,500
Scottish Government's stake - 15 per cent	£22,500
Sale price	£170,000
You receive 85 per cent	£144,500
Scottish Government receives 15 per cent	£25,500

In this example, the value of your stake has increased from £127,500 to £144,500.

The next example shows what happens if the value of your property decreases.

### **An example of when the value of your property decreases**

Initial property value	£150,000
Your stake – 85 per cent	£127,500
Scottish Government's stake – 15 per cent	£22,500
Sale price	£140,000
You receive 85 per cent	£119,000
Scottish Government receives 15 per cent	£21,000

In this example, the property value has fallen by £10,000. You have an 85 per cent stake which represents a loss of £8,500 (85 per cent of £10,000). The Scottish Government recognises that the value of homes can fall. Therefore, as long as the owner has complied with the terms of the mortgage and the shared equity agreement, the Scottish Government will not look to the owner for payment if there is a shortfall when the mortgage is redeemed.

You will be responsible for meeting the costs of marketing your house if you sell it on the open market and you will need to pay the reasonable administrative costs of the agent administering post sale queries on behalf of the Scottish Government and the legal fees incurred by Scottish Government's solicitors in relation to discharging Scottish Government's standard security. You will of course also require to repay the amount owed to your primary lender from the proceeds of the sale from your home.



## 10. What Happens If I Want To Make Improvements To The Property?

**You cannot extend or improve your property without first receiving written permission from Scottish Ministers.**

The scheme is designed to help people move up the property ladder. You should therefore consider repaying part or all of the Scottish Government's equity share before making plans for improvements or alterations. **Permission for such works will therefore not normally be granted. You should fully consider this before proceeding with buying a home under the scheme.**

If you do make any improvements to your home, these will not be reflected in the valuation only if you have received permission from Scottish Ministers. If you have not received permission but undertake the home improvements anyway, this would be a breach of the terms of the shared equity arrangements. It would also mean that any increase in the value of your home which results from the improvements will be split in proportion to the stakes held by you and by the Scottish Government in the event of the property being sold.

You will not be reimbursed for the cost of any improvements made at your own expense.

## 11. How Do I Apply?

In the first instance, you will need to contact a participating home builder. The home builder will in most cases let you see the show home at the new build development.

**You should submit an application to the scheme no earlier than 9 months prior to the proposed date of entry. Please do not submit an application if your proposed date of entry is more than 9 months away as your application will not be eligible.**

**Please check that you are not purchasing a home for more than the applicable maximum ceiling price under the scheme. Page 3 of this information leaflet contains important information that you should read.**

You will then be referred to an independent financial advisor who will put you in touch with one of the agents who administers the scheme so that you can request an application form.

You will need to complete an application form and submit it to one of the agents administering the scheme. You will then be contacted by the agent, within five working days, to let you know if your application is eligible.

You must reserve a property and obtain a full Reservation Agreement before applying to the scheme.

It is important that you speak to an independent financial advisor to discuss your current financial position before you proceed with applying to the scheme. Your application to the scheme cannot proceed unless you have spoken to either an independent financial advisor or a participating lender.

You will likely need to pay a reservation fee to the home builder. Before doing so you should speak to an independent financial advisor to determine if an application for that property is likely to be successful. Your independent financial advisor will also advise you about how much of a deposit you will need to contribute.

## 12. Administering Agents

The following agents administer the scheme in the area you live in and they will assess your application form to determine if you are eligible to participate in the scheme.

AGENT	Local Authority Areas Covered
<p><b>Highland Residential (Part of Albyn Enterprises Limited)</b> 68 MacLennan Crescent INVERNESS IV3 8DN</p> <p>Telephone: 01463 701 271</p>	<p>Highland Shetland Islands</p>
<p><b>Grampian Housing Association Limited</b> Huntly House 74 Huntly Street ABERDEEN AB10 1TD</p> <p>Freephone: 0800 1214496 <a href="mailto:ownership@grampianhousing.co.uk">ownership@grampianhousing.co.uk</a></p>	<p>Aberdeen City Aberdeenshire Moray</p>
<p><b>Link Homes</b> Watling House Callendar Business Park FALKIRK FK1 1XR</p> <p>Telephone: 0330 303 0023 <a href="mailto:helptobuy@linkhaltd.co.uk">helptobuy@linkhaltd.co.uk</a></p>	<p>Edinburgh, East Lothian, Midlothian, West Lothian, Scottish Borders and Fife</p> <p>Angus, Clackmannanshire, Dundee, Falkirk, Perth &amp; Kinross and Stirling</p> <p>Glasgow, East Renfrewshire, Renfrewshire, East and West Dunbartonshire, Inverclyde, North and South Lanarkshire, North, South and</p> <p>East Ayrshire, Argyll &amp; Bute and Dumfries &amp; Galloway</p> <p>Orkney Islands</p> <p>Eilean Siar (Western Isles)</p>

### **13. What Happens Next If I Am Eligible?**

The agent administering the scheme will write to you to let you know if you are eligible to participate in the scheme.

If you are eligible to participate in the scheme, you will receive an 'Authority to Proceed' from the agent assessing your application. Your independent financial advisor will then be able to submit a full mortgage application on your behalf.

The 'Authority to Proceed' will be accompanied by instructions to your solicitor. Your solicitor will advise you on the legal documents that you will be required to sign.

Your solicitor will check that your mortgage offer, property price, and available funds are all consistent with the terms of the 'Authority to Proceed'. Your solicitor will advise you of your legal rights and obligations.

At the completion stage, your lender provides its funds and the Scottish Government will make its funds available. Your solicitor will then use the mortgage funds, Scottish Government's funds and any deposit contributed by you, to pay the house purchase price to the selling home builder and will settle the purchase. Once completion has taken place, you will be able to move in to your new home.

#### **14. What Else Do I Need To Know?**

You are strongly advised to take independent financial and legal advice before agreeing to take part in the scheme.

You should check with the builder and/or the relevant agent that the particular development you are interested in will be available for purchase under the scheme before paying any Reservation Fee.

You should also ensure that your solicitor advises you on the terms of all documentation and that you are satisfied with those terms before agreeing to enter into any legal commitments.

The shared equity arrangements will include the granting of a mortgage (or 'standard security' as it is known in Scotland) to secure the rights of the Scottish Government.

You should check that this mortgage will meet your needs if you want to move or sell your home, or if you want your family to inherit it.

## **15. Post Sale Information For Homeowners**

**Please contact the relevant agent for an After Sales Brochure as this should be able to answer any questions that you have.**

## **16. General Questions And Answers**

### **What is the maximum house price I can buy?**

The maximum ceiling price for 2018-19, 2019-20 and 2020-21 is £200,000. Homes that are valued above the applicable threshold are not eligible to participate in the scheme.

### **Will I have to pay Land and Buildings Transaction Tax?**

You should check with your solicitor to determine if you need to pay Land and Buildings Transaction Tax (the Scottish equivalent of Stamp Duty Land Tax). The normal land and buildings transaction tax rules and procedures will apply to all purchases made under the scheme.

Whether you need to pay land and buildings transaction tax, and the amount of tax payable, is calculated based on the full purchase price of your home. That is, the amount paid by you to the home builder.

### **Who is responsible for the repairs and on-going maintenance to my home?**

You have sole responsibility to repair and maintain your home. It is not the responsibility of the Scottish Government or the home builder that you buy your home from. Your new home will come with a guarantee that will normally cover certain defects for up to 10 years after it was built (or 6 years in cases where you obtain a professional consultant's certificate instead of a guarantee). Please check with your solicitor what this guarantee covers.

### **Can I own another home and buy a home under the scheme?**

No, the property you purchase under the scheme must be your sole residence

### **Can I own a Help to Buy (Scotland) Affordable New Build Scheme home and buy a second home?**

No. The Help to Buy (Scotland) Affordable New Build Scheme is designed to assist you to move on to or up the housing ladder. If you can afford to purchase another home you will have to repay the Help to Buy (Scotland) Affordable New Build Scheme equity loan.

The property purchased must be your only residence. The Help to Buy (Scotland) Affordable New Build Scheme is not available to assist buy-to-let investors or those who already own (or have a share in) a residential property

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

Not without specific permission of the Scottish Government. Decisions will be made on a case by case basis and you will be asked to provide information on why you need to increase your mortgage or take out an additional loan. In the first instance, you must speak to the agent administering post sales work for your area who will process your request.

### **Who provides the contribution for Help to Buy?**

The equity loan is provided by the Scottish Government and is administered by your local Help to Buy (Scotland) Affordable New Build Scheme agent.

### **Can I let my home?**

Your home should be your sole residence and permission to let your home will not be given in any circumstances. If you let your home or do not reside there as your sole residence then this will be a breach of the shared equity agreement and enforcement action could be taken.

### **Can I buy a home off-plan from a home builder?**

Yes, you may reserve a new home off-plan. However, you may not apply to buy a home unless it will be built and completed within 9 months after your application to the scheme. Please be aware that you should check that your mortgage offer remains valid through to the date of completion.

### **Can I buy with an interest-only main mortgage?**

No. Your main lender's mortgage must be a repayment loan with interest and capital repaid every month. This ensures you make the Help to Buy (Scotland) Affordable New Build Scheme purchase on a sustainable basis and protects the tax payers' investment in your home.

### **Can I buy without mortgage?**

Only if you are aged 60 or over and meet the eligibility criteria for this group. If you are under 60 years old you must take out a repayment mortgage of at least 25% of the purchase price.

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

Because Help to Buy (Scotland) Affordable New Build Scheme homes generally form part of new housing developments (and may still be under construction), in common with most new home sales you may find that a home builder will expect you to arrange a mortgage and conclude missives within one month of paying your reservation fee. The rules of the Scheme require you to have concluded missives no later than three months after the date of your "Authority to Proceed " letter, and if you



fail to do that then you would cease to be eligible for assistance, and would have to start again and make a fresh application for assistance under the Scheme.

Your moving in date may depend on the time required to complete construction work, which will vary from development to development. Some Help to Buy (Scotland) Affordable New Build Scheme applicants may need to wait for a longer period of time for a home that matches very specific needs whereas others may buy from a development that allows earlier occupation.

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

Once you have committed to buy a home (on conclusion of missives) the house builder will have agreed to build the home and to keep you informed of progress. Your missives should contain an anticipated date of entry.

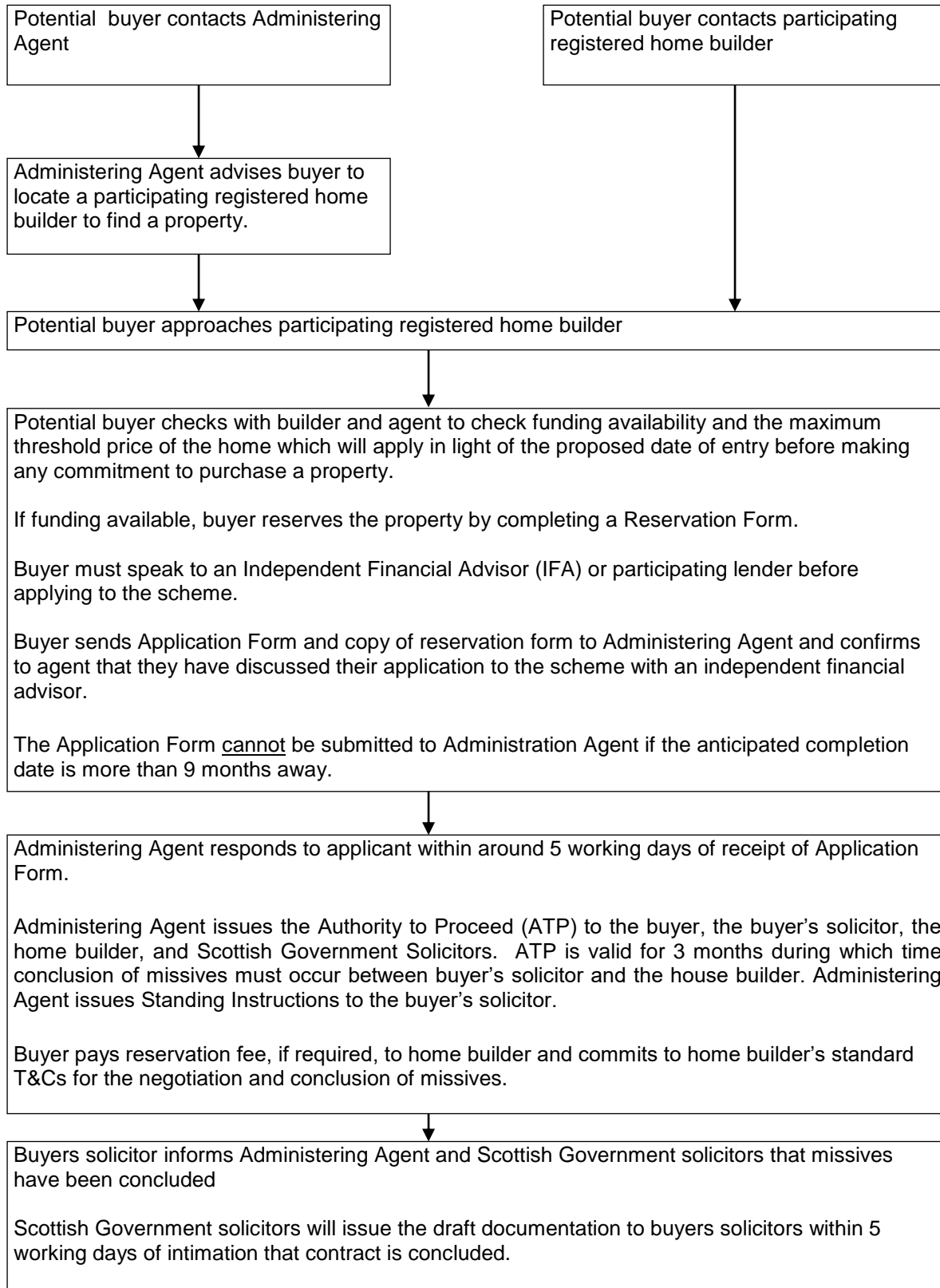
If you are unhappy about any delays in construction you must speak to the house builder. Your solicitor/conveyancer will be able to advise on the house builder's contractual responsibilities before you agree to the purchase.

You should check with your solicitor/conveyancer that the funding will be available on the date you expect to complete your purchase.

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

All Help to Buy (Scotland) Affordable New Build Scheme homes are on new build developments where Scottish Government has a registration agreement with the house builder. You can only purchase from these registered house builders. There are maximum threshold prices that apply upon when you expect to complete the purchase of your home and you can find important information on what these are on Page 3 of this leaflet. House builders may also impose their own restrictions on which of their houses can be purchased under the scheme.

## 17. Flowchart for a typical transaction



Buyer receives mortgage offer and valuation. Buyer's solicitor copies mortgage offer and valuation to the Administering Agent.

Following checks, Administering Agent sends a copy Sales Log Form for completion.

Administering Agent confirms to Scottish Government solicitors that information from buyer's solicitor is correct in relation to the buyer's application within 5 days.



Scottish Government solicitors issues legal documentation to buyer's solicitor for signing and return. Buyer's solicitor arranges for the Standard Security and Ranking Agreement to be signed for.

Buyer's solicitor sends to the Administering Agent Certificate of Title.



**Completion**

Buyer receives letter at completion to advise who to contact for any post sale queries.