



White
Mortgages Limited

White Mortgages Ltd - Specialist Schemes Guide

Help to Buy Mortgage Guarantee Scheme

The HTB Mortgage Guarantee scheme, announced in April 2021, follows on from the success of the 2013 HTB Mortgage Guarantee scheme. It aims to help increase the supply of 5% deposit mortgages for eligible applicants by supporting lenders to offer these products through a government backed guarantee on new 95% mortgages until 31st December 2022.

The mortgage guarantee scheme offers lenders the option to purchase a guarantee on mortgages where a borrower has a deposit of only 5%. This allows lenders to offer more 95% loan to value mortgage products so that First Time Buyers can take their first step onto the housing ladder.

The HTB Equity Loan scheme, currently running until March 2023, works by allowing you to have a government backed loan, of up to 20% of the purchase price of a new build property. This is then used towards the deposit for a new home in return for which the government take a matching stake in your home, which has to be repaid at a later date. As it's an equity share, the value of this stake could rise or fall over time in line with house prices as it's expressed as a percentage of the value, not a set monetary amount.

You will pay a nominal interest on the equity share, currently after 5 years, until such time as the equity share is purchased back. There are limits on the value of the property you can buy, based upon where you're buying, and you can't use HTB if you already own another property, unless that property is being sold and the new one will be your new home.



Forces Help to Buy Scheme

Although named very similar to the government Help To Buy scheme, Forces HTB is a totally different scheme.

Available to members of HM Forces, and introduced in 2014 to replace the Long Service Advance of Pay (LSAP) scheme. This scheme has been extended to 31st December 2022 & aims to address the low rate of home ownership in the armed forces.

Under the scheme, you are allowed to borrow up to 50% of your salary to help with the purchase of your home. Being salary and rank related, the loan amount available does vary from person to person though.

Paid back through your salary over 10 years, you are effectively borrowing from your employer to help you buy a home as well as from the Lender with who you'll take a mortgage.

Shared Ownership Scheme

Buying a property with the help of a Shared Ownership scheme could be a way of getting onto the property ladder for a lower initial outlay.

In brief, you buy part of the home and rent the other part, with most schemes allowing you to buy the remaining share at a later date. As you increase your share of ownership, the rent on the remaining share decreases. It could be you buy a 25% share, renting 75%, on day one, then buying another 25% share after a few years to become 50/50, or you might actually buy 50% at the start.

Properties being offered for sale under a shared ownership scheme are usually done so through a local Housing Association, who will set the rules around what share can be purchased and at what point.

Shared Equity Scheme

A Shared Equity purchase is similar to the Help To Buy scheme in many respects. Your purchase is 'subsidised' by an equity share, typically up to 20% of the purchase price, which you 'buy back' at a later date.

Less common since the government HTB scheme was introduced, as Shared Equity schemes were offered by Developers looking to sell new homes. With the government now funding this type of purchase, Developers see no reason to tie up their own money in such schemes and in turn, this allows them to build more new homes.

Right to Buy Scheme

Someone looking to buy a property under the Right To Buy scheme will be an existing Council Tenant that would like to buy their Council Home. The home would be valued in a similar manner to any property but a 'discount' applied to that figure in order to give the tenant a reduced purchase price. The discount increases with the duration of tenancy but is usually capped - just under £84,060 outside of London at present.

You have to be a tenant for a minimum of 3 years to exercise the Right To Buy option and at that stage would qualify for a 35% discount of the value of the house (50% For a flat). Beyond 5 years, the discount increases by 1% per year, (2% on a flat) to a maximum of 70%

Once purchased, you can sell the property at any time but the discount has to be repaid in full if sold in the first year. This reduces by 20% per year such that it can be sold without repayment of any discount after 5 years.

Section 106 - Low Cost Housing Scheme

A far less common scheme you may encounter is a Section 106 purchase, referring to the provisions of the National Planning Policy Framework.

Over a certain size of development, all builders are required to offer some properties under some form of an 'Affordable Housing' scheme. This could be achieved via one of the schemes listed above: Shared Ownership for example.

A property specifically referred to a Section 106 purchase though is different. In simple terms, you may buy it for 80% of its true market value but likewise, when you come to sell, it will be sold for 80% of its future value too. The initial percentage amount can and does vary in different areas of the Country and for different property types.

Mortgages with family support Schemes

There are many mortgage products currently on the market that are designed for people who may need financial support from family members to get onto the property ladder. These products include: Joint Borrower Sole Proprietor mortgages, Guarantor mortgages & Family Assist mortgages.

If you are interested in any of these schemes, your expert advisers will be able to explain the advantages & disadvantages of each of them, helping you choose the best mortgage product for you.



Retirement Only Mortgage (RIO)



Retirement Interest Only (RIO) mortgages were introduced in March 2018 to create an option for mature borrowers who want the security of a mortgage with no end date. Interest Only mortgages tend to have a lower monthly repayment than standard mortgages so can be a good option for those looking to further enjoy their retirement.

As borrowing becomes more challenging as people move towards retirement & beyond, RIOs are an alternative to the products already on the market.

Unlike other mortgages, you won't repay the loan until the house is sold or all applicants have moved into long-term care or passed away.

Equity Release Schemes

White Mortgages Ltd work in conjunction with Age Partnership to ensure that, if Equity Release is the scheme that you choose, it is the best scheme possible.

As you move towards retirement, accessing lending can become more challenging however our expert advisers will help you understand the best scheme for you. There are a number of options available to you, including Retirement Interest Only mortgages, which afford you the security of a mortgage with no set end date. RIOs are an excellent alternative to Equity Release schemes, which effectively see you selling all or part of your home to the Lender.

All mortgages & schemes have advantages and disadvantages, let our expert advisers take the mystery of of which scheme is the right one for you.

Why speak to an adviser?

With their combined years of experience, our advisers are able to help you understand the different schemes and if they could work for your situation.

Call or e-mail today to book an appointment with our expert advisers:

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