

HOMES AND COMMUNITIES AGENCY
Help to Buy (HtB)
Local Help to Buy Agent (HTBA)
Standard Document Pack

12 January 2015 V7

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Guidance on completion of Help to Buy forms

To assist Help to Buy Agents (HTBA), pages 2-5 of this document include the two HtB transaction process flow charts. The first flowchart sets out the process to be used when the house builder directly accesses the HCA's Investment Management System (IMS) in order to make a claim for equity loan funding. The second flowchart sets out the process to be for smaller house builders (providing less than 40 units overall and who are not registered on IMS) where the HTBA accesses the equity loan funding via IMS on behalf of the house builder.

Each form to be issued or actioned by HTBAs has a title/description panel that identifies its "Box No." in the process flow chart. The panel should be deleted from those that are issued by the HTBA.

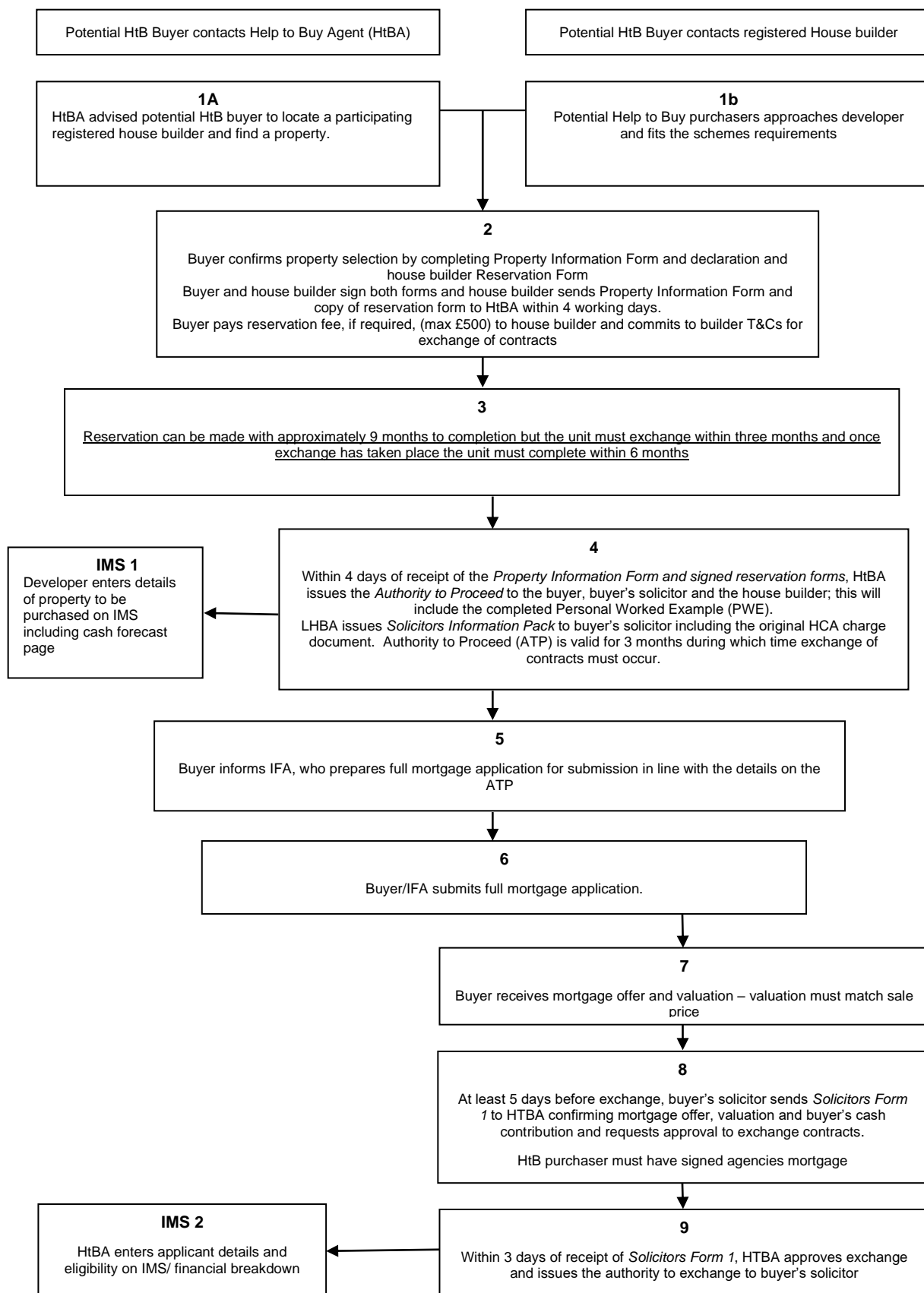
The equity mortgage is included in the pack with instructions from page 91.

When issuing the Solicitor Pack and the equity mortgage, the HTBA must not "cut and paste" from this document. HTBAs should always use the documents supplied separately for this. All other forms, eligibility letters etc can be copied direct from this document.

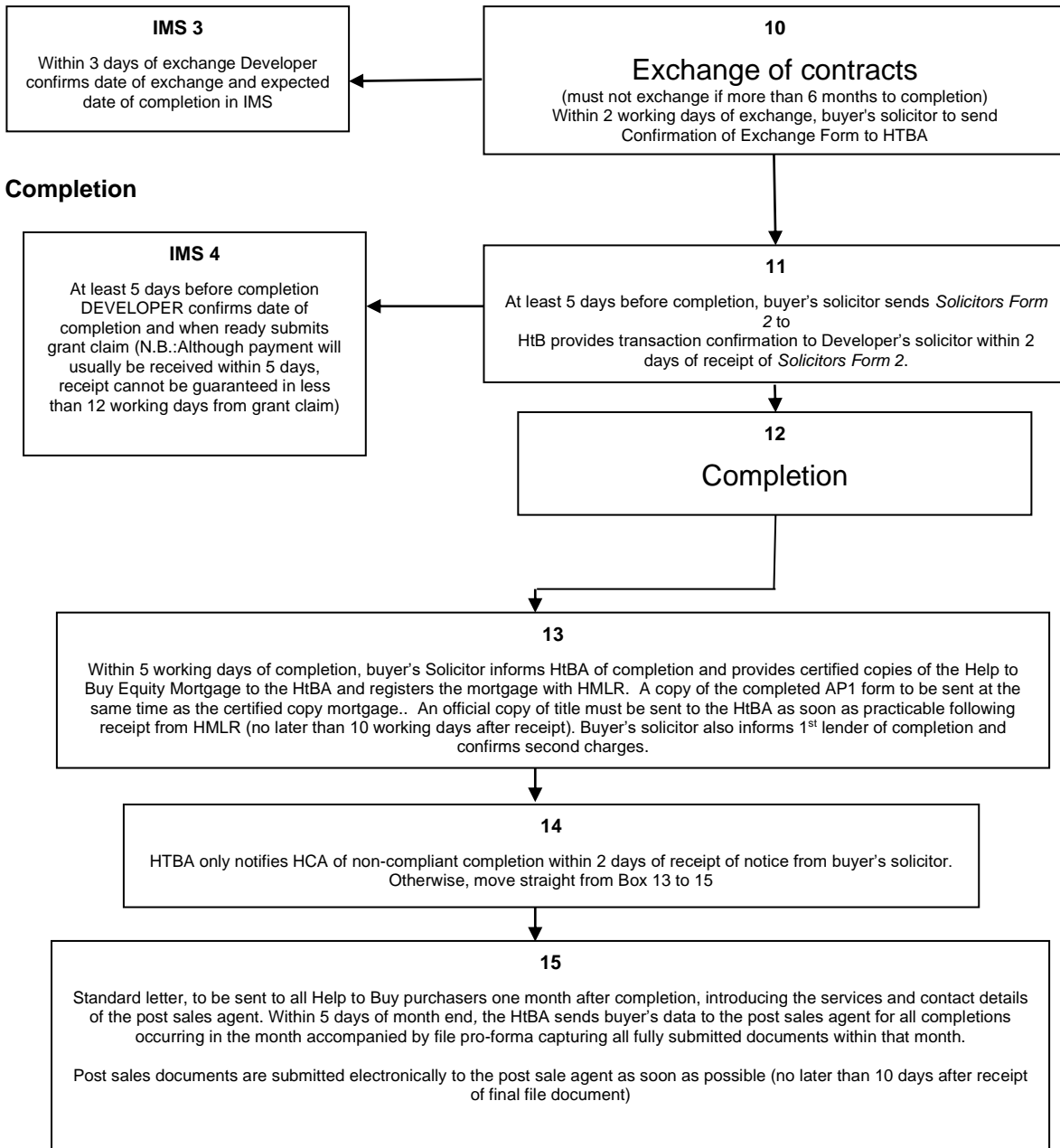
HTBAs are also required to update IMS. This is highlighted in the relevant instruction panels but more detailed guidance on the use of IMS is set out in the "Help to Buy Scheme and Payment processing" document available at <http://www.homesandcommunities.co.uk/help-to-buy>

HTBAs are only required to complete those parts of the Personal Worked Example which are clearly labelled up for them to complete, the remainder must be completed by the buyer's solicitor.

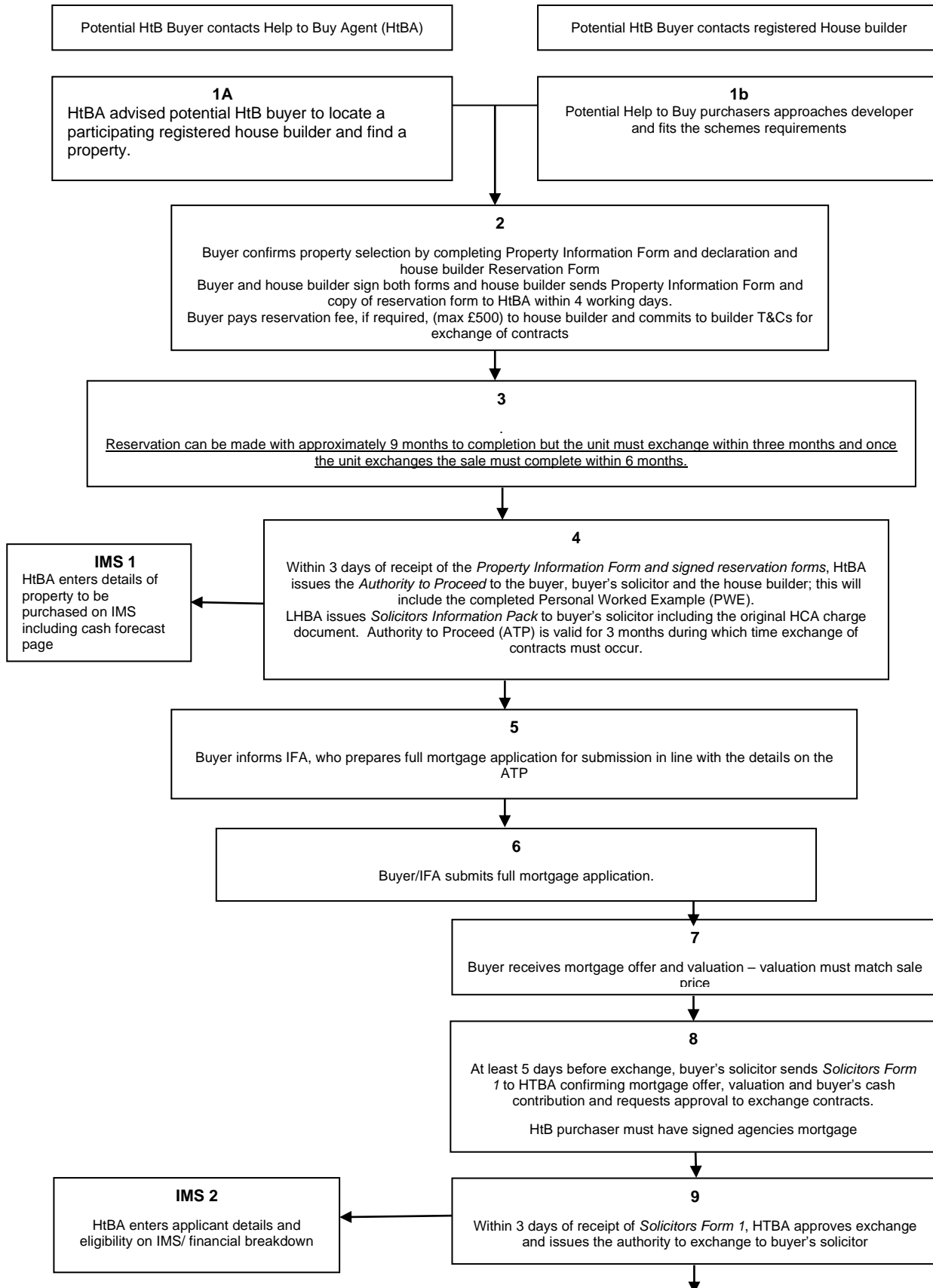
Help to Buy – BUYER TRANSACTION PROCESS – Flow diagram – standard
All references to days are working days.



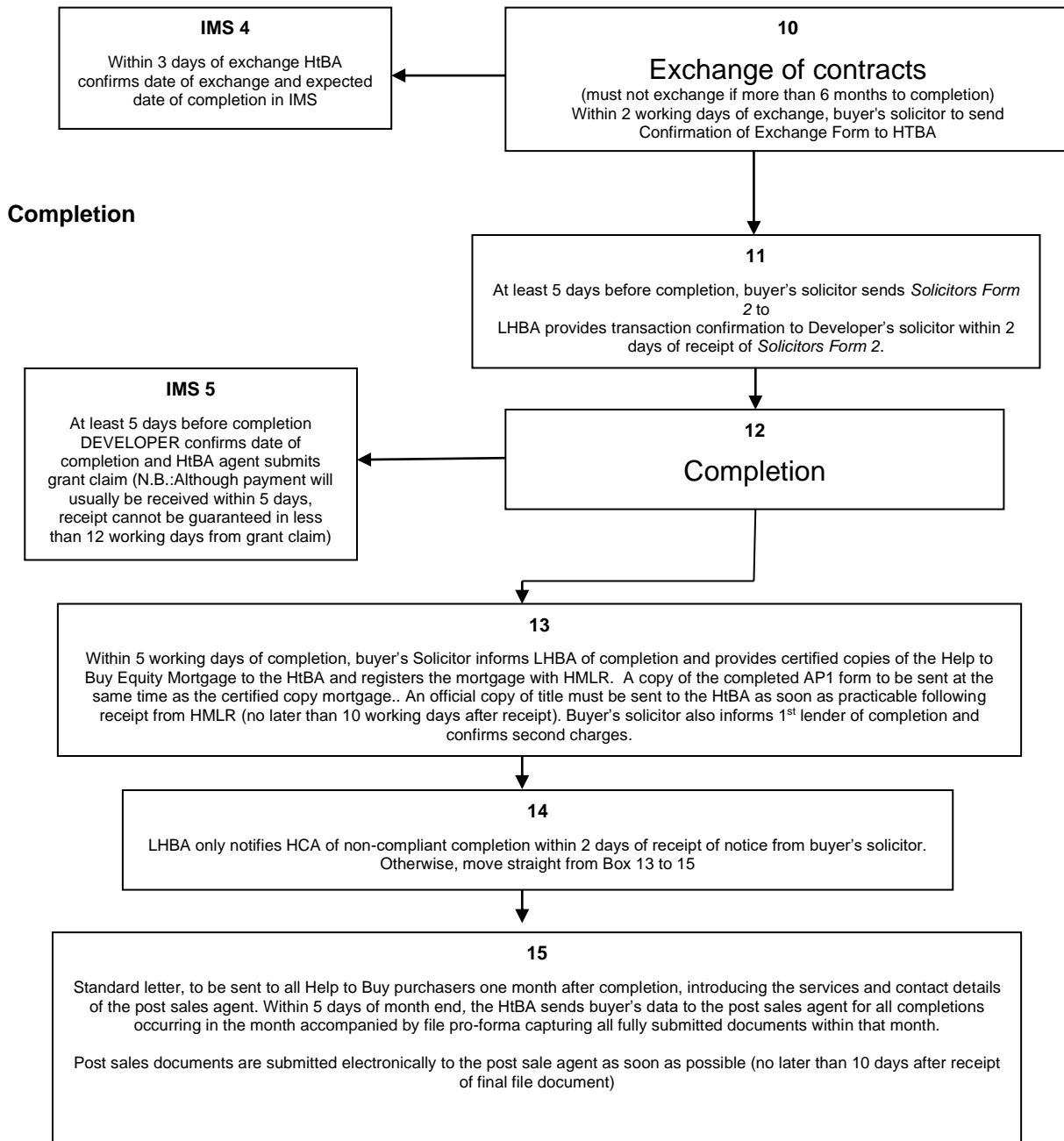
Help to Buy – BUYER TRANSACTION PROCESS – Flow diagram *continued*
All references to days are working days.



Help to Buy – BUYER TRANSACTION PROCESS – Flow diagram – small developers
All references to days are working days.



Help to Buy – BUYER TRANSACTION PROCESS – Flow diagram *continued*
All references to days are working days.



HELP TO BUY Property Information Form

HtB transaction process: box 2&3

To be completed by the purchaser and house builder and sent to the HTBA. Pro forma document included for information only.

HTBA Return details must be on this form

MOD information is for – should be ticked if one or both are serving personnel

Equality and diversity information has been added to the PIF form. this is voluntary.

If applicable, No. children living at property is at point of reservation.

A page break must always remain between part one and part two of the PIF

The PIF form must always have a 'wet' signature.

PROPERTY INFORMATION FORM

SCHEME: HELP TO BUY

To: *[Help to Buy Agent]* (the **Help to Buy Agent**) as agent for Homes and Communities Agency (the **Agency**)

Please note all Information clearly – unclear details will cause delays and result in forms being returned

Part One

Named Applicant 1: [●]

Contact Telephone Number: [●]

Email address: [●]

Named Applicant 2: [●]

Contact Telephone Number: [●]

Email address: [●]

Lead applicant current property address: [●]

*(together the **Applicant**)*

Site Name: [●]

Selected Property Address: [●] (the Property)

Local Authority

Plot No.

Provider: [●]

Expected build completion date: [●]

Expected purchase completion date: [●]

House Type – Detached – Semi – terrace – Flat

Tenure - Freehold – Leasehold

Number of Beds 1 2 3 4 5 6 6+

Provider's Conveyancer's Details (including name, address, email, tel no and reference); [●]

Applicant's Conveyancer's Details (including name, address, email, tel no and reference); [●]

Independent Financial Advisor Details: (including name, company, email, tel no);

Full Purchase Price: [●]

Buyer's mortgage amount: [i.e. Maximum amount to be obtained by applicant]

Applicant's Cash Contribution: [●]

The Applicant confirms to the Help to Buy Agent and the Agency that the above details are accurate and are agreed between the Applicant and the Provider - the buyer's mortgage amount and cash contribution must reach a minimum of 80%

PART 2 MUST BE PRINTED ON A SEPARATE PAGE TO PART 1.

PART 2

Financial Details

Help to Buy Equity Loan requested amount (max 20%): [•]

Income – Applicant 1

Basic Employment Income (annual, gross): [•]

Overtime, Bonuses and Commissions: [•]

[Income – Applicant 2

Basic Employment Income (annual, gross): [•]

Overtime, Bonuses and Commissions:] [•]

Debt (to cover all Applicants if more than one)

Monthly loan/HP payments: [•]

Outstanding credit card balances: [•]

Additional household Income (monthly) (to cover all Applicants if more than one): [•]

Working tax credits: [•]

Child tax credits: [•]

Child benefit: [•]

Disability allowance: [•]

Guaranteed maintenance income: [•]

Other income: [•]

Monthly Service Charge: [•]

Do any of the applicants own a residential property? Y/N

If yes, please confirm the address: [•]

Personal Details

Applicant 1 date of birth:

Applicant 2 date of birth:

Number of adults to live in the Property

Number of children to live in the Property

NB Those of [18] years of age at the date of [] are adults and those below [18] years old at the date of [] are children.

The Applicant confirms to the Help to Buy Agent and the Agency that the above details are accurate and acknowledges that this information shall be used to determine the Applicant's eligibility for Help to Buy funding.

PART 3 – Applicants must read carefully

The Applicant (subject to acceptance for the Help to Buy Initiative and proceeding to completion of the purchase of the Property) agrees to and directs that the equity loan funding that the Agency will provide (comprising a contribution of up to 20% of the Full Purchase Price) is paid direct to the Provider to enable it to reduce the Full Purchase Price of the Property.

The Applicant acknowledges that the term of the Help to Buy equity loan is 25 years (subject to earlier redemption in accordance with the equity loan provisions).

The Applicant acknowledges that if they own a residential property that they will sell their interest in that property (or properties) in advance of completing their purchase of the Property with the assistance of a Help to Buy equity loan and that it is a condition of the equity loan that the Property which is the subject of the Help to Buy equity loan will be the only residential property they have any interest in for the duration of the Help to Buy equity loan.

The Applicant further acknowledges that the Agency has nominated an agent to administer Help to Buy equity loans (currently Metropolitan acting through its Housing Options Plus service (the Post Sales Agent)) and that all correspondence and payments required under Help to Buy equity loans will be addressed to the Post Sales Agent.

The Applicant declares for data capture purposes only (or if there is more than one applicant in relation to each applicant) that it is (they are) a:

- **UK National**

- **EEA Citizen**

- Person with indefinite leave to remain

- Other (please state)

The Applicant confirms (or if there is more than one applicant in relation to each applicant is) that it is (they are) a:

- Member of the armed (serving personnel)
- Social tenants
- Other

PART 4

The Applicant acknowledges that:

The Help to Buy Agent will only process the given personal data of the Applicant for the following purposes. The Help to Buy Agent will hold your information in accordance with the Data Protection Act 1998.

Firstly the processing and administering the Applicant's application to participate in the Help to Buy Initiative if the Applicant is approved.

Secondly, the Help to Buy Agent may also share this information for the same purpose with the Agency, the Post Sales Agent and other Help to Buy Agents, with other organisations that handle public funds and the Provider.

Thirdly, the information may be used for statistical surveys and analysis, which means the Help to Buy Agent may pass this information in confidence to local authorities, the DCLG (Department for Communities and Local Government), the Council of Mortgage Lenders and their members and other organisations working with the Help to Buy Agent and/or the Agency's in the delivery of the Help to Buy product. Any of these organisations may contact you in relation to this.

All information the Applicant gives to the Help to Buy Agent on this form (and information resulting from contact with the Applicant's landlord and/or employer) may be shared with the same only in relation to your application to participate in the Help to Buy Initiative.

All information will be treated in the strictest confidence. The Help to Buy Agent, other Help to Buy Agents, the Agency and the Provider, reserve the right to take up any references relating to applicants as the Help to Buy Agent considers necessary and may also search the files of any credit reference agency which will keep a record of any such request.

The Help to Buy Agent must protect the public funds it handles and so may use the information the Applicant has provided on this form to prevent and detect fraud. Under section 29(3) of the Data Protection Act 1998 the information may be disclosed for purposes of crime prevention and detection. Sensitive personal data such as racial or ethnic origin, offences (including alleged offences) and physical and mental disabilities are required under the Equal Opportunities Monitoring statute.

DECLARATION:

It is a criminal offence to knowingly or recklessly make a false declaration or withhold information reasonably required in connection with this application.

The Applicant has read the above acknowledgement and confirms that the Applicant has provided accurate and up-to-date information relating to the Applicant's application for assistance under the Help to Buy Initiative.

The Applicant understands that if it is found that false information has been given to obtain assistance under the Help to Buy Initiative either knowingly or recklessly, appropriate legal action may be taken and the Agency may take action under its Equity Mortgage.

The Applicant authorises the Help to Buy Agent to pass information submitted as part of its application to:

- other Help to Buy agents,
- the Post Sales Agent,
- the Agency,
- Local Authorities,
- partner housing providers (registered providers/the Provider/Private Developers),
- Credit Reference Agencies,
- the Department of Communities and Local Governance,
- the Council of Mortgage Lenders (and their members); and
- other organisations working with the Help to Buy Agent and/or the Agency's in the delivery of the Help to Buy product

for the purposes of processing this application and statistical surveys and analysis of the Help to Buy Initiative.

I [] agree to the above terms and conditions and declare that all information provided in this form is true and accurate (1st applicant)

Signed _____ Dated _____

I [] agree to the above terms and conditions and declare that all information provided in this form is true and accurate (2nd applicant)

Signed _____ Dated _____

PROVIDER; PLEASE ATTACH A COPY OF YOUR RESERVATION FORM AND SEND IT TO [HELP TO BUY AGENT] WITH THIS PROPERTY INFORMATION FORM.

Equal Opportunities

The Help to Buy Agent operates a policy of equal opportunities in all aspects of its work. No person or group of people applying for housing will be treated less favourably than any other person or group of people because of their sex, age, race, colour, ethnic or national origin. To help the Help to Buy Agent maintain a record, it asks the Applicant to tick the group to which it considers it belong.

How would you, the Applicant, describe your ethnic origin?

WHITE	First App	Joint App	ASIAN OR ASIAN BRITISH	First App	Joint App		First App	Joint App
A1 British	<input type="checkbox"/>	<input type="checkbox"/>	C80 Indian	<input type="checkbox"/>	<input type="checkbox"/>	E15 CHINESE	<input type="checkbox"/>	<input type="checkbox"/>
A2 Irish	<input type="checkbox"/>	<input type="checkbox"/>	C90 Pakistani	<input type="checkbox"/>	<input type="checkbox"/>			
A3 Other	<input type="checkbox"/>	<input type="checkbox"/>	C10 Bangladeshi	<input type="checkbox"/>	<input type="checkbox"/>	E16 OTHER ETHNIC GROUP	<input type="checkbox"/>	<input type="checkbox"/>
			C11 Other	<input type="checkbox"/>	<input type="checkbox"/>	F17 QUESTION REFUSED	<input type="checkbox"/>	<input type="checkbox"/>
MIXED			BLACK OR BLACK BRITISH					
B4 White & Black Caribbean	<input type="checkbox"/>							
B5 White & Black African	<input type="checkbox"/>		D12 Caribbean	<input type="checkbox"/>	<input type="checkbox"/>			
B6 White & Asian	<input type="checkbox"/>		D13 African	<input type="checkbox"/>	<input type="checkbox"/>			
B7 Other	<input type="checkbox"/>		D14 Other	<input type="checkbox"/>	<input type="checkbox"/>			

Do you or any member of your household consider yourself to be disabled? Yes No

If yes, please give details _____

Do you or any member of your family use a wheelchair? Yes No

Are you related to a current or former Committee/Board member or officer of a Registered Social Landlord (Housing Association)? Yes No

If so, please give details _____

Name of member or officer _____ Name of Housing Association _____

HELP TO BUY Form of Authority to Proceed

HtB transaction process: box 4

To be completed and issued by the HTBA to: the buyer, the house builder and buyers solicitor/conveyancer.

When it is issued to the buyer's solicitor, it should also be sent with the: Instructions to solicitors and guidance to lenders documents, the original HCA equity mortgage (completed by the HTBA with the purchasers details), Solicitor's Form 1 and Solicitor's Form 2 and completed Personal Worked Example (PWE).

The solicitors' instructions pack and buyer's equity mortgages are supplied in separate Word documents and must not be amended.

The HTBA must pre-enter on the Authority to Proceed (based on the property information form) the: buyers details, the reduced purchase price, the full purchase price, the contribution (from the HCA), the contribution percentage (the HtB contribution from the HCA expressed as a percentage of the full purchase price), any cash contribution to be made by the buyer in the property and the buyer's mortgage level.

If a buyer intends to benefit from a house builder "cash-back" incentive, which will be paid to the buyer on completion, the cash back should not be treated as part of the cash contribution figure. The HTBA should complete the paragraph on the Authority to Proceed informing the solicitor/conveyancer that the buyer intends to recover money at completion. For avoidance of doubt cash back payments are incentives and should also be confirmed as compliant with HtB scheme rules by the purchaser's solicitor/conveyancer.

If Option B on this letter is not applicable please delete.

HTBA must ensure that the figures on ATP are the same as the figures entered into IMS if not ATP will need to be reissued.

Forecast of interest payment year 6 – HTBA to insert forecast of year 6 interest payment.

ROUNDING

All monetary amounts should be rounded up or down to the nearest whole pound. Rounding must ensure that equity loan is no more than 20% which is the maximum loan. For example if a figure within the usual rounding would be rounded up (5 or above) in the HtB scheme this would be rounded down. The equity mortgage stays at 20% even though true % may be 19.99999%. equity mortgages cannot be for more than 20% for IMS.

All percentages should be rounded up or down to a full number. 10% or 20%

Form of Authority to Proceed

Date: [●]

To: [Buyer's solicitor/conveyancer – Name/Address]

To: [Provider – Name/Address]

CC: [Buyer – Name/Address]

Scheme: Help to Buy

Property: [●]

Named Buyer: [●]

Option A

Your application to take part in the Help to Buy Initiative has been approved by [HTBA Name] and (subject to our standard terms) an equity loan will be available in respect of the Property referred to above on the following terms:-

FULL DETAILS OF NAMED BUYER: [●]

REDUCED PURCHASE PRICE (i.e. the amount met by the Buyer after deducting the amount advanced under the Equity Mortgage from the Full Purchase Price and excluding any mortgage fees of the Qualifying Lender): £[●]

FULL PURCHASE PRICE: £[●]

CONTRIBUTION (The Agency contribution (to be paid directly to the Provider), specifying in pounds sterling the amount of purchase price to be treated as deducted): £[●]

CONTRIBUTION PERCENTAGE (specifying percentage of the total sale proceeds to be repaid to the Agency when the property is sold, calculated as the Contribution as a percentage of the Full Purchase Price): £[●]

MORTGAGE LEVEL £[●]

APPROVED 1st CHARGE MORTGAGE TERM [●] YEARS

FORECAST INTEREST CHARGE YEAR 6 £[●]

(This will be collected by the Post Sales Agent in year 6)

REQUISITE AMOUNT OF CASH SAVINGS TO BE INVESTED BY BUYER: £[●]

(which will exclude any cashback incentive provided to the Buyer and must be equal to a minimum of 5% of the Full Purchase Price).

CASHBACK PROVIDED BY PROVIDER (to be paid to the Buyer on completion £[●])

TOTAL AMOUNT OF INCENTIVES PROVIDED BY THE PROVIDER (as set out in the Council of Mortgage Lenders Disclosure of Incentives Form) and not to exceed 5% of the full purchase price. £[●]

BUYER'S PROPERTY TO BE SOLD PRIOR TO PURCHASE:

Guidance for the Buyer

You should have read the Help to Buy Buyer's Guide issued to you when you reserved your Property. (If required, a further copy of the guide is available on our website – *insert link*). You should ensure that you have read this Guide before continuing with your purchase.

The Help to Buy process will require you to meet certain reasonable time deadlines. It is very important you make every effort to adhere to these otherwise your home may have to be reallocated

to another buyer. You may find the enclosed checklist a useful aid in progressing your transaction.

If you wish to proceed with your Help to Buy home purchase on the above terms you must now:-

Step 1

You should by now have seen an independent financial advisor (IFA) and be getting ready to submit a mortgage application. It is very important that you seek independent advice about your mortgage. The mortgage must be from a qualifying lender.

Qualifying lending institutions include mortgage 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 Conduct Authority keeps a register of authorised persons on its website. The register can be found at <http://www.fsa.gov.uk/register/home.do>.

'Qualifying lending institution' is a complex definition. If there is any doubt as to whether a lender falls within this definition, Help to Buy Agents should ask prospective Help to Buy buyers to seek confirmation from their proposed lender of permissions they have been granted by the FSA.

The mortgage offer you should receive must be equal Mortgage Level noted on the front of this form and should be for a repayment mortgage. Interest only mortgages will not be approved for Help to Buy assisted purchases. If this is not the case you should discuss this with the Help to Buy Agent.

In addition to your mortgage funding, you have also told us that you will be making a cash contribution at exchange of contracts as referred to above.

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

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

Step 2

[HTBA name] has reviewed the **Property Information Form** completed by you and the house builder and has prepared this Authority to Proceed based on the information you have provided. This Authority to Proceed is valid for three months and you must exchange contracts to purchase the home in this time.

Although this Authority to Proceed is valid for three months, you will be expected to exchange contracts within a period of time specified by the Provider. The three month limit gives some allowances for unforeseen delays during conveyancing.

UPON RECEIPT OF THIS AUTHORITY TO PROCEED, YOU MUST AS SOON AS POSSIBLE CONTACT YOUR IFA AND LENDER SO THAT A FULL MORTGAGE OFFER CAN BE MADE ON YOUR SELECTED PROPERTY.

Step 3

Your solicitor/conveyancer will advise you on the Help to Buy Initiative and prepare all the documents. Your solicitor/conveyancer will explain the Equity Mortgage which means that the Agency must be paid the amount due under its mortgage when the property is sold or earlier in specified circumstances.

SO, FOR EXAMPLE, IF THE HOMES AND COMMUNITIES AGENCY INITIALLY PROVIDED A 20% CONTRIBUTION, THE REPAYMENT WILL BE 20% OF THE TOTAL VALUE WHEN IT IS SOLD OR WHEN REPAID IF EARLIER.

You must sign to agree the Equity Mortgage and the sale contract before exchange of contracts. Your solicitor will contact you to arrange this.

Once your mortgage offer and valuation has been received, your solicitor/conveyancer will ask [HTBA name] for permission to exchange contracts with the Provider. After exchange you will be legally committed to purchasing the property.

You will also be advised of the date for completion so that you can plan your move. It is also important that you arrange buildings insurance cover for your new home from exchange of contracts.

If you have an existing home or property you must ensure that this is sold on or before the completion date of your purchase of your Help to Buy property.

Step 4

[HTBA name] will approve the exchange and your solicitor/conveyancer will exchange contracts and ensure your deposit contribution is paid. You will then be legally contracted to complete the purchase at a date agreed between you and the Provider.

Step 5

At completion, your lender will provide its funds and the Agency will send its contribution to the Provider. You will have already agreed and directed in the Property Information Form that the Agency's contribution is to be paid direct to the Provider. You will then be able to move in on a date agreed with the Provider.

The Agency has nominated an agent to administer the Equity Mortgage following completion, currently Metropolitan via its Housing Options Plus service (the Post Sales Agent)) and all correspondence and payments required under Equity Mortgage will be to the Post Sales Agent, until you are advised otherwise.

Your application will be treated as withdrawn if you do not proceed to exchange of contracts within the deadline given. If you are unsure of how to proceed, please contact [HTBA name] at [contact address/telephone number]

Before you proceed, make sure you have read the Help to Buy Buyer's Guide that explains how the Help to Buy Initiative operates. If you are unsure on how to proceed, please contact [HTBA name] for help.

Remember, do not enter a legal agreement to buy a home until approval has been given by us.

[The Buyer's Solicitor should note however that unless we otherwise confirm in writing:-

- (a) This Authority ceases to have effect if contracts are not exchanged for the sale of the Property within three months of the date of this Authority; and**
- (b) This Authority is subject to receipt by the Buyer's Solicitor of a mortgage valuation valuing the Property of no less than the Full Purchase Price.]**

OR

Option B

[We confirm that we do not regard the above named Buyer or the terms of its application as qualifying for the Help to Buy Initiative]

Yours sincerely

For and on behalf of [HTBA name]

Enclosures Personal Worked Example

Personal Worked Example (with no partial redemption) for [Purchaser's Name(s)]

You have found a property which is valued at [£XXX].

The Homes and Communities Agency (the **Agency**) has agreed to loan you [YYY%] of the purchase price (in return for you entering into an Equity Mortgage in favour of the Agency). You will fund [£ZZZ] which represents [WWW%] of the property value.

You will have to pay a monthly interest charge in the sixth year of [£]. This is calculated by firstly working out the total interest charge and then calculating [YYY%] of that interest charge. Please note that there are no interest charges for the first five years.

In the seventh year and in every year after that until the Equity Mortgage is paid back in full, the total interest charge is increased by the increase in RPI for the previous 12 months plus 1% and you will have to pay [YYY%] of the increased interest charge.

For example, in the seventh year if the RPI is taken from September [HTBA *to insert relevant year*] then the total annual seventh year interest charge would be increased by [*to insert relevant RPI from published RPI figures plus 1%*] and you would pay [YYY%] of that interest charge. This would mean that the interest charge you pay in the seventh year would be [*to calculate*].

If you decide to redeem the Equity Mortgage you will pay back [YYY%] of the market value. If you decide to sell then you will pay back [YYY%] of the market value unless the sale proceeds are greater in which case you will have to pay back [YYY%] of the sale proceeds.

For example if you sell the property at the end of year one then on the assumption that the value of the property has increased by 5% you will pay back [*£to calculate*]. In this example (assuming an annual 5% property price increase) the APR is therefore 3.98%. Please note that this is based **solely** on the capital sum repayable and does not take account of interest charges and any valuation fee payable on redemption

As another example, if you sell the property at the end of year 7 then on the assumption that the value of the property has increased by 5% a year and that the RPI for year seven is the same as the RPI for year six (i.e. [*to insert RPI for the sixth year*]) you will pay back a total of [*£to calculate*]. In this example the APR is therefore [*to calculate*]

This is worked out by firstly assuming that the value of your home increases each year by 5% so the value of your home in year seven is [*to calculate – nb the increases are **not** compounded so it is the initial price which goes up by 5% each year*] and you pay back [YYY%] of that value which is [].

You will also pay back the interest charge in each of years six and seven of the loan. In the sixth year the interest charge will be [*to insert*]. In each year the interest charge increases by 1% plus RPI. If we assume that the RPI in the seventh year stays the same as it as at the date this worked example was calculated (which is [*to insert*]%) then the total amount of interest you have paid in each of the sixth and seventh years will be [*to calculate – nb the interest increases **are** compounded.*] If the property is valued for the purposes of the sale or the redemption then you will have to pay the valuation fee which is currently approximately [*£to insert*].

HELP TO BUY Solicitor's Form 1

HtB transaction process: boxes 8 & 9 and IMS 1 & 2

To be completed by the buyer's solicitor/conveyancer and returned unamended to the HTBA to seek authority to exchange contracts. Form 1 must be returned to the HTBA at least five working days before the proposed date for exchange.

The HTBA must check that the Form 1 received is in the same format as the specimen below.

On receipt of a valid Form 1, the HTBA will then enter the applicant details and their eligibility on IMS.

Solicitor's Form 1

To: [Details of Help to Buy Agent and address]

From: Solicitor's reference: [●]
[Insert details of solicitor]

SCHEME: HELP TO BUY

Dear Sirs

BUYER: [INSERT DETAILS]
PROVIDER: [INSERT DETAILS]
PROPERTY: [INSERT DETAILS]

We confirm that we have been instructed to act on behalf of the Buyer named above in connection with the purchase of the Property. We also confirm that we have been instructed to act on behalf of the Buyer's mortgagee.

We confirm that we are in receipt of your Authority to Proceed dated [●] and your Instructions to Solicitors and the accompanying documentation.

We confirm that:-

- 1 we will comply with the instructions that have been supplied to us;
- 2 we will ensure that the financial terms of the proposed purchase accord with those set out in the Authority to Proceed;
- 3 we have read the instructions and that we are not aware of any Incentives being provided to the Buyer which we are required to notify to you. [Save forand/as set out in the attached copy of the Provider's CML Disclosure of Incentives Form]*;
- 4 we have obtained a completed copy of the CML Disclosure of Incentives form from the conveyancer acting on behalf of the Provider and it complies with our instructions;
- 5 [where the Authority to Proceed makes reference to the Buyer providing some of [his][her] own investment to the purchase, the Buyer has confirmed that that investment will be available upon completion];

6 the Buyer has received a mortgage offer from a Qualifying Lender and that we enclose a copy of the mortgage offer. We further confirm that the identity of the Qualifying Lender and the amount of the prior mortgage are as set out below:-

Qualifying Lender: [●]

Prior mortgage (net of fees): [£[●]];

Mortgage fees: [£[●]];

Term: [●] years

And that the balance of £[●] is to be provided by the Buyer;

7 the Full Purchase Price of the Property is [£[●]];

8 the calculation of the Reduced Purchase Price (and therefore the Contribution and the Contribution Percentage) does not include the mortgage fees referred to in paragraph 6;

9 it is anticipated that exchange of contracts will take place [on [specified date]]/[within the next [specified period]];

10 we have received written confirmation from the Buyer (and from each Buyer where there is more than one person) [that they have no interest in any Dwelling] OR [that the Buyer has an interest in a Dwelling but that it intends to sell or complete the sale of any Dwelling(s) that they have an interest in, on or before the date of completion. The Buyer has confirmed that it anticipates that exchange of contracts for the sale of such Dwelling shall take place on the date referred to at paragraph 9]**. We further confirm that we have received no notice or indication that contradicts such written confirmation(s) from the Buyer;

11 the Buyer has received copies of the Help to Buy Buyer's Information Sheet, the Equity Mortgage, and the Authority to Proceed and we have advised [him][her][them] of their contents in accordance with these Instructions to Solicitors. The Buyer received these at least seven days before completion. We have also drawn the Buyer's attention to the role of the Post Sales Agent as highlighted in the Help to Buy Buyer's Information Sheet;

12 [subject to final inspection*] the Full Purchase Price for the property does not exceed the market value of the Property as stated in the valuation report (or the mortgage offer, where the valuation report is not available) for the Qualifying Lender (a copy of which is attached);

13 within 2 working days of exchange of contracts we will provide you with the Confirmation of Exchange Form (which is annexed to the Authority to Exchange);

14 prior to completion we will provide you with the Solicitor's Form 2 in the required form;

15 upon completion the Equity Mortgage (in the form supplied to us by you will be entered into and, within 5 working days of completion, notice of charge will be provided to the Qualifying Lender (in relation to the Buyer's participation in the Help to Buy Initiative) in

accordance with a method of service of notice as set out in the Land Registration Rules 2003 (as may be varied or amended from time to time).

Yours faithfully

[Date and insert details of solicitor signing report]

*Amend as appropriate

** Delete as appropriate

The Solicitor's Form 1 must be returned unamended (save for the words in square brackets or those areas expressly marked for amendment) to the Help to Buy Agent. Amended forms will not be accepted by the Help to Buy Agent.

HELP TO BUY Authority to exchange

HtB transaction process: box 9 and IMS 3

To be completed and issued by the HTBA to the buyer's solicitor/conveyancer in response to Solicitor's Form 1. The HTBA must approve or decline the request to exchange within 3 working days of receipt of a valid Solicitor's Form 1.

Upon issuing the Authority to Exchange, the HTBA must update IMS to confirm purchaser eligibility and that an Authority to Exchange has been issued. The Authority to Exchange is valid as long as the Authority to Proceed is valid.

Annex 1 – Confirmation of Exchange Form must be completed and provided by the buyer's solicitor/conveyancer to the HTBA within 2 working days of exchange of contracts.

Form of Authority to Exchange

THE CONFIRMATION OF EXCHANGE FORM (ATTACHED AT ANNEX 1) MUST BE COMPLETED AND PROVIDED BY THE BUYER'S SOLICITOR/CONVEYANCER TO THE HELP TO BUY AGENT WITHIN TWO (2) WORKING DAYS OF EXCHANGE OF CONTRACTS IN ACCORDANCE WITH THE BUYER'S SOLICITORS/CONVEYANCERS UNDERTAKING WITHIN THE SOLICITOR'S FORM 1.

Date: []

To [Buyer's solicitor/conveyancer – Name/Address]

Property:

Scheme: Help to Buy

Named Buyer:

Expected date of Exchange:

On behalf of the Homes and Communities Agency we confirm receipt of the Solicitor's Form 1 in relation to the purchase of the above Property by the above named Buyer. Please take this letter as consent (on behalf of the Homes and Communities Agency) to proceed to exchange contracts on the (date as per Solicitor's Form 1) in respect of such purchase SUBJECT ALWAYS to:

- 1 Your compliance with the provisions of Solicitor's Form 1 and the instructions supplied; and

2 The Authority to Proceed (or Revised Authority to Proceed as applicable) being valid and the terms of the sale according with the terms of such Authority to Proceed.

Please note that this consent only relates to the Homes and Communities Agency procedural requirements for the sale of properties under Help to Buy and in no way replaces or affects your obligation to comply with the terms of the instructions received from the Homes and Communities Agency and the relevant Law Society and CML requirements in relation to the conveyancing process.

Signed

[Help to Buy Agent]

CC

[Provider & Homes and Communities Agency]

Annex 1

Confirmation of Exchange Form

From: [Buyer's solicitor/conveyancer – Name/Address]

To: [Help to Buy Agent – Name/Address]

Date: []

Re: Confirmation of exchange of contracts

Scheme: HELP TO BUY

Applicant name(s)	HtB property address	Date of exchange of contracts

We confirm that the above buyer(s) has exchanged contracts on the above property and we are therefore providing the Help to Buy Agent with confirmation of exchange in accordance with clause 13 of Solicitor's Form 1.

Yours faithfully

[Buyer's solicitor/conveyancer]

HELP TO BUY Solicitor's Form 2

HtB Transaction process: box 11

To be completed by the buyer's solicitor/conveyancer prior to completion and returned to the HTBA
AT LEAST FIVE WORKING DAYS BEFORE COMPLETION.

Solicitor's Form 2

DRAFT UNDERTAKING FROM HELP TO BUY PURCHASER'S SOLICITOR OR LICENSED CONVEYANCER TO [HELP TO BUY AGENT] AS AGENT FOR THE AGENCY – THIS DOCUMENT IS SUBJECT TO VARIATION AT THE DISCRETION OF THE AGENCY

Dear [Help to Buy Agent]

SCHEME: HELP TO BUY

We act on behalf of [●] (the "**Buyer**"), a qualifying applicant pursuant to the Authority to Proceed, in relation to the purchase of [●] (the "**Property**"). The defined terms in this report and undertaking bear the same meaning as those contained in the Authority to Proceed issued to us by you on [date].

We attach a certified copy of the [final Valuation Report received as part of the Buyer's first mortgage offer/the Buyer's mortgage offer confirming the valuation of the Property]*.

In consideration of the Agency having made equity loan funding available to the Buyer (the Contribution as referred to below), which the Buyer has agreed and directed is to be paid directly to [] (the "**Provider**") and the Full Purchase Price (as referred to below) having the Contribution deducted from it at completion so as to enable the Buyer to pay the Reduced Purchase Price (as referred to below) on the completion date, we confirm and acknowledge that you will rely on the following:-

- 1 We have compared the details provided to us in relation to the purchase of the Property against the relevant Authority to Proceed and can confirm that:-
 - 1.1 the Full Purchase Price is: [●]
 - 1.2 the Reduced Purchase Price is: [●] (which for the avoidance of doubt excludes any mortgage fees of the Qualifying Lender)
 - 1.3 the Contribution is: £[]
 - 1.4 the Contribution Percentage is : []%
 - 1.5 [the Incentives (including any cash back) are: [●] (which for the avoidance of doubt represents no more than 5% of the Full Purchase Price)]
 - 1.6 any cash back is (to be paid to the Buyer at completion): [●];
and these accord with the said Authority to Proceed.
- 2 We have confirmed the identity of the Buyer as required by your Instructions to Solicitors.

3 We have confirmed the existence of a prior ranking Qualifying Lender who will be taking a first charge over the property and that Qualifying Lender is [●].

4 We confirm that the amount of money to be advanced by the Qualifying Lender referred to in paragraph 3 above does not exceed the Reduced Purchase Price.

5 We confirm that the calculation of the Reduced Purchase Price (and therefore the Contribution and the Contribution Percentage) does not include any mortgage fees of the Qualifying Lender.

6 We confirm that the amount stated in the first charge as being secured by the prior ranking charge is £[●]

7 *Please include the applicable statement from the list below in paragraph 11:*

[We confirm that the prior ranking first charge does not include an obligation on the Qualifying Lender to make further advances or to permit tacking.] **OR**

[We confirm that the prior ranking first charge does include an obligation on the Qualifying Lender to make further advances or to permit tacking but that we have received confirmation from the Qualifying Lender that they will not make such further advances or permit tacking without the consent of the Agency] **OR**

[We confirm that the prior ranking first charge does include an obligation on the Qualifying Lender to make further advances or to permit tacking and although we have been unable to obtain direct confirmation from the Qualifying Lender that they will not make such further advances or permit tacking without the consent of the Agency, you have confirmed that a general confirmation to this effect has been provided to the Agency.] **

8 *Please include the applicable statement from the list below in paragraph 12:*

Where a Valuation Report is available:

[We confirm that (although we express no opinion on matters of valuation) the Full Purchase Price does not exceed the market value of the Property as stated in the Valuation Report obtained by the prior Qualifying Lender (a copy of [the Valuation Report] or [the mortgage offer] is attached) **OR**

In the event no Valuation Report is available but a mortgage offer has been provided:

[We confirm that (although we express no opinion on matters of valuation) the Full Purchase Price does not exceed the market value of the Property as stated in the Valuation Report obtained by the prior Qualifying Lender or the mortgage offer **OR**

Where neither of the above applies and written approval of the Help to Buy Agent has been obtained:

[We have received your written approval to the Valuation Report or mortgage offer a copy of which is attached] ***]

- 9 We confirm that we have provided the Qualifying Lender with notice that the Buyer is participating in this Initiative and we have provided the Qualifying Lender with the Guidance Notes for Mortgage Lenders.
- 10 We confirm that exchange took place on [●] and that the completion date is [●].
- 11 We have complied with the Council of Mortgage Lenders' Handbook in relation to the first loan from the Qualifying Lender which is to be secured by the first charge over the Property including submission of a fully completed disclosure of incentives form.
- 12 That we have investigated title to the Property and on the Agency's behalf have carried out the other steps required of us so that we can and hereby do give the certificate set out in the Appendix****.
- 13 We undertake to ensure that the form of Equity Mortgage that we have been supplied with:
- 13.1 contains information which corresponds with the information set out in the Authority to Proceed.
- 13.2 bears the Contribution and the Contribution Percentage as specified above;
- 13.3 is properly executed by the Buyer; and
- 13.4 is dated contemporaneously with the purchase of the Property.
- 14 where we have received confirmation from the Buyer (or any one of the Buyers where the Buyer is more than one person) that it has an interest in a Dwelling or we are on notice that the Buyer has such an interest in a Dwelling we undertake not to complete the Equity Mortgage or the purchase of the Property until the sale of such Dwelling has taken place, so that from the date of completion the Buyer will no longer have any interest in any Dwelling other than the Property;
- 15 We undertake within five working days of completion of the purchase of the Property to:
- 15.1 provide you with certified copies of the completed Equity Mortgage together with a certified copy completed AP1 form as submitted to HM Land Registry; and
- 15.2 serve written notice of completion of the Equity Mortgage to the prior Qualifying Lender in accordance with a method of service of notice as set out in the Land Registration Rules 2003 (as may be varied or amended from time to time).
- 16 We undertake as soon as reasonably practicable and (where applicable) within the relevant Land Registry priority period to
- 16.1 register the Equity Mortgage at the Land Registry as a second charge (ranking immediately after the first mortgage to be granted by the Buyer in favour of the Qualifying Lender);
- 16.2 further to make such necessary application to ensure that the Land Registry Restriction referred to in the Equity Mortgage appears on the title to the Property; and

17 We undertake as soon as reasonably practicable (and in any event no later than 10 working days following receipt from HM Land Registry) to send to the Help to Buy Agent a certified copy Office Copy Entries confirming that the Equity Mortgage has been registered against the title to the Property.

18 That we have advised the Buyer on their obligations arising under the Help to Buy Buyer's Information Sheet, including the Personal Worked Example, the Authority to Proceed and the Equity Mortgage in accordance with the Agency Instructions to Solicitors and further that the Buyer has received the Personal Worked Example in the form annexed to Help to Buy Buyer's Information Sheet specific to the Property.

* Delete as appropriate – the second option should only be used where a full valuation report is not available.

** You must be in a position to confirm one of the statements set out in Paragraph 7 – please delete the non-applicable statements.

*** Delete as appropriate –

The Form 2 paragraphs 1 – 18 must be returned unamended (save for the words in square brackets in paragraphs 7 and 8 as indicated) to the Help to Buy Agent. Amended forms will not be accepted by the Help to Buy Agent.

**** The Certificate of Title set out in Appendix 1 needs to be completed and signed for this Solicitor's Form 2 to be deemed validly submitted for the purpose of satisfying the requirements for the payment of the equity loan funding.

APPENDIX 1

CERTIFICATE OF TITLE

TO:	The Agency c/o Help to Buy Agent
The Borrower:	INSERT BUYER DETAILS
Property:	
Scheme	Help to Buy
Title Number:	
Mortgage Advance:	(Total amount of Contribution) which represents []% of the Full Purchase Price
Price stated in transfer:	(Full Purchase Price)
Completion Date:	
Conveyancer's Name & Address:	
Conveyancer's Reference:	
Conveyancer's bank, sort code, and account number:	NOT REQUIRED
Date of instructions:	

We the conveyancers named above give the Certificate of Title referred to in IB (3.7) of the SRA Code of Conduct 2011, published by the Law Society as if the same were set out in full subject to the limitations constrained in it.

Signed (Partner / Licensed Conveyancer)

Date: [●]

HELP TO BUY Help to Buy Agent confirmation to house builder

HtB Transaction process: box 11

To be completed by the Help to Buy Agent and sent to the house builder's solicitor within 2 working days of receipt of a signed and valid Solicitor's Form 2 from the buyer's solicitor.

Help to Buy Agent Transaction Confirmation to Provider

Date: []

To [Provider's solicitor – Name/Address]

Provider []

Property: [.....]

Scheme: Help to Buy

Named Buyer: []

Date of Exchange (where applicable):

Proposed Date of Completion

(please be aware that approval to complete does not guarantee funds in that day, please ensure you are aware of your payment date)

We confirm receipt of a Solicitor's Form 2 in relation to the purchase of the above Property by the above named Buyer. Please take this letter as confirmation from the Help to Buy Agent of: -

- (a) service of the relevant Authority to Proceed by us which will be/was current and valid as at the date of exchange confirmed to us in the Solicitor's Form 2;
- (b) receipt by the Help to Buy Agent of a valid Solicitor's Form 2 (with the attached Certificate of Title completed and signed by the legal advisor acting on behalf of the above named Buyer) in respect of the above Property; and
- (c) receipt by the Help to Buy Agent from the legal advisor acting on behalf of the above named Buyer of a certified copy of either the above named Buyer's final professional valuation (obtained on behalf of an approved lender) or (where not available) the above named Buyer's mortgage offer confirming the valuation and valuing the Property at a sum which is no less than the Full Purchase Price (as set out in the Solicitor's Form 2) or (at the discretion of the Agency) within a tolerance of that sum determined from time to time by the Agency and notified by the Help to Buy Agent to you in writing.

Signed
[Help to Buy Agent]

Local HBA notification to buyer of Post Sales Agent

HtB transaction process: box 15

Standard letter, to be sent to all HtB purchasers one month after completion, introducing the services and contact details of the Post Sales Agent.

Dear [name of applicant]

PLEASE RETAIN THIS DOCUMENT IT HOLDS IMPORTANT INFORMATION ABOUT THE SALE OF YOU HELP TO BUY HOME

Help to Buy Post Sales Agent and [property address]

We would like to take this opportunity to congratulate you on the recent purchase of your new home through Help to Buy. We would also like to introduce you to the Housing Options Plus, and explain the role they perform as Post Sales Agent.

Housing Options Plus has been appointed Post Sales Agent by the Homes and Communities Agency. The role of Housing Options Plus as Post Sales Agent covers all post-sale administration and enquiries relating to the Homes and Communities Agency provision of financial assistance for the purchase of your new home. This will include:

- Repayment collection
- Fee collection (when they become payable after five years of ownership)
- Staircasing (increasing your entitlement to a share of the future sale proceeds)
- Repaying the Homes and Communities Agency and [Provider] and removing the second charges on your property
- Remortgages approval, permission for further advances and transfers of ownership
- Annual fee statements

You will be able to contact the team through: -

- **website: www.myfirsthome.org.uk**
- **Tel: 0845 470 0121**
- **Post: Housing Options Plus PO Box 61613 London SE9 5WR**

All information, including frequently asked questions, will be posted on to the website. There is also a contact section where you can email any other queries you may have.

We will now be passing your details and information relating to your purchase to Housing Options Plus. They will be contacting you shortly with an initial welcome letter to further outline their role.

On behalf of myself, and all my colleagues at [Help to Buy Agent] I would like to wish you best wishes for the future and hope you will be very happy in your new home.

Yours sincerely

[Help to Buy Agent]

Monthly file hand over letter

HtB transaction process: box 15

To be completed by the HTBA and sent to the POST SALES AGENT monthly, within 5 working days of the month end, for all completions during the previous month where paperwork has been submitted. The monthly hand over letter should be accompanied by the electronic Excel data template provided to all HTBAs by the Post Sales Agent. This form confirms that certified copies of both equity mortgages and Land Registry Certificates have been emailed to the PSA for all files noted.

This letter is to be emailed to hop_docs@mht.co.uk

All documents sent to HOP must be titled as follows; last name(s), 1st line of address, document type.

From: [Help to Buy Agent]
To: Housing Options Plus, hop_docs@mht.co.uk
Date: []
Re: Completions occurring in [month, year]
Scheme: HELP TO BUY

Applicant name(s)	HtB property address	Date of completion

We confirm each of the above buyers has completed their purchase and we are therefore providing the Post Sales Agent with the following information with respect to these buyers: -

- a) Information from the original applications and HtB transaction forms input by us to the agreed Excel electronic template and e-mailed to you on [];
- b) Scanned Certified copy of the buyers' PIF, ATP and welcome letter
- c) Scanned original or certified copies of the HCA equity mortgage
- d) Scanned Original or certified Copy of the Land Registry Certificate.

We confirm that all documents provided are original, or certified copies, and we have kept copies for our records.

Yours faithfully

[Help to Buy Agent]

Help to Buy
Help to Buy Agent standard document pack

Appendices

Appendix 1 Solicitor's Pack

Information for solicitors/legal representatives page 33

Guidance notes for lenders page 68

HELP TO BUY Solicitor's Pack

HtB transaction process: box 4

The complete instructions pack including all schedules and the guidance notes for lenders (schedule 6,) are issued by the HTBA to the purchaser's solicitor with the Authority to Proceed.

The equity mortgage (Appendix 2) is also sent with the pack at the same time (see notes on Appendix 2).

Solicitor's Pack

HELP TO BUY INITIATIVE OPERATED BY THE HOMES AND COMMUNITIES AGENCY

INFORMATION FOR SOLICITORS/LEGAL REPRESENTATIVES

Introduction

The Homes and Communities Agency (the "**Agency**") operates an initiative called Help to Buy ("**Help to Buy**") by which assistance is provided to enable qualifying applicants to buy a newbuild property on a new development. It is intended to help applicants by providing a stepping stone onto the property market or by allowing those selling their existing home to access a new property. It is intended to allow purchasers to access mortgage funding at a lower loan to value ratio than might otherwise be possible. The Agency operates Help to Buy for the whole of England.

Your receipt of these papers means that the applicant for whom you are being asked to act has been successful in his/her application for such assistance and is intending to purchase a property from a provider who is participating in the Help to Buy Initiative (the "Provider").

For the avoidance of doubt, a qualifying applicant (the "**Buyer**") currently includes:-

- those that are intending to be owner/occupiers (the properties cannot be bought for investment purposes);
- those that have satisfied the eligibility conditions as assessed by the Help to Buy Agent;
- those that are obtaining a first ranking mortgage (from a qualifying lending institution) for the maximum amount which he/she is able to afford on usual terms and is likely to be sustainable by them; and
- applicants who do not (or will not at the point of purchase of the Help to Buy property) possess any interest in any other dwelling.

By way of background, the Agency provides the assistance to the Buyer by making a payment at the Buyer's direction and with the Buyer's agreement directly to the Provider (on a property by property basis). The Buyer's obligation to pay the Full Purchase Price for the property is then satisfied by paying a lower Reduced Purchase Price and entering into an Equity Mortgage in favour of the Agency. The total deduction in price will represent up to 20% of the total purchase price of the home that is being acquired (the percentage being defined as the "**Contribution Percentage**"). The full purchase price must not exceed £600,000 i.e. the maximum contribution will be £120,000 from the Agency. Exact figures will be provided for each property.

The Reduced Purchase Price will be referred to in the Provider's sale contract and will correspond to the amount which is affordable to the Buyer as assessed by the Help to Buy Agent (via the Agency's affordability assessment calculator) under the initiative. The intention is that Buyers have assistance for the element which is not affordable through normal private mortgages together with any financial contribution which the Buyer can afford to make from their own resources (including through the sale of any existing property). The Help to Buy Agent therefore calculates the Contribution and the Contribution Percentage and notifies these to the Buyer the Agency and the Provider, via the Authority to Proceed. The terms of the purchase contract will need to correspond with this. In order to qualify for this product the Buyer must be entering into a first ranking mortgage prior to the Agency's charge.

When the Buyer purchases a property under this Initiative he/she then pays the Reduced Purchase Price on completion to the Provider instead of the Full Purchase Price. The difference between the two (i.e. the Contribution) expressed as a percentage of the Full Purchase Price will be the Contribution Percentage (which the Buyer will direct is paid to the Provider). When the Buyer sells the property he/she will be obliged to pay the Agency the Contribution Percentage of the eventual sales proceeds. The mortgage term in the Agency charge is 25 years.

For the avoidance of doubt, in calculating the Reduced Purchase Price (i.e. the amount of funding to be provided by the first qualifying lending institution together with any contribution from the Buyer's own reserves), any mortgage fees that may be added by the first qualifying lending institution are to be **ignored**.

The obligation to make the repayment to the Agency has to be secured on the property by a second legal charge ("**the Equity Mortgage**") which must rank immediately behind the loan of the qualifying lending institution (such as a building society, bank or insurance company) who will be providing a conventional mortgage for a sum up to the remainder of the total purchase price.

The Agency has appointed a Post Sales Agent for the purpose of administering the Equity Mortgage and collecting all payments due including partial and full redemption payments as well as the interest payments due after the first five years of the mortgage. This will mean that the Buyer has one nominated point of contact for the Equity Mortgage.

A restriction in favour of the Agency is set out in the Equity Mortgage. The Land Registry have confirmed that the restriction contained in the Equity Mortgage is in a standard form. This restriction will need to be registered against the title at the same time as the transfer is registered in the name of the Buyer. A Form RX1 will be required to register this restriction. An undertaking will be required prior to completion of the Equity Mortgage from you to ensure that this restriction is registered together with the Equity Mortgage. You must also ensure that, within 5 working days of completion, the first qualifying lending institution is served a notice that the second charge is in place in accordance with a method of service of notice as set out in the Land Registration Rules 2003 (as may be varied or amended from time to time).

You are also required to send to the Help to Buy Agent as soon as practicable (and no later than 5 working days after completion):

- **Original Homes and Communities Agency Equity Mortgage**
- **Copy completed AP1 form as submitted to HM Land Registry**

and no later than 10 working days following receipt from HM Land Registry a certified copy Office Copy Entries confirming that the Equity Mortgage Document has been registered against the title to the Property.

The Buyer must not obtain a first loan for more than the Reduced Purchase Price (excluding any mortgage fees of the first qualifying lending institution) and you will be expected to provide the Help to Buy Agent with verification of the total purchase price payable and the amount of the first loan.

Please note that the qualifying lending institution cannot make further advances to the Buyer without the consent of the Agency (which will not normally be given). It is important that you confirm that the amount secured by the charge does not exceed the Reduced Purchase Price,

save in respect of any mortgage fees (or, if less, the amount of the first loan save in respect of any mortgage fees).

It is also important that you confirm that, in calculating the Contribution (and therefore the Contribution Percentage) the mortgage fees of the first qualifying lending institution have not been (and will not be) included in the calculation of the Reduced Purchase Price. In addition, no tacking will be permitted in relation to the first loan and no obligation on the qualifying lending institution to make further advances may be registered at the Land Registry unless written confirmation has been provided by the Qualifying Lender that they will not make further advances without first consulting the Agency.

The Buyer will either repay early voluntarily (the Buyer can repay the whole or part of the amount provided at any time) or when they sell the property or on a compulsory basis on the happening of specified events in the Equity Mortgage. The amount of the required repayment is equivalent to the value of the property (or the actual sale price if higher) at the date of repayment (whether that value has increased or decreased) multiplied by the Contribution Percentage.

By way of illustration, if the Contribution Percentage is 20%, the Buyer must pay the Agency 20% of the sale price when he or she sells the property. The actual amount to be repaid will therefore increase if the property increases in value but will decrease if the property decreases in value. The Agency, via the Help to Buy Agent, will require a copy of the property valuation before exchange of contracts.

It is anticipated that, as the Buyer's income improves, it will buy out the Agency by advance repayment or will move up the housing ladder by selling and moving on to home ownership which is not supported by an Equity Mortgage. A monthly fee (expressed as interest) is payable on the Equity Mortgage from the sixth year of the term (ie the fifth anniversary of the date of the Equity Mortgage). To start with this is a proportion of 1.75% of the value of the property on the date of acquisition as specified in the Equity Mortgage. The proportion is calculated as a percentage of the total interest charge representing the percentage outstanding under the equity loan. From the seventh year (ie from the sixth anniversary of the date of the Equity Mortgage) the 1.75% is subject to an annual increase based on the percentage increase in RPI (if any) plus 1%. Again, payment is to be made to the Post Sales Agent or such other party as the Agency may nominate.

Although there may be a small administration fee when the Agency is repaid early, there is no redemption fee or penalty. As house values increase it may be in the Buyers interest to repay the Agency as his or her financial position improves and makes this possible.

INSTRUCTIONS FOR SOLICITOR/LEGAL REPRESENTATIVES FROM HOMES AND COMMUNITIES AGENCY

The Agency is instructing you to act on its behalf in connection with our Help to Buy Initiative in accordance with the Council of Mortgage Lenders Handbook and our specific instructions set out in this document.

Please note that no retainer with the Provider exists.

Your charges and disbursements are payable by the Buyer and should be collected from the Buyer on or before completion. You must not allow non-payment of fees or disbursements to delay the payment of Stamp Duty Land Tax, the lodging of any Stamp Duty Land Tax return and registration of

documents. For solicitors, the Law Society recommends that your costs for acting on our behalf in connection with the mortgage should, in the interest of transparency, be separately identified to the Buyer.

In accordance with the accompanying Authority to Proceed, the Buyer will be able to pay a Reduced Purchase Price on completion but will be obliged to pay to the Agency the Contribution Percentage of its eventual sale proceeds when the home is sold. You will be responsible for registering the Equity Mortgage at the Land Registry to secure this.

You will receive with these instructions the Equity Mortgage for execution by the Buyer.

Summary

A brief summary of your role under this initiative is as follows:-

- Verify identity of Buyer;
- Return the Solicitor's Form 1 to the Help to Buy Agent no later than 5 working days before exchange of contracts (having checked and enclosed a copy of the Buyer's first mortgage offer and, where available, the first lender's valuation);
- Obtain a completed copy of the CML Disclosure of Incentives form from the conveyancer acting on behalf of the Provider who is selling the property that the Buyer is intending to purchase;
- Advise the Buyer fully of all terms/provisions of the Help to Buy Initiative (including, for the avoidance of doubt, the Help to Buy Buyer's Information Sheet set out in Schedule 10 ('**Help to Buy Buyer's Information Sheet**'), the Authority to Proceed as set out in Schedule 7 ('**Form of Authority to Proceed**') and the Equity Mortgage;
- Check confirmation of receipt/authorisation to exchange;
- Exchange contracts within three months of the date of the Authority to Proceed and subsequently (within 2 working days of exchange) confirm exchange of contracts to the Help to Buy Agent by returning Confirmation of Exchange Form to the Help to Buy Agent;
- Obtain confirmation from the Buyer that they do not (or will not at the point of purchase of the Help to Buy property) possess an interest in any other Dwelling;
- Ensure that the information inserted in the Equity Mortgage corresponds with the information contained in the Authority to Proceed ;
- Ensure that the Buyer properly executes the Equity Mortgage;
- Provide the Solicitor's Form 2 to the Help to Buy Agent no later than 5 working days before completion;
- Complete and register the Equity Mortgage as a second charge and ensure the restriction referred to in the Equity Mortgage is noted on the title at the Land Registry;
- Provide a certified copy of the completed Equity Mortgage and the relevant completed Form AP1 to the Help to Buy Agent as soon as reasonably practicable and in any event within 5 working days of completion.

- Ensure that the prior lender's charge documentation does not include an obligation on the prior lender to make further advances or to permit tacking (see below for more detail);
- Serve written notice of the second charge created by the Equity Mortgage on the first qualifying lending institution immediately upon completion in accordance with a method of service as set out in the Land Registration Rules 2003 (as may be varied or amended from time to time);
- Provide the following documents to the Help to Buy Agent (within 10 working days of receipt from the Land Registry);
 - o Original Homes and Communities Agency Equity Mortgage
 - o Land Registry Title

It is intended that you will otherwise fulfil your duties to the Agency by virtue of complying with the Council of Mortgage Lenders' requirements in relation to the prior qualifying lender.

You may charge the Buyer an additional fee for carrying out these instructions but this fee must be reclaimed by you from the Buyer.

As part of the conveyancing process, you will have to provide the Help to Buy Agent with:-

- a completed, signed letter in the form of the draft letter attached as Solicitor's Form 1 at Schedule 4 ("**Solicitor's Form 1**"); and
- a completed, signed report and undertaking in the form of the draft attached as Solicitor's Form 2 at Schedule 5 ("**Solicitor's Form 2**").

The Solicitor's Form 1 and the Solicitor's Form 2 refer to a number of defined terms, which can be summarised as follows:-

"Agency Equity Mortgage"	Means the Equity Mortgage Document to be entered into by the Buyer with the Agency;
"Authority to Proceed"	This is a notice served by the Help to Buy Agent on you and the Provider approving the Buyer's purchase and setting out information for Buyer on how to proceed with its purchase of the property, a copy of which will be provided to you with these instructions;
"Authority to Exchange"	This is a notice served by the Help to Buy Agent on you and the Provider providing the Agency's consent to exchange, in the form supplied with these instructions;
"Buyer"	This is the qualifying applicant who has instructed you to act on their behalf (in their purchase) and to whom these papers relate;
"Confirmation of Exchange"	This is the notice required to be completed by you

Form"	and returned to the Help to Buy Agent within 2 working days of exchange of contracts (annex 1 of Authority to Exchange);
"Contribution"	This corresponds to the difference between the Full Purchase Price of the home that the Buyer is buying and the Reduced Purchase Price (but, in any event, the Contribution must represent not more than 20% of the Full Purchase Price);
"Contribution Percentage"	This is the percentage of market value/sale proceeds of the property (as applicable) that the Buyer will be obliged to pay to the Agency when he/she sells the property (it corresponds to the percentage which the Contribution forms of the Full Purchase Price);
"Dwelling"	This means any residential dwelling that is used as, constructed for or intended for use for residential purposes and an 'interest in a Dwelling' means ownership of or any other legal or beneficial interest in a Dwelling;
"Equity Mortgage"	The second charge to be entered into by the Buyer with the Agency. The original Agency Equity Mortgage is provided with these instructions as there is no requirement for the Agency to execute the same;
"Full Purchase Price"	This is the total purchase price of the home that the Buyer is buying;
"Help to Buy Buyer's Information Sheet"	This is the explanatory and other documentation supplied with these Instructions to Solicitors by the Help to Buy Agent for provision to applicants and their solicitors;
"Incentives"	These are the financial or non-financial inducements or incentives that may be provided (or offered) by the Provider to buyers of units (including, as examples, subsidies, white goods, additional fixtures, fittings or enhanced specifications). They will be identified by your review of the completed copy of the CML Disclosure of Incentives form provided to you by the conveyancer acting on behalf of the Provider;
"Help to Buy Agent"	This is an agent contractually appointed by the Agency to deliver a one stop shop housing advice service within a geographical area that covers the

property to be acquired. The agent is nominated by the Agency act on its behalf in the operation of the Help to Buy Initiative;

- "Property Information Form"** This is the application form completed by the Buyer and the Provider and sent to the Help to Buy Agent together with the Provider's reservation form, a copy of which will be provided to you with these instructions;
- "Qualifying Lender"** This is a single mortgagee who is a qualifying lending institution taking a first charge on the property;
- "Reduced Purchase Price"** This corresponds to the amount that the Buyer is required to pay on completion (through the mortgage secured by way of first ranking charge from the qualifying lending institution and any cash resources) provided that the Buyer enters into the Equity Mortgage;
- "Solicitor's Form 1"** This is the form of report and undertaking required to be completed by you in advance of exchange in the form supplied with these instructions (Solicitor's Form 1);
- "Solicitor's Form 2"** This is the form of report and undertaking required to be completed by you in advance of completion in the form supplied with these instructions (Solicitor's Form 2);

How the Initiative works

The Help to Buy Initiative is administered by [*details of Help to Buy Agent to be inserted*] ("**the Help to Buy Agent**") (selected by the Agency) whose role it is to ensure that:-

- applicants meet the requirements of the initiative;
- the property selected provides adequate security for the Equity Mortgage (the standard form of which is supplied with these Instructions) by reference to the prior qualifying lending institution's valuation report or, where no such valuation report is available, by reference to the amount specified in the qualifying lending institution's mortgage offer as being the market value of the property;
- the property selected is eligible for purchase and does not exceed the maximum value limit of £600,000; and
- you complete and register the Equity Mortgage (together with registering the restriction (using Form RX1) in favour of the Agency at the Land Registry within the period specified in your pre-completion 'with priority' search.

A Buyer may come to receive assistance under the Help to Buy in one of two ways:-

- the Buyer may approach the Help to Buy Agent direct asking for details of new build developments in his/her area that may fall within Help to Buy; or
- the Buyer may be referred to the Help to Buy Agent as a result of him/her having made a direct approach to a Provider's sales team on a new build development.

Once an applicant has identified a property we strongly recommend that the applicant makes an appointment to see an Independent Financial Advisor (IFA) to gain confirmation of its financial status and the availability of mortgage funding. The Provider or the Help to Buy Agent should be able to suggest some IFAs, although please note that the applicant is free to choose their own IFA and is not obliged to see any suggested IFA.

The applicant should under no circumstances incur any costs in obtaining a mortgage (e.g. for a property valuation) until it has been accepted for assistance through the Help to Buy Initiative and the lender offering to provide the first mortgage has confirmed that it is a "qualifying lending institution". A "qualifying lending institution" is an institution authorised by the Financial Services Authority to "enter into a regulated mortgage contract as lender". This is likely to include most banks and building societies.

When the applicant reserves the property, the applicant will provide its financial details and details of the purchase to the Help to Buy Agent for an assessment of eligibility and approval via the completion of a Property Information Form in the form attached at Schedule 3 (the "**Property Information Form**"). The Property Information Form shall also include details of the Buyer's legal representative. The Buyer and the Provider will work together to complete the Property Information Form and the Provider shall ensure that it is submitted to the Help to Buy Agent together with a copy of the Provider's completed reservation form.

Whilst the Buyer will need to confirm the detail of its appointed legal representative (who must be either a solicitor, a Chartered Legal Executive or a licensed conveyancer) the Buyer should not incur any legal fees until it has been accepted for the Help to Buy Initiative. Any reservation fee payable to the Provider should be no more than £500 and should be refundable if the Buyer is not accepted for the Help to Buy Initiative following the submission of the Property Information Form.

As part of the assessment of eligibility, the Help to Buy Agent will ask the Buyer to produce evidence of their identity. However, irrespective of this, you are required to verify the identity of the Buyer in accordance with Council of Mortgage Lender's guidelines.

Once the Help to Buy Agent has considered the Property Information Form it will issue the Authority to Proceed to the qualifying applicant (with a copy being provided to the Provider), in which it will either approve or reject the purchase.

Events before exchange of contracts

If the purchase is approved, the Help to Buy Agent will make contact and provide you with these Instructions to Solicitors (having already been provided with your details in the qualifying applicant's Property Information Form), providing a copy to the Buyer. As mentioned above, your receipt of these papers means that the applicant for whom you are being asked to act has been successful in his/her application for such assistance and is intending to purchase a property from a Provider who is participating in the Help to Buy Initiative.

You will be instructed to proceed on the basis that the assistance for the Buyer (being an amount equivalent to the Contribution Percentage applied to the total purchase price of the property that the Buyer is buying) will be available upon completion.

If the copy of the Authority to Proceed provided to you makes reference to the Buyer providing some of his/her own cash to the purchase, you will need to verify that that cash will be available upon completion.

Exchange of contracts stage

Upon receipt of these Instructions to Solicitors you will need to check the details of the Buyer's purchase and provide the Help to Buy Agent with the signed and dated Solicitor's Form 1. **The Solicitor's Form 1 must be provided no later than 5 working days prior to the anticipated exchange date.**

Before exchange of contracts is requested you should send the Qualifying Lender a copy of the Guidance Note for Mortgage Lenders.

You must discuss any discrepancies between the information provided by the Buyer and the Authority to Proceed with the Help to Buy Agent and seek a satisfactory resolution before proceeding and, in any event, before issuing the Solicitor's Form 1.

Solicitor's Form 1 must be provided to the Help to Buy Agent no later than 5 working days before exchange of contracts to ensure that the following issues have been considered and resolved:-

- Confirmation that the Buyer's purchase accords in all cases with the Authority to Proceed (in particular the Full Purchase Price applicable to the property being bought by the Buyer and the Contribution Percentage along with the availability of any cash that may be being provided by the Buyer as specified in the Authority to Proceed);
- Confirmation, specifically, that the Full Purchase Price does not exceed the market value referred to in the Buyer's Qualifying Lender valuation report (or in the mortgage offer, where no such valuation report is available) (if it does not you may only proceed to exchange with the written authority of the Help to Buy Agent);
- Verification that the Incentives (for example, white goods, cashback etc) being offered to the Buyer do not exceed 5% of the Full Purchase Price and that the CML requirements in relation to incentives have been complied with. If the incentives exceed 5% you must not proceed further and advice from the Help to Buy Agent must be sought. For the avoidance of doubt, incentives never form part of the Contribution Percentage;
- Verification that the Buyer (and each Buyer where there is more than one person acquiring the property) has no interest in any Dwelling or that the Buyer intends to sell or complete the sale of any Dwelling(s) that they have an interest in, on or before the date of completion (and that exchange of contracts for such sale is anticipated to take place at the same time as exchange of contracts for the Help to Buy property);
- Confirmation as to the amount of the loan being provided by the Buyer's Qualifying Lender and that this does not exceed the Reduced Purchase Price;
- Confirmation that any mortgage fees of the qualifying lending institution have been (or will be) excluded from the calculation of the Reduced Purchase Price (and therefore the Contribution and the Contribution Percentage);

- Confirmation that a first ranking mortgage from a Qualifying Lender will be completed on completion of the purchase.

As no amendments will be accepted to the Solicitor's Form 1 or the Solicitor's Form 2 as set out in Schedules 4 and 5 respectively without the express written authority of the Help to Buy Agent, any issues that arise as a result of the specific confirmations sought above, or as a result of you not being in a position to provide the letters in the form attached, must be referred to the Help to Buy Agent. For the avoidance of doubt, in returning the completed Solicitor's Form 1 to the Help to Buy Agent you are confirming that you are in receipt of a completed CML Disclosure of Incentives form from the Provider's conveyancer which complies with your instructions. This does not override or discharge your duty to the Qualifying Lender and the Agency by virtue of complying with the Council of Mortgage Lenders' Handbook.

Once the Solicitor's Form 1 has been provided, the Help to Buy Agent will ensure that the information contained in that Solicitor's Form 1 accords with the Buyer's application to it (including the relevant Property Information Form). That being the case you will be given confirmation that you are authorised to exchange contracts.

For the avoidance of doubt, you are not permitted to exchange contracts until the Help to Buy Agent has received the Solicitor's Form 1 and has provided you with confirmation (via the Authority to Exchange notice) of receipt and instructions that you may now exchange. Such confirmation should be provided within 3 working days of receipt by the Help to Buy Agent of the completed Solicitor's Form 1.

As soon as contracts have been exchanged, you must confirm to the Help to Buy Agent:-

- **that exchange has taken place (via the Confirmation of Exchange Form) within 2 working days of exchange;**
- the proposed completion date (which must be **no more than six (6) months following the date of exchange**); and
- that the terms of the purchase accord with the Solicitor's Form 1.

At the same time, the Help to Buy Agent will notify the Agency that there will, upon completion, be a requirement for the assistance due (for the Buyer's purchase) to be available.

For the avoidance of doubt, exchange of contracts must not happen any later than 3 months after the date of the Authority to Proceed as, after that date, it will be null and void and of no effect. A further application would need to be made to the Help to Buy Agent before exchange of contracts could then be effected for that purchase, unless you obtain the Help to Buy Agent's confirmation in writing that this period can be extended).

Legal representative's undertakings: the Solicitor's Form 2

You must provide the Help to Buy Agent with the signed and dated Solicitor's Form 2 no later than 5 working days prior to the anticipated completion date. You will thereafter need to comply with the undertakings set out in the Solicitor's Form 2. These undertakings may not be amended without the Help to Buy Agent's confirmation in writing.

For the avoidance of doubt, you may not complete the Buyer's purchase until the Solicitor's Form 2 has been properly completed and delivered to the Help to Buy Agent in the requisite form.

Where you have provided the Solicitor's Form 2 to the Help to Buy Agent in accordance with your instructions, the Help to Buy Agent will issue a confirmation to Provider in the form annexed at Schedule 9.

Purchase completion stage

If the copy of the Authority to Proceed that has been provided to you makes reference to the Buyer providing some of his/her own cash to the purchase you must satisfy yourself that that cash will be available upon completion.

These arrangements should be reflected in the Buyer's purchase contract so as to incorporate provisions consistent with the example contract provisions set out in Schedule 2 of these instructions.

The Provider should provide you with a sale contract that incorporates these terms.

It is your responsibility to ensure that the Contribution Percentage and other details including, but not limited to, the initial market value of the property, and the amount of the Contribution of the Agency are correctly inserted into the Equity Mortgage and this is duly registered at HM Land Registry. Please note that the information inserted into the Equity Mortgage must correspond with the information in the Authority to Proceed.

You must ensure that where the Buyer (and each Buyer where there is more than one person buying the property) has any interest in a Dwelling that it will have sold, or be in contract to complete the sale of such Dwelling(s), on or before the date of completion. **Completion must not take place until the sale of any such Dwelling has taken place.**

The amount being lent by the Buyer's prior Qualifying Lender (together with any cash element funded by the Buyer) will represent the cash amount required to complete the purchase on the agreed date of completion. You will deal with that first loan in the normal way in accordance with the Council of Mortgage Lenders' Handbook as with any other residential purchase. The only monies you are physically required to deal with are those you will obtain from the Buyer and his/her prior Qualifying Lender which will (together) pay the Reduced Purchase Price.

Immediately following completion of the purchase, you must provide written notice of the existence of the completed Equity Mortgage to the prior Qualifying Lender. Whilst you should have already provided copies of the Guidance Notes for Mortgage Lenders to the Qualifying Lenders (and you will need to confirm that this has been done in Solicitor's Form 2) it is imperative that further formal written notice is provided in accordance with a method of service as set out in the Land Registration Rules 2003 (as may be varied or amended from time to time) at this stage. You will note that this is specifically covered by one of the undertakings contained in Solicitor's Form 2.

If, for whatever reason, there is no first mortgage, the Help to Buy Agent should be informed of this as soon as possible as a Help to Buy purchase cannot be completed without a first mortgage in place.

You must inform the Help to Buy Agent within 5 working days of completion that the Buyer's purchase has completed.

Your Duties to Us

You have a duty of care to us (the Homes and Communities Agency) and must comply with the terms of these instructions.

In providing the Solicitor's Form 1 and the Solicitor's Form 2 you must act in accordance with the requirements of Chapter 3 of the SRA Code of Conduct 2011 and particularly Indicative Behaviour 3.7.

You are being instructed in accordance with and must also comply with the CML Lender's Handbook issued by the Council of Mortgage Lenders. It is anticipated that you will have complied with these in any event for the prior Qualifying Lender. References within the CML Lender's Handbook to lender shall be treated as applying to the Agency and references to the borrower as applying to the Buyer.

In complying with the CML Lender's Handbook you may comply with the requirements and guidance of the prior mortgagee but subject to the Additional Instructions set out in Schedule 1 below.

Advising the Buyer

It is your responsibility to advise the Buyer on his/her obligations arising under the Help to Buy Buyer's Information Sheet (including the Personal Worked Example and the role and contact details of the Post Sales Agent), the Authority to Proceed and the Equity Mortgage and the consequences of this (in particular his/her obligations to pay the Contribution Percentage and other sums to the Agency). You must ensure that the Buyer receives copies of these documents at least seven days before completion.

You must further advise that the Buyer's home is at risk if they do not make the payments required by the Equity Mortgage and you must advise in accordance with the explanatory information supplied with this letter.

Neither you nor the Buyer may rely on any representation made by any person (including the Provider, its sales team, solicitor or any other person) as to the Buyer's rights or obligations under the Equity Mortgage save as set out in the Help to Buy Buyer's Guide, by the Agency or confirmed in writing by the Help to Buy Agent.

Duty to Notify:

If you become aware of any of the following facts:-

- the Buyer will not be occupying the property as a principal residence;
- the Buyer (or any one of them) owns or has an interest in any Dwelling that will not be sold on the completion date;
- the Buyer will not be obtaining the prior loan (from a prior Qualifying Lender) in accordance with your Solicitor's Form 1;
- the first mortgage is for more than the Reduced Purchase Price (or any lesser amount specified in the Authority to Proceed);

- the first mortgage and any private cash contributions are less than the Reduced Purchase Price (or any lesser amount specified in the Authority to Proceed);
- the Provider is providing Incentives to the Buyer not previously or otherwise disclosed on the completed copy of the CML Disclosure of Incentives form obtained from the conveyancer acting on behalf of the Provider;
- the mortgage fees of the qualifying lending institution have been included in the calculation of the Reduced Purchase Price (and therefore the Contribution and the Contribution Percentage);
- any cashback received by the Buyer has been treated as part of the Buyer's cash contribution towards the purchase; or
- there is an obligation in the first mortgage to register at HM Land Registry a form or notice obliging the Qualifying Lender to make further advances and confirmation has not been provided by the Qualifying Lender that they will not make any further advances without the consent of the Agency;

you must report this to the Help to Buy Agent, if the Buyer agrees, failing which you must return these Instructions to Solicitors and explain that you are unable to continue to act for the Agency as there is a conflict of interest.

Enquiries

Any enquiries concerning these instructions should be raised with [Help to Buy Agent]

[Note: Full contact details of Help to Buy Agent to be inserted]

Schedule 1 (Solicitor's Pack)

Additional Instructions

1 Incentives

It is important for the Agency to be satisfied that the Buyer is not receiving any incentives which would adversely affect the Agency or the value of the property.

Under the terms of its agreement with the Agency the Provider is restricted in relation to the terms upon which it may offer incentives to buyers. In particular the value of Incentives provided by the Provider shall not in any event exceed 5% of the Full Purchase Price and must comply with any guidance issued by the CML. Incentives are in addition to the Contribution.

If you believe that the Buyer is to be provided with any Incentives as described above then you are required to notify the Help to Buy Agent of this.

If you have any concern as to whether or not any incentives are required to be disclosed then you should contact the Help to Buy Agent on the [helpline].

2 CML Handbook

In complying with the CML Handbook you are entitled to assume that, save as specified in these Instructions to Solicitors and subject to the express requirements of the Solicitor's Form 1 and the Solicitor's Form 2, you have satisfied our requirements by satisfying the requirements of the Qualifying Lender providing the first charge. Please note the following (referring to the relevant paragraphs of the CML Handbook):-

Valuation (CML paragraph 4.1): You may not proceed to exchange of contracts unless a copy of the valuation report obtained for the Qualifying Lender has been provided to the Help to Buy Agent valuing the property (subject to any final inspection) at not less than the Full Purchase Price. If the valuation figure is less than this you should not proceed to exchange unless the Help to Buy Agent has confirmed in writing that the valuation is satisfactory. The Agency is not expecting you to assume the role of valuer or to advise on any limitation upon its ability to rely upon the valuation which has been obtained for the prior Qualifying Lender. If the prior Qualifying Lender will not give their approval to the provision of a copy of the valuation report to the Help to Buy Agent then you may not proceed to exchange contracts unless you have confirmed, via the Qualifying Lender's mortgage offer, that the Property has been valued at not less than the Full Purchase Price. If the figure is less than this you should not proceed to exchange contracts unless the Help to Buy Agent has confirmed in writing that the figure is satisfactory. If the Buyer will not give his or her approval to the provision of a copy of the valuation report to the Help to Buy Agent, then you may not proceed further and must return these Instructions to Solicitors and all other papers to the Help to Buy Agent.

Re-inspection (CML paragraph 4.2): Where a re-inspection is required prior to exchange of contracts, the Solicitor's Form 2 must confirm the final valuation following that final inspection. Exchange of contracts is not permitted where re-inspection by the valuer is required and this has not taken place.

First Legal Charge (and Deeds or Forms of Postponement) (CML paragraph 5.8): On completion the Agency requires that the Agency have a fully enforceable second charge by way of legal mortgage over the property executed by all owners of the entire legal estate. All existing

charges (other than the prior first charge to the Qualifying Lender) must be redeemed on or before completion. If the prior mortgagee requires a deed or form of postponement to be entered into you are not required to advise the Agency upon the effect of this but any correspondence relating to such deed or form should be passed to the Help to Buy Agent so that the Help to Buy Agent can obtain advice from the Agency and instruct you how to proceed.

You may not proceed (without written authority from the Help to Buy Agent) if:

- (a) the prior mortgagee has agreed a maximum amount of advance with the Buyer which exceeds the Reduced Purchase Price (or any lesser amount specified in the Authority to Proceed); or
- (b) you have been instructed by the prior mortgagee to register any obligation to make further advances in priority to the Equity Mortgage and confirmation has not been provided by the Qualifying Lender that they will not make any further advances without the consent of the Agency; or
- (c) the property is subject to any other form of shared equity (or similar) scheme.

In any event you may not proceed unless there is a first mortgage in place prior to registering the Agency's second charge.

Please note that the Agency is contacting some Qualifying Lenders with a view to the provision by them of a global confirmation to the Agency that they will not make further advances in respect of a mortgage on a Help to Buy property, without the consent of the Agency. In the event that you cannot obtain such confirmation from a Qualifying Lender in respect of the individual transaction you are acting on, please contact the Help to Buy Agent in order to confirm whether the Qualifying Lender has given a confirmation of this type to the Agency.

You are required to provide written notice of the existence of the Equity Mortgage to the prior Qualifying Lender immediately upon completion of the purchase. You will note that this is specifically covered by one of the undertakings contained in Solicitor's Form 2.

Other loans (CML paragraph 5.9): You must ask the Buyer how the balance of the purchase price is being provided. If the Authority to Proceed specifies an amount of savings to be provided by the Buyer then this must be complied with. If you subsequently become aware that the borrower is not providing the balance of the purchase price from his/her own funds and/or is proposing to give a further charge over the property (other than the prior charge to the Qualifying Lender in the amount disclosed in your Solicitor's Form 1) you must report this to the Help to Buy Agent if the borrower agrees failing which you must return these Instructions to Solicitors and explain that you are unable to continue to act for the Agency as there is a conflict of interest.

Purchase Price (and incentives) – (CML paragraph 6.3): We have provided you with a copy of the explanatory Guidance Notes for lenders. You must provide this (before exchange of contracts) to the prior mortgagee by way of explanation of the Help to Buy Initiative. As referred to above, you must also provide them with written notice of the existence of the Equity Mortgage upon completion of the Help to Buy purchase.

Insurance (CML paragraph 6.13): Where there is no common insurance policy for a property you should check that the total sum insured for the building is not less than the recommended insurance amount referred to in the prior Qualifying Lender's valuation report (unless insurance has been arranged by the prior Qualifying Lender). If the valuation does not specify the insurance level it should be insured at not less than the Full Purchase Price.

Separate Representation (Consent to Mortgage) (CML paragraph 8.3): The Agency requires anyone who is not a buyer and who is 18 years of age or over and intending to occupy the property to execute a consent to the Equity Mortgage in our standard form. Where you become aware of such a person you must arrange for them to see an independent conveyancer. You may advise any of these people if you are allowed to do so by the prior lender but you must only do so after recommending in the absence of any other person interested in the transaction that such person obtains independent legal advice. You must comply with the requirements of the prior lender in the giving of such advice.

Indemnity Insurance (CML paragraph 9.2): In effecting any indemnity insurance which may be required to comply with the requirements of the prior Qualifying Lender you should ensure that the limit of indemnity must be no less than the Full Purchase Price.

The Loan and Certificate of Title (CML paragraph 10.4): You should note that although your certificate of title will be addressed to the Agency we may at some time transfer our interest in the mortgage. In those circumstances, our successors entitled to the mortgage and those deriving title under or through the mortgage will also rely on your certificates.

Delayed Completion: (CML paragraph 10.6) If completion is delayed and you are required to return the mortgage advance from the prior Qualifying Lender you must notify the Help to Buy Agent of this.

3 **SDLT**

HM Revenue and Customs (HMRC) has advised the HCA that Stamp Duty Land Tax is payable by the Buyer on the Full Purchase Price. A land transaction return must be delivered to HMRC and the tax paid in full within 30 days of completion.

In the case of a leasehold transaction, SDLT is charged separately on the premium and the net present value (NPV) of the rent payable over the life of the lease. You can calculate the NPV using the tool at www.hmrc.gov.uk/so. However, it is very unlikely that NPV in a Help to Buy purchase will exceed the SDLT threshold and in this case no tax will be due on the rent.

No reduction or deferral of SDLT is available in respect of the Equity Mortgage and no further SDLT charge will arise on any repayment of them.

4 **Calculation of interest on the Equity Mortgage**

Interest payments to the Agency are due every month from the sixth year of the term of the Equity Mortgage and from that point the Buyer will have to pay interest every month which will be calculated by reference to the total value of the property at the time of purchase. From the sixth year of the term of the Equity Mortgage a proportion of 1.75% a year of the total amount of that value will be due. The proportion is calculated as a percentage of the total interest charge representing the proportion of the amount by which the Agency funded the initial purchase price. The interest payments will be spread out over 12 months.

Example A:

For example, if the value of the property was £200,000 then in the sixth year the total interest charge is 1.75% on £200,000 which is £3,500. Using the example above, if the Agency funded £40,000 then the Buyer only contributed £160,000. This means that the Agency funded 20% of the price. In the sixth year the interest charge will therefore be 20% of £3,500 (the total interest charge). This is £700 or about £58.33 a month in the first year in which interest is chargeable (i.e. in the sixth year after purchase).

After the sixth year and every year after that, the amount due will go up every year. (Please see below for an example calculation).

The interest which is due to the Agency every year (from the sixth year) increases. The amount it is increased by is calculated by firstly increasing the total interest charge (i.e. the interest charge on the initial value) by 1% plus increases in the Retail Prices Index ("**RPI**"). The Buyer will then pay the relevant percentage of that total charge representing the amount of the equity which the Agency has funded. The interest increase is calculated by increasing the total interest charge by 1% and also by any increase in the prevailing RPI. The increased interest charge on the initial value calculated each year is compounded and forms the base figure for the calculation of interest the following year. We cannot give a figure which shows how much this increase will be because it depends on what the RPI is for each year but we have set out some illustrative examples below.

Example B

If we use the above example without using the RPI in the calculation, then the total interest charge in the sixth year would be £3,500 pa i.e. 1.75% of £200,000. The Buyer would have to pay £700 in the sixth year i.e. 20% of £3,500 which is about £58.33 a month.

In the seventh year the total interest charge will be increased by 1% plus RPI so the total interest charge will be £3,535 i.e. £3,500 plus a 1% increase. The Buyer will pay 20% of that amount which is £707. So the seventh year interest charge will be £707 or about £58.92 a month plus RPI increases.

In the eighth year the total interest charge will be £3,570.35 i.e. £3,535 plus a 1% increase. The Buyer will pay 20% of that amount which is £714.07 in the eighth year or about £59.51 a month plus RPI increases.

In the ninth year, the total interest charge will be £3606.05 i.e. £3,570.35 plus a 1% increase. The Buyer will pay 20% of that amount which is £721.21 in the ninth year or about £60.10 a month plus RPI increases.

In the tenth year the total interest charge will be £3,642.11 i.e. £3,605.05 plus a 1% increase. The Buyer will have to pay 20% of that amount which is £728.42 in the tenth year or about £60.70 a month plus RPI increases.

In the eleventh year the total interest charge will be £3,678.53 i.e. £3,642.11 plus a 1% increase. The Buyer will have to pay 20% of that amount which is £735.71 in the eleventh year or about £61.31 a month plus RPI increases.

In the twelfth year the total interest charge will be £3,715.32 i.e. £3,678.53 plus a 1% increase. The buyer will have to pay 20% of that amount which is £743.06 in the twelfth year or about £61.92 a month plus RPI increases.

The same increases will take place in every year until the Buyer redeems the Equity Mortgage.

The interest payments the Buyer will have made if he/she sells in the twelfth year will therefore be a total of approximately £5,049.47 plus the RPI increase amount. The total the Buyer will have paid under the Equity Mortgage if he/she sells in the twelfth year is therefore the total of the monthly interest payments of £5,049.47 (plus RPI increases) plus 20% of the sale price/value of its home (as applicable) at that time.

Example C:

If the Buyer were to redeem part of the equity loans then the interest charge would be reduced proportionally. In the example above in the eighth year the total interest charge would be £714.07 (plus RPI increases). If in the eighth year the Buyer were to pay off 50% of the Equity Mortgage (i.e. £20,000 assuming no change in the value of the Property) the interest charge would be reduced to £357.04 plus RPI increases.

Example D:

As an example using RPI, if the total interest charge in the sixth year is £3,500 i.e. 1.75% of £200,000, using the example above, then the Buyer would have to pay £700 in the sixth year i.e. 20% of £3,500 which is about £58.33 a month.

In the seventh year the total interest charge will be increased by RPI plus 1%. The RPI increase which will be used will be the annual increase for the 12 month period ending at the end of September immediately preceding the date on which the interest charge is reviewed (which will be on 1 April in each year). For example, if we say that the RPI increase is 4.3% in a given year the total interest charge is therefore increased by 5.3% (i.e. the 4.3% RPI increase plus 1%) so the total interest charge will be £3,685.50 i.e. £3,500 plus a 5.3% increase. The Buyer will pay 20% of that amount which is £737.10. So the Buyer's seventh year interest charge will be £737.10 or about £61.43 a month.

The above calculations are only examples and the amount the Buyer will have to pay will depend on how much the RPI increases. Please note that the interest calculation is always done by reference to the amount of the initial value of the property and is based on the percentage amount outstanding under the Equity Mortgage.

Schedule 2 (Solicitor's Pack)
Provider's Sale Contract Provisions

The contract will specify:

The Full Purchase Price: [Insert Amount]

The Contribution: [£]

Contribution Percentage: [%]

The Reduced Purchase Price: [Insert Amount]

(Note: These are to correspond with the Authority to Proceed)

- 1 In consideration of the Buyer:
 - 1.1 agreeing to enter into the Equity Mortgage requiring it to pay the Contribution Percentage to the Agency; and
 - 1.2 agreeing to pay the Reduced Purchase Price on the completion date; and
 - 1.3 directing (in the Property Information Form) that the Agency pays the Contribution direct to the Provider;

the Provider agrees to sell and the Buyer agrees to buy the Property for the Full Purchase Price.
- 2 For the avoidance of doubt payment of the Full Purchase Price shall be deemed to be satisfied by the Buyer having entered into the Equity Mortgage; given the direction at paragraph 1.3 above; and paid the Reduced Purchase as described above.
- 3 This contract is conditional upon:
 - 3.1 the Buyer's original mortgage offer from a Qualifying Lender remaining valid (or the Buyer obtaining a replacement mortgage offer from a Qualifying Lender for an equivalent amount and the details of such offer being notified to the Help to Buy Agent prior to completion);
 - 3.2 the Full Purchase Price being equal to that set out in the Authority to Proceed; and
 - 3.3 the Seller(or its nominated agent) being eligible to receive funding for the Equity Mortgage for the Property by way of the Contribution from the Agency (for whatever reason and irrespective of whether such ineligibility has arisen prior to, on or after the date of this Contract)

together "**the Conditions**".

- 4 If the Conditions are not satisfied as at the date of Completion either the Buyer or the Seller may terminate this Contract by serving written notice to that effect on the other;
- 5 Termination of this Contract under clause 4 shall be without prejudice to the rights of the Buyer or the Seller against the other in respect of any antecedent breach of the provisions of this Contract by the other;
- 6 If this Contract is terminated under clause 4 the Deposit shall immediately be returned by the Seller to the Buyer together with interest accrued on the Deposit;
- 7 Prior to completion the Buyer is to procure that the Solicitor's Form 2 is provided by its solicitor to the Help to Buy Agent;
- 8 On completion the Buyer will enter into the Equity Mortgage;
- 9 The Buyer will provide copies of the documents (duly completed) referred to at clauses 7 and 8 to the Provider together with such evidence as the Provider may reasonably require to satisfy it that these obligations have been complied with;
- 10 The Buyer may not rely on any representation made by the Provider as to his/her obligations under the Equity Mortgage.

**** Although it is anticipated that the Provider in the contract for sale will usually also be the seller, in the circumstances specified in the Help to Buy Equity Loan Funding Agreement this may not be the case. In such alternative circumstances the Provider Sale Contract Provisions may be amended solely to reflect the structure of the sale.***

Schedule Three - Solicitor pack

PROPERTY INFORMATION FORM

SCHEME: HELP TO BUY

To: *[Help to Buy Agent]* (the **Help to Buy Agent**) as agent for Homes and Communities Agency (the **Agency**)

Please note all Information clearly – unclear details will cause delays and result in forms being returned

Part One

Named Applicant 1: [●]

Contact Telephone Number: [●]

Email address: [●]

Named Applicant 2: [●]

Contact Telephone Number: [●]

Email address: [●]

Lead applicant current property address: [●]

*(together the **Applicant**)*

Site Name: [●]

Selected Property Address: [●] (the Property)

Local Authority

Plot No.

Provider: [●]

Expected build completion date: [●]

Expected purchase completion date: [●]

House Type – Detached – Semi – terrace – Flat

Tenure - Freehold – Leasehold

Number of Beds 1 2 3 4 5 6 6+

Provider's Conveyancer's Details (including name, address, email, tel no and reference); [●]

Applicant's Conveyancer's Details (including name, address, email, tel no and reference); [●]

Independent Financial Advisor Details: (including name, company, email, tel no);

Full Purchase Price: [●]

Buyer's mortgage amount: [i.e. Maximum amount to be obtained by applicant]

Applicant's Cash Contribution: [●]

The Applicant confirms to the Help to Buy Agent and the Agency that the above details are accurate and are agreed between the Applicant and the Provider - the buyer's mortgage amount and cash contribution must reach a minimum of 80%

PART 2 MUST BE PRINTED ON A SEPARATE PAGE TO PART 1.

PART 2

Financial Details

Help to Buy Equity Loan requested amount (max 20%): [●]

Income – Applicant 1

Basic Employment Income (annual, gross): [●]

Overtime, Bonuses and Commissions: [●]

[Income – Applicant 2

Basic Employment Income (annual, gross): [●]

Overtime, Bonuses and Commissions:] [●]

Debt (to cover all Applicants if more than one)

Monthly loan/HP payments: [●]

Outstanding credit card balances: [●]

Additional household Income (monthly) (to cover all Applicants if more than one): [●]

Working tax credits: [●]

Child tax credits: [●]

Child benefit: [●]

Disability allowance: [●]

Guaranteed maintenance income: [●]

Other income: [●]

Monthly Service Charge: [●]

Do any of the applicants own a residential property? Y/N

If yes, please confirm the address: [●]

Personal Details

Applicant 1 date of birth: [●]

Applicant 2 date of birth: [●]

Number of adults to live in the Property [•]

Number of children to live in the Property [•]

NB Those of [18] years of age at the date of [] are adults and those below [18] years old at the date of [] are children.

The Applicant confirms to the Help to Buy Agent and the Agency that the above details are accurate and acknowledges that this information shall be used to determine the Applicant's eligibility for Help to Buy funding.

PART 3 – Applicants must read carefully

The Applicant (subject to acceptance for the Help to Buy Initiative and proceeding to completion of the purchase of the Property) agrees to and directs that the equity loan funding that the Agency will provide (comprising a contribution of up to 20% of the Full Purchase Price) is paid direct to the Provider to enable it to reduce the Full Purchase Price of the Property.

The Applicant acknowledges that the term of the Help to Buy equity loan is 25 years (subject to earlier redemption in accordance with the equity loan provisions).

The Applicant acknowledges that if they own a residential property that they will sell their interest in that property (or properties) in advance of completing their purchase of the Property with the assistance of a Help to Buy equity loan and that it is a condition of the equity loan that the Property which is the subject of the Help to Buy equity loan will be the only residential property they have any interest in for the duration of the Help to Buy equity loan.

The Applicant further acknowledges that the Agency has nominated an agent to administer Help to Buy equity loans (currently Metropolitan acting through its Housing Options Plus service (the Post Sales Agent)) and that all correspondence and payments required under Help to Buy equity loans will be addressed to the Post Sales Agent.

The Applicant declares for data capture purposes only (or if there is more than one applicant in relation to each applicant) that it is (they are) a:

- UK National [•]

- EEA Citizen [•]

- Person with indefinite leave to remain [•]

- Other (please state)

The Applicant confirms (or if there is more than one applicant in relation to each applicant is) that it is (they are) a:

Member of the armed (serving personnel) [•]

Social tenants [•]

Other

[●]

PART 4

The Applicant acknowledges that:

The Help to Buy Agent will only process the given personal data of the Applicant for the following purposes. The Help to Buy Agent will hold your information in accordance with the Data Protection Act 1998.

Firstly the processing and administering the Applicant's application to participate in the Help to Buy Initiative if the Applicant is approved.

Secondly, the Help to Buy Agent may also share this information for the same purpose with the Agency, the Post Sales Agent and other Help to Buy Agents, with other organisations that handle public funds and the Provider.

Thirdly, the information may be used for statistical surveys and analysis, which means the Help to Buy Agent may pass this information in confidence to local authorities, the DCLG (Department for Communities and Local Government), the Council of Mortgage Lenders and their members and other organisations working with the Help to Buy Agent and/or the Agency's in the delivery of the Help to Buy product. Any of these organisations may contact you in relation to this.

All information the Applicant gives to the Help to Buy Agent on this form (and information resulting from contact with the Applicant's landlord and/or employer) may be shared with the same only in relation to your application to participate in the Help to Buy Initiative.

All information will be treated in the strictest confidence. The Help to Buy Agent, other Help to Buy Agents, the Agency and the Provider, reserve the right to take up any references relating to applicants as the Help to Buy Agent considers necessary and may also search the files of any credit reference agency which will keep a record of any such request.

The Help to Buy Agent must protect the public funds it handles and so may use the information the Applicant has provided on this form to prevent and detect fraud. Under section 29(3) of the Data Protection Act 1998 the information may be disclosed for purposes of crime prevention and detection. Sensitive personal data such as racial or ethnic origin, offences (including alleged offences) and physical and mental disabilities are required under the Equal Opportunities Monitoring statute.

DECLARATION: -

It is a criminal offence to knowingly or recklessly make a false declaration or withhold information reasonably required in connection with this application.

The Applicant has read the above acknowledgement and confirms that the Applicant has provided accurate and up-to-date information relating to the Applicant's application for assistance under the Help to Buy Initiative.

The Applicant understands that if it is found that false information has been given to obtain assistance under the Help to Buy Initiative either knowingly or recklessly, appropriate legal action may be taken and the Agency may take action under its Equity Mortgage.

The Applicant authorises the Help to Buy Agent to pass information submitted as part of its application to:

- other Help to Buy agents,
- the Post Sales Agent,
- the Agency,
- Local Authorities,
- partner housing providers (registered providers/the Provider/Private Developers),
- Credit Reference Agencies,
- the Department of Communities and Local Governance,
- the Council of Mortgage Lenders (and their members); and
- other organisations working with the Help to Buy Agent and/or the Agency's in the delivery of the Help to Buy product

for the purposes of processing this application and statistical surveys and analysis of the Help to Buy Initiative.

I [] agree to the above terms and conditions and declare that all information provided in this form is true and accurate (1st applicant)

Signed _____ Dated _____

I [] agree to the above terms and conditions and declare that all information provided in this form is true and accurate (2nd applicant)

Signed _____ Dated _____

PROVIDER; PLEASE ATTACH A COPY OF YOUR RESERVATION FORM AND SEND IT TO [HELP TO BUY AGENT] WITH THIS PROPERTY INFORMATION FORM.

Equal Opportunities

The Help to Buy Agent operates a policy of equal opportunities in all aspects of its work. No person or group of people applying for housing will be treated less favourably than any other person or group

of people because of their sex, age, race, colour, ethnic or national origin. To help the Help to Buy Agent maintain a record, it asks the Applicant to tick the group to which it considers it belong.

How would you, the Applicant, describe your ethnic origin?

WHITE	First App	Joint App	ASIAN OR ASIAN BRITISH	First App	Joint App		First App	Joint App
A1 British	<input type="checkbox"/>	<input type="checkbox"/>	C80 Indian	<input type="checkbox"/>	<input type="checkbox"/>	E15 CHINESE	<input type="checkbox"/>	<input type="checkbox"/>
A2 Irish	<input type="checkbox"/>	<input type="checkbox"/>	C90 Pakistani	<input type="checkbox"/>	<input type="checkbox"/>			
A3 Other	<input type="checkbox"/>	<input type="checkbox"/>	C10 Bangladeshi	<input type="checkbox"/>	<input type="checkbox"/>	E16 OTHER ETHNIC GROUP	<input type="checkbox"/>	<input type="checkbox"/>
			C11 Other	<input type="checkbox"/>	<input type="checkbox"/>	F17 QUESTION REFUSED		
							<input type="checkbox"/>	<input type="checkbox"/>
MIXED			BLACK OR BLACK BRITISH					
B4 White & Black Caribbean	<input type="checkbox"/>							
B5 White & Black African	<input type="checkbox"/>		D12 Caribbean	<input type="checkbox"/>	<input type="checkbox"/>			
B6 White & Asian	<input type="checkbox"/>		D13 African	<input type="checkbox"/>	<input type="checkbox"/>			
B7 Other	<input type="checkbox"/>		D14 Other	<input type="checkbox"/>	<input type="checkbox"/>			

Do you or any member of your household consider yourself to be disabled? Yes No

If yes, please give details _____

Do you or any member of your family use a wheelchair? Yes No

Are you related to a current or former Committee/Board member or officer of a Registered Social Landlord (Housing Association)? Yes No

If so, please give details _____

Name of member or officer _____ Name of Housing Association _____

Schedule 4 (Solicitor's Pack)

Solicitor's Form 1

To: [Details of Help to Buy Agent and address]

From: Solicitor's reference: [●]
[Insert details of solicitor]

SCHEME: HELP TO BUY

Dear Sirs

BUYER: [INSERT DETAILS]
PROVIDER: [INSERT DETAILS]
PROPERTY: [INSERT DETAILS]

We confirm that we have been instructed to act on behalf of the Buyer named above in connection with the purchase of the Property. We also confirm that we have been instructed to act on behalf of the Buyer's mortgagee.

We confirm that we are in receipt of your Authority to Proceed dated [●] and your Instructions to Solicitors and the accompanying documentation.

We confirm that:-

- 1 we will comply with the instructions that have been supplied to us;
- 2 we will ensure that the financial terms of the proposed purchase accord with those set out in the Authority to Proceed;
- 3 we have read the instructions and that we are not aware of any Incentives being provided to the Buyer which we are required to notify to you. [Save forand/as set out in the attached copy of the Provider's CML Disclosure of Incentives Form]*;
- 4 we have obtained a completed copy of the CML Disclosure of Incentives form from the conveyancer acting on behalf of the Provider and it complies with our instructions;
- 5 [where the Authority to Proceed makes reference to the Buyer providing some of [his][her] own investment to the purchase, the Buyer has confirmed that that investment will be available upon completion];
- 6 the Buyer has received a mortgage offer from a Qualifying Lender and that we enclose a copy of the mortgage offer. We further confirm that the identity of the Qualifying Lender and the amount of the prior mortgage are as set out below:-

Qualifying Lender: [●]

Prior mortgage (net of fees): [£[●]];

Mortgage fees: [£[●]];

Term: [●] years

And that the balance of £[●] is to be provided by the Buyer;

7 the Full Purchase Price of the Property is [£[●]];

8 the calculation of the Reduced Purchase Price (and therefore the Contribution and the Contribution Percentage) does not include the mortgage fees referred to in paragraph 6;

9 it is anticipated that exchange of contracts will take place [on [specified date]]/[within the next [specified period]];

10 we have received written confirmation from the Buyer (and from each Buyer where there is more than one person) [that they have no interest in any Dwelling] OR [that the Buyer has an interest in a Dwelling but that it intends to sell or complete the sale of any Dwelling(s) that they have an interest in, on or before the date of completion. The Buyer has confirmed that it anticipates that exchange of contracts for the sale of such Dwelling shall take place on the date referred to at paragraph 9]**. We further confirm that we have received no notice or indication that contradicts such written confirmation(s) from the Buyer;

11 the Buyer has received copies of the Help to Buy Buyer's Information Sheet, the Equity Mortgage, and the Authority to Proceed and we have advised [him][her][them] of their contents in accordance with these Instructions to Solicitors. The Buyer received these at least seven days before completion. We have also drawn the Buyer's attention to the role of the Post Sales Agent as highlighted in the Help to Buy Buyer's Information Sheet;

12 [subject to final inspection*] the Full Purchase Price for the property does not exceed the market value of the Property as stated in the valuation report (or the mortgage offer, where the valuation report is not available) for the Qualifying Lender (a copy of which is attached);

13 within 2 working days of exchange of contracts we will provide you with the Confirmation of Exchange Form (which is annexed to the Authority to Exchange);

14 prior to completion we will provide you with the Solicitor's Form 2 in the required form;

15 upon completion the Equity Mortgage (in the form supplied to us by you will be entered into and, within 5 working days of completion, notice of charge will be provided to the Qualifying Lender (in relation to the Buyer's participation in the Help to Buy Initiative) in accordance with a method of service of notice as set out in the Land Registration Rules 2003 (as may be varied or amended from time to time).

Yours faithfully

[Date and insert details of solicitor signing report]

*Amend as appropriate

** Delete as appropriate

The Solicitor's Form 1 must be returned unamended (save for the words in square brackets or those areas expressly marked for amendment) to the Help to Buy Agent. Amended forms will not be accepted by the Help to Buy Agent.

Schedule 5 (Solicitor's Pack)

Solicitor's Form 2

DRAFT UNDERTAKING FROM HELP TO BUY PURCHASER'S SOLICITOR OR LICENSED CONVEYANCER TO [HELP TO BUY AGENT] AS AGENT FOR THE AGENCY – THIS DOCUMENT IS SUBJECT TO VARIATION AT THE DISCRETION OF THE AGENCY

Dear [Help to Buy Agent]

SCHEME: HELP TO BUY

We act on behalf of [●] (the "**Buyer**"), a qualifying applicant pursuant to the Authority to Proceed, in relation to the purchase of [●] (the "**Property**"). The defined terms in this report and undertaking bear the same meaning as those contained in the Authority to Proceed issued to us by you on [date].

We attach a certified copy of the [final Valuation Report received as part of the Buyer's first mortgage offer/the Buyer's mortgage offer confirming the valuation of the Property]*.

In consideration of the Agency having made equity loan funding available to the Buyer (the Contribution as referred to below), which the Buyer has agreed and directed is to be paid directly to [] (the "**Provider**") and the Full Purchase Price (as referred to below) having the Contribution deducted from it at completion so as to enable the Buyer to pay the Reduced Purchase Price (as referred to below) on the completion date, we confirm and acknowledge that you will rely on the following:-

- 1 We have compared the details provided to us in relation to the purchase of the Property against the relevant Authority to Proceed and can confirm that:-
 - 1.1 the Full Purchase Price is: [●]
 - 1.2 the Reduced Purchase Price is: [●] (which for the avoidance of doubt excludes any mortgage fees of the Qualifying Lender)
 - 1.3 the Contribution is: £[]
 - 1.4 the Contribution Percentage is : []%
 - 1.5 [the Incentives (including any cash back) are: [●] (which for the avoidance of doubt represents no more than 5% of the Full Purchase Price)]
 - 1.6 any cash back is (to be paid to the Buyer at completion): [●];
and these accord with the said Authority to Proceed.
- 2 We have confirmed the identity of the Buyer as required by your Instructions to Solicitors.
- 3 We have confirmed the existence of a prior ranking Qualifying Lender who will be taking a first charge over the property and that Qualifying Lender is [●].
- 4 We confirm that the amount of money to be advanced by the Qualifying Lender referred to in paragraph 3 above does not exceed the Reduced Purchase Price.

5 We confirm that the calculation of the Reduced Purchase Price (and therefore the Contribution and the Contribution Percentage) does not include any mortgage fees of the Qualifying Lender.

6 We confirm that the amount stated in the first charge as being secured by the prior ranking charge is £[●]

7 *Please include the applicable statement from the list below in paragraph 11:*

[We confirm that the prior ranking first charge does not include an obligation on the Qualifying Lender to make further advances or to permit tacking.] **OR**

[We confirm that the prior ranking first charge does include an obligation on the Qualifying Lender to make further advances or to permit tacking but that we have received confirmation from the Qualifying Lender that they will not make such further advances or permit tacking without the consent of the Agency] **OR**

[We confirm that the prior ranking first charge does include an obligation on the Qualifying Lender to make further advances or to permit tacking and although we have been unable to obtain direct confirmation from the Qualifying Lender that they will not make such further advances or permit tacking without the consent of the Agency, you have confirmed that a general confirmation to this effect has been provided to the Agency.] **

8 *Please include the applicable statement from the list below in paragraph 12:*

Where a Valuation Report is available:

[We confirm that (although we express no opinion on matters of valuation) the Full Purchase Price does not exceed the market value of the Property as stated in the Valuation Report obtained by the prior Qualifying Lender (a copy of [the Valuation Report] or [the mortgage offer] is attached) **OR**

In the event no Valuation Report is available but a mortgage offer has been provided:

[We confirm that (although we express no opinion on matters of valuation) the Full Purchase Price does not exceed the market value of the Property as stated in the Valuation Report obtained by the prior Qualifying Lender or the mortgage offer **OR**

Where neither of the above applies and written approval of the Help to Buy Agent has been obtained:

[We have received your written approval to the Valuation Report or mortgage offer a copy of which is attached] ***]

9 We confirm that we have provided the Qualifying Lender with notice that the Buyer is participating in this Initiative and we have provided the Qualifying Lender with the Guidance Notes for Mortgage Lenders.

10 We confirm that exchange took place on [●] and that the completion date is [●].

- 11 We have complied with the Council of Mortgage Lenders' Handbook in relation to the first loan from the Qualifying Lender which is to be secured by the first charge over the Property including submission of a fully completed disclosure of incentives form.
- 12 That we have investigated title to the Property and on the Agency's behalf have carried out the other steps required of us so that we can and hereby do give the certificate set out in the Appendix****.
- 13 We undertake to ensure that the form of Equity Mortgage that we have been supplied with:
- 13.1 contains information which corresponds with the information set out in the Authority to Proceed.
- 13.2 bears the Contribution and the Contribution Percentage as specified above;
- 13.3 is properly executed by the Buyer; and
- 13.4 is dated contemporaneously with the purchase of the Property.
- 14 where we have received confirmation from the Buyer (or any one of the Buyers where the Buyer is more than one person) that it has an interest in a Dwelling or we are on notice that the Buyer has such an interest in a Dwelling we undertake not to complete the Equity Mortgage or the purchase of the Property until the sale of such Dwelling has taken place, so that from the date of completion the Buyer will no longer have any interest in any Dwelling other than the Property;
- 15 We undertake within five working days of completion of the purchase of the Property to:
- 15.1 provide you with certified copies of the completed Equity Mortgage together with a certified copy completed AP1 form as submitted to HM Land Registry; and
- 15.2 serve written notice of completion of the Equity Mortgage to the prior Qualifying Lender in accordance with a method of service of notice as set out in the Land Registration Rules 2003 (as may be varied or amended from time to time).
- 16 We undertake as soon as reasonably practicable and (where applicable) within the relevant Land Registry priority period to
- 16.1 register the Equity Mortgage at the Land Registry as a second charge (ranking immediately after the first mortgage to be granted by the Buyer in favour of the Qualifying Lender);
- 16.2 further to make such necessary application to ensure that the Land Registry Restriction referred to in the Equity Mortgage appears on the title to the Property; and
- 17 We undertake as soon as reasonably practicable (and in any event no later than 10 working days following receipt from HM Land Registry) to send to the Help to Buy Agent a certified copy Office Copy Entries confirming that the Equity Mortgage has been registered against the title to the Property.

18 That we have advised the Buyer on their obligations arising under the Help to Buy Buyer's Information Sheet, including the Personal Worked Example, the Authority to Proceed and the Equity Mortgage in accordance with the Agency Instructions to Solicitors and further that the Buyer has received the Personal Worked Example in the form annexed to Help to Buy Buyer's Information Sheet specific to the Property.

* Delete as appropriate – the second option should only be used where a full valuation report is not available.

** You must be in a position to confirm one of the statements set out in Paragraph 7 – please delete the non-applicable statements.

*** Delete as appropriate –

The Form 2 paragraphs 1 – 18 must be returned unamended (save for the words in square brackets in paragraphs 7 and 8 as indicated) to the Help to Buy Agent. Amended forms will not be accepted by the Help to Buy Agent.

**** The Certificate of Title set out in Appendix 1 needs to be completed and signed for this Solicitor's Form 2 to be deemed validly submitted for the purpose of satisfying the requirements for the payment of the equity loan funding.

APPENDIX 1

CERTIFICATE OF TITLE

TO:	The Agency c/o Help to Buy Agent
The Borrower:	INSERT BUYER DETAILS
Property:	
Scheme	Help to Buy
Title Number:	
Mortgage Advance:	(Total amount of Contribution) which represents []% of the Full Purchase Price
Price stated in transfer:	(Full Purchase Price)
Completion Date:	
Conveyancer's Name & Address:	
Conveyancer's Reference:	
Conveyancer's bank, sort code, and account number:	NOT REQUIRED
Date of instructions:	

We the conveyancers named above give the Certificate of Title referred to in IB (3.7) of the SRA Code of Conduct 2011, published by the Law Society as if the same were set out in full subject to the limitations constrained in it.

Signed (Partner / Licensed Conveyancer)

Date: [●]

Schedule 6 (Solicitor's Pack)

Guidance Notes For Lenders

1 Introduction

- 1.1 The Homes and Communities Agency (the Agency) is providing equity loan funding to eligible buyers in order to offer assistance to enable them to buy a home from [] (the Provider) at a price that otherwise would have been out of their reach. Under a scheme called Help to Buy, the equity loan funding from the Agency will form a contribution of up to 20% of the total purchase price of the property that the buyer is acquiring (the percentage agreed for the qualifying applicant being defined as the "Contribution Percentage"). The contribution to be secured by a charge in favour of the Agency will be up to a maximum of 20%.
- 1.2 It is envisaged that, following initial sales the Help to Buy Initiative will be administered, on behalf of the Agency, by [insert details of the Post Sales Agent] or such other party as the Agency may nominate.
- 1.3 The assistance provided by the Agency has to be secured on the property by way of a second charge (Help to Buy Equity Mortgage); this will rank immediately behind a mortgage provided by a qualifying lending institution (such as a building society, bank or insurance company) for a sum of up to the remainder of the total purchase price (of the property that the buyer is acquiring). Under current arrangements mortgage lenders can only secure their mortgage as a first charge if they are a "qualifying lending institution". A "qualifying lending institution" is an institution authorised by the Financial Services Authority to "enter into a regulated mortgage contract as lender". This is likely to include most banks and building societies.
- 1.4 This guidance note notifies you, as the qualifying lending institution, that a qualifying applicant intends to purchase a Help to Buy property and a requirement of Help to Buy is that the charge to the Agency will be secured against the title of the property, as a second charge, behind your charge. In addition, following completion, the purchaser's solicitors will notify you that the second charge is in place by serving notice in accordance with a method of service of notice as set out in the Land Registration Rules 2003 (as may be varied or amended from time to time).
- 1.5 One of the key controls of the Help to Buy Initiative is that the first qualifying lending institution's valuation must not be less than the full purchase price of the Help to Buy home, otherwise the Help to Buy Agent cannot authorise the purchase.
- 1.6 **PLEASE NOTE: Further advances by the qualifying lending institution are not permitted without consent from the Agency (which will not normally be granted save in exceptional circumstance in which case they will generally rank behind the Help to Buy Equity Mortgage). Please refer to paragraphs 4.5 to 4.6 below for further details. In addition, tacking is not permitted under Help to Buy.**

2 Structure

- 2.1 The Agency will provide the assistance by making the equity loan funding payment available to the buyer (who agrees and directs that such funding is paid direct to the Provider). The purchase price is reduced accordingly. The Buyer's obligation to pay the Full Purchase Price for the property is then satisfied by paying a lower Reduced Purchase Price and entering into the Help to Buy Equity Mortgage in favour of the Agency. The difference in price will represent up to 20% of the total purchase price of the property that is being acquired (the percentage being defined as the "Contribution Percentage"). The full Purchase Price must not exceed the upper limit specified by the Agency which is £600,000.
- 2.2 The Reduced Purchase Price will be referred to in the Provider's sale contract and will correspond to the amount which is affordable to the Buyer as assessed by the Help to Buy Agent under the Help to Buy Initiative. The intention is that Buyers should only have assistance for the element which is not affordable through normal private mortgages. It is the Help to Buy Agent's role to calculate the Contribution and the Contribution Percentage and notify these to the Buyer, the Agency and the Provider.
- 2.3 When the Buyer purchases a property under the Help to Buy Initiative he/she pays the Reduced Purchase Price on completion to the Provider, and directs that the Contribution by the Agency is paid to the Provider, instead of paying the Full Purchase Price. The difference between the Reduced Purchase Price and the Full Purchase Price (i.e. the Contribution) expressed as a percentage of the Full Purchase Price will be the Contribution Percentage. When the Buyer sells his/her property he/she will be obliged to pay the Agency an amount equal to the Contribution Percentage of the eventual sales proceeds. The mortgage term is 25 years. However, if the Agency approved term of the Buyer's original first charge mortgage (or any approved remortgage) is longer than the Help to Buy Equity Mortgage term (up to a maximum of 35 years) and neither the first charge mortgage or the Equity Mortgage have been redeemed by the 25th anniversary of the date of the Equity Mortgage, the Agency shall agree to extend the term of the Equity Mortgage to match the remaining term of the Buyer's first charge mortgage.
- 2.4 The obligation to make this payment to the Agency has to be secured on the property (the "Help to Buy Equity Mortgage") and must rank immediately behind the qualifying lending institution (such as a building society, bank or insurance company) who will be providing a conventional mortgage for a sum up to the remainder of the total purchase price. As stated above there will be a second charge in favour of the Agency. This note gives notice to you that the purchaser intends to proceed and this will result in a second on the property.

Example – A Buyer agrees to purchase a £200,000 property from Provider.

Full Purchase Price (set by Provider and validated by the qualifying lending institution's valuation)	£200,000
Buyers affordability (assessed by the Help to Buy Agent using the Agency's affordability calculator)	£160,000

Contribution (calculated by Help to Buy Agent)	£40,000
Reduced Purchase Price (calculated by Help to Buy Agent)	£160,000
Contributions Percentage (calculated by Help to Buy Agent)	£40,000 (= 20%)

	£200,000

Therefore (dependent upon the lender's deposit requirements) the lender lends up to £160,000; the Buyer actually pays a Reduced Purchase Price of £160,000 on completion and agrees to pay the Agency 20% of sale proceeds on resale or earlier in accordance with the terms of the Equity Mortgage).

The figure comprising the Buyer's affordability (in this example £160,000) may include the Buyer's private funds or a deposit in addition to the monies lent by the qualifying lending institution.

3 **The Role of the Help to Buy Agent**

3.1 Buyers who qualify for Help to Buy are first approved by the Help to Buy Agent on behalf of the Agency, who will (in order to approve the qualifying applicant and eligible property) issue an Authority to Proceed.

3.2 The role of the Help to Buy Agent is to ensure:

3.2.1 qualifying applicants meet the requirements of the Initiative;

3.2.2 the property selected provides adequate security for the Help to Buy Equity Mortgage (the standard form of which is attached) by reference to the qualifying applicant's qualifying lending institution's valuation;

3.2.3 the qualifying applicant's legal representative completes and registers the Help to Buy Equity Mortgage promptly;

3.2.4 the property selected is eligible for purchase.

3.3 The rules are summarised in the enclosed Help to Buy Buyer's Guide .

4 **Procedure**

4.1 Subject to a mortgage offer being provided, the Help to Buy Agent will be responsible for checking the items referred to in Paragraph 3.2 above, issuing an Authority to Proceed and instructing the qualifying applicants solicitors (via the Authority to Exchange) that they may proceed to exchange of contracts.

4.2 On completion, the Provider will (at the Buyer's direction) receive the equity loan funding payment from the Agency, being the Agency's Contribution. The qualifying applicant's legal representative will not need to become involved in the mechanics of that draw down of funds other than to satisfy himself/herself that the assistance (being provided by the Agency to the Buyer) will be available on completion (and paid to the Provider), which he/she will have done prior to exchange of contracts in any event.

- 4.3 The amount being lent by the qualifying applicant's first lending institution will represent the amount required (combined with the any contribution for the applicant's own resources) to complete the purchase on the agreed date of completion. The qualifying applicant's legal representative will deal with that first loan in the normal way in accordance with the Council of Mortgage Lenders' Handbook as with any other residential purchase.
- 4.4 The assistance provided by the Agency is repaid by the qualifying applicant either early voluntarily (the qualifying applicant can repay the whole or part of the amount provided at any time or on a compulsory basis on the happening of specified events in the Help to Buy Equity Mortgage or when they sell the Property. The amount of the repayment is equivalent to the value of the property at the date of repayment (whether that value has increased or decreased), or the sale price if higher, multiplied by the Contribution Percentage. Early repayment can be made through a part redemption arrangement based on current valuation as repayments are made.
- 4.5 The assistance will be secured on the property by way of a second charge which will rank immediately behind the private loan from a qualifying lender, as stated above in paragraph 1.3.
- 4.6 Following completion, the Buyer's solicitor will notify you that the Help to Buy Equity Mortgage has been completed by serving notice in accordance with a method of service of notice as set out in the Land Registration Rule 2003 (as may be varied or amended from time to time) and will register the Help to Buy second charge at the Land Registry.
- 4.7 **Please note that tacking under the first charge will not be permitted.**
- 4.8 **Further advances provided by the qualifying lending institution will need to be approved by the Post Sales Agent (on behalf of the Agency) but further advances will not usually be permitted. Unless specifically approved to the contrary further advances that are permitted must be secured behind the Help to Buy Equity Mortgage.**
- 4.9 **In addition, under Help to Buy the qualifying lender will not be permitted to register a Form CH2 (or any equivalent form or note obliging the qualifying lender to make further advances) at the Land Registry. References in the first charge to allow tacking or provide an obligation to make further advances must be removed.**
- 4.10 In light of paragraphs 4.3 and 4.5, the first charge provided by the qualifying lender must detail the maximum amount that that lender is lending. This figure (less any mortgage fees) cannot exceed the Reduced Purchase Price as set out at paragraph 2.1 above.
- 4.11 Please note that upon full discharge by the Buyer of the Equity Mortgage to the Agency, the property will be released from the restriction in favour of the Agency to protect the Equity Mortgage.
- 5 **Documents required by the Help to Buy Agent**
- 5.1 Before the Help to Buy Agent can approve a qualifying applicant for the purchase of a Help to Buy property, the qualifying applicant must provide the Help to Buy Agent with:-

- 5.1.1 a copy of the qualifying lending institution's first mortgage offer;
- 5.1.2 a letter from the qualifying applicant's legal representative confirming the financial details of the purchase and confirming that an undertaking in the standard form will be provided prior to exchange of contracts (a standard form of which is attached to the enclosed copy Instructions to Conveyancer);
- 5.1.3 a copy of a survey report (HomeBuyer's Survey and Valuation Report or equivalent) which shows that the Full Purchase Price does not exceed the market value of the property.

The Help to Buy Agent does not require a full structural survey.

Where an applicant is unable to provide details of the mortgage offer to the Help to Buy Agent the application cannot be processed through the Help to Buy Initiative.

Schedule 7 (Solicitor's Pack)

Form of Authority to Proceed

Date: [●]
To: [Buyer's solicitor/conveyancer – Name/Address]
To: [Provider – Name/Address]
CC: [Buyer – Name/Address]
Scheme: Help to Buy
Property: [●]
Named Buyer: [●]

Option A

Your application to take part in the Help to Buy Initiative has been approved by [HTBA Name] and (subject to our standard terms) an equity loan will be available in respect of the Property referred to above on the following terms:-

FULL DETAILS OF NAMED BUYER: [●]

REDUCED PURCHASE PRICE (i.e. the amount met by the Buyer after deducting the amount advanced under the Equity Mortgage from the Full Purchase Price and excluding any mortgage fees of the Qualifying Lender): £[●]

FULL PURCHASE PRICE: £[●]

CONTRIBUTION (The Agency contribution (to be paid directly to the Provider), specifying in pounds sterling the amount of purchase price to be treated as deducted): £[●]

CONTRIBUTION PERCENTAGE (specifying percentage of the total sale proceeds to be repaid to the Agency when the property is sold, calculated as the Contribution as a percentage of the Full Purchase Price): £[●]

MORTGAGE LEVEL £[●]

APPROVED 1st CHARGE MORTGAGE TERM [●] YEARS

FORECAST INTEREST CHARGE YEAR 6 £[●]

(This will be collected by the Post Sales Agent in year 6)

REQUISITE AMOUNT OF CASH SAVINGS TO BE INVESTED BY BUYER: £[●]

(which will exclude any cashback incentive provided to the Buyer and must be equal to a minimum of 5% of the Full Purchase Price).

CASHBACK PROVIDED BY PROVIDER (to be paid to the Buyer on completion £[●])

TOTAL AMOUNT OF INCENTIVES PROVIDED BY THE PROVIDER (as set out in the Council of Mortgage Lenders Disclosure of Incentives Form) and not to exceed 5% of the full purchase price. £[●]

BUYER'S PROPERTY TO BE SOLD PRIOR TO PURCHASE:

Guidance for the Buyer

You should have read the Help to Buy Buyer's Guide issued to you when you reserved your Property. (If required, a further copy of the guide is available on our website – *insert link*). You should ensure that you have read this Guide before continuing with your purchase.

The Help to Buy process will require you to meet certain reasonable time deadlines. It is very important you make every effort to adhere to these otherwise your home may have to be reallocated to another buyer. You may find the enclosed checklist a useful aid in progressing your transaction.

If you wish to proceed with your Help to Buy home purchase on the above terms you must now:-

Step 1

You should by now have seen an independent financial advisor (IFA) and be getting ready to submit a mortgage application. It is very important that you seek independent advice about your mortgage. The mortgage must be from a qualifying lender.

Qualifying lending institutions include mortgage 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 Conduct Authority keeps a register of authorised persons on its website. The register can be found at <http://www.fsa.gov.uk/register/home.do>.

'Qualifying lending institution' is a complex definition. If there is any doubt as to whether a lender falls within this definition, Help to Buy Agents should ask prospective Help to Buy buyers to seek confirmation from their proposed lender of permissions they have been granted by the FSA.

The mortgage offer you should receive must be equal Mortgage Level noted on the front of this form and should be for a repayment mortgage. Interest only mortgages will not be approved for Help to Buy assisted purchases. If this is not the case you should discuss this with the Help to Buy Agent.

In addition to your mortgage funding, you have also told us that you will be making a cash contribution at exchange of contracts as referred to above.

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

secured on it.

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

Step 2

[HTBA name] has reviewed the **Property Information Form** completed by you and the house builder and has prepared this Authority to Proceed based on the information you have provided. This Authority to Proceed is valid for three months and you must exchange contracts to purchase the home in this time.

Although this Authority to Proceed is valid for three months, you will be expected to exchange contracts within a period of time specified by the Provider. The three month limit gives some allowances for unforeseen delays during conveyancing.

UPON RECEIPT OF THIS AUTHORITY TO PROCEED, YOU MUST AS SOON AS POSSIBLE CONTACT YOUR IFA AND LENDER SO THAT A FULL MORTGAGE OFFER CAN BE MADE ON YOUR SELECTED PROPERTY.

Step 3

Your solicitor/conveyancer will advise you on the Help to Buy Initiative and prepare all the documents. Your solicitor/conveyancer will explain the Equity Mortgage which means that the Agency must be paid the amount due under its mortgage when the property is sold or earlier in specified circumstances.

SO, FOR EXAMPLE, IF THE HOMES AND COMMUNITIES AGENCY INITIALLY PROVIDED A 20% CONTRIBUTION, THE REPAYMENT WILL BE 20% OF THE TOTAL VALUE WHEN IT IS SOLD OR WHEN REPAYED IF EARLIER.

You must sign to agree the Equity Mortgage and the sale contract before exchange of contracts. Your solicitor will contact you to arrange this.

Once your mortgage offer and valuation has been received, your solicitor/conveyancer will ask [HTBA name] for permission to exchange contracts with the Provider. After exchange you will be legally committed to purchasing the property.

You will also be advised of the date for completion so that you can plan your move. It is also important that you arrange buildings insurance cover for your new home from exchange of contracts.

If you have an existing home or property you must ensure that this is sold on or before the completion date of your purchase of your Help to Buy property.

Step 4

[HTBA name] will approve the exchange and your solicitor/conveyancer will exchange contracts and ensure your deposit contribution is paid. You will then be legally contracted to complete the purchase at a date agreed between you and the Provider.

Step 5

At completion, your lender will provide its funds and the Agency will send its contribution to the Provider. You will have already agreed and directed in the Property Information Form that the Agency's contribution is to be paid direct to the Provider. You will then be able to move in on a date agreed with the Provider.

The Agency has nominated an agent to administer the Equity Mortgage following completion, currently Metropolitan via its Housing Options Plus service (the Post Sales Agent)) and all correspondence and payments required under Equity Mortgage will be to the Post Sales Agent, until you are advised otherwise.

Your application will be treated as withdrawn if you do not proceed to exchange of contracts within the deadline given. If you are unsure of how to proceed, please contact [HTBA name] at [contact address/telephone number]

Before you proceed, make sure you have read the Help to Buy Buyer's Guide that explains how the Help to Buy Initiative operates. If you are unsure on how to proceed, please contact [HTBA name] for help.

Remember, do not enter a legal agreement to buy a home until approval has been given by us.

[The Buyer's Solicitor should note however that unless we otherwise confirm in writing:-

- (c) This Authority ceases to have effect if contracts are not exchanged for the sale of the Property within three months of the date of this Authority; and**
- (d) This Authority is subject to receipt by the Buyer's Solicitor of a mortgage valuation valuing the Property of no less than the Full Purchase Price.]**

OR

Option B

[We confirm that we do not regard the above named Buyer or the terms of its application as qualifying for the Help to Buy Initiative]

Yours sincerely

For and on behalf of [HTBA name]

Enclosures Personal Worked Example

Personal Worked Example (with no partial redemption) for [Purchaser's Name(s)]

You have found a property which is valued at [£XXX].

The Homes and Communities Agency (the **Agency**) has agreed to loan you [YYY%] of the purchase price (in return for you entering into an Equity Mortgage in favour of the Agency). You will fund [£ZZZ] which represents [WWW%] of the property value.

You will have to pay a monthly interest charge in the sixth year of [£]. This is calculated by firstly working out the total interest charge and then calculating [YYY%] of that interest charge. Please note that there are no interest charges for the first five years.

In the seventh year and in every year after that until the Equity Mortgage is paid back in full, the total interest charge is increased by the increase in RPI for the previous 12 months plus 1% and you will have to pay [YYY%] of the increased interest charge.

For example, in the seventh year if the RPI is taken from September [HTBA *to insert relevant year*] then the total annual seventh year interest charge would be increased by [*to insert relevant RPI from published RPI figures plus 1%*] and you would pay [YYY%] of that interest charge. This would mean that the interest charge you pay in the seventh year would be [*to calculate*].

If you decide to redeem the Equity Mortgage you will pay back [YYY%] of the market value. If you decide to sell then you will pay back [YYY%] of the market value unless the sale proceeds are greater in which case you will have to pay back [YYY%] of the sale proceeds.

For example if you sell the property at the end of year one then on the assumption that the value of the property has increased by 5% you will pay back [£*to calculate*]. In this example (assuming an annual 5% property price increase) the APR is therefore 3.98%. Please note that this is based **solely** on the capital sum repayable and does not take account of interest charges and any valuation fee payable on redemption

As another example, if you sell the property at the end of year 7 then on the assumption that the value of the property has increased by 5% a year and that the RPI for year seven is the same as the RPI for year six (i.e. [*to insert RPI for the sixth year*]) you will pay back a total of [£*to calculate*]. In this example the APR is therefore [*to calculate*]

This is worked out by firstly assuming that the value of your home increases each year by 5% so the value of your home in year seven is [*to calculate – nb the increases are **not** compounded so it is the initial price which goes up by 5% each year*] and you pay back [YYY%] of that value which is [].

You will also pay back the interest charge in each of years six and seven of the loan. In the sixth year the interest charge will be [*to insert*]. In each year the interest charge increases by 1% plus RPI. If we assume that the RPI in the seventh year stays the same as it as at the date this worked example was calculated (which is [*to insert*]%) then the total amount of interest you have paid in each of the sixth and seventh years will be [*to calculate – nb the interest increases **are** compounded.*] If the property is valued for the purposes of the sale or the redemption then you will have to pay the valuation fee which is currently approximately [£*to insert*].

Schedule 8 (Solicitor's Pack)

Form of Authority to Exchange

THE CONFIRMATION OF EXCHANGE FORM (ATTACHED AT ANNEX 1) MUST BE COMPLETED AND PROVIDED BY THE BUYER'S SOLICITOR/CONVEYANCER TO THE HELP TO BUY AGENT WITHIN TWO (2) WORKING DAYS OF EXCHANGE OF CONTRACTS IN ACCORDANCE WITH THE BUYER'S SOLICITORS/CONVEYANCERS UNDERTAKING WITHIN THE SOLICITOR'S FORM 1.

Date: []

To [Buyer's solicitor/conveyancer – Name/Address]

Property:

Scheme: Help to Buy

Named Buyer:

Expected date of Exchange:

On behalf of the Homes and Communities Agency we confirm receipt of the Solicitor's Form 1 in relation to the purchase of the above Property by the above named Buyer. Please take this letter as consent (on behalf of the Homes and Communities Agency) to proceed to exchange contracts on the (date as per Solicitor's Form 1) in respect of such purchase SUBJECT ALWAYS to:

- 1 Your compliance with the provisions of Solicitor's Form 1 and the instructions supplied; and
- 2 The Authority to Proceed (or Revised Authority to Proceed as applicable) being valid and the terms of the sale according with the terms of such Authority to Proceed.

Please note that this consent only relates to the Homes and Communities Agency procedural requirements for the sale of properties under Help to Buy and in no way replaces or affects your obligation to comply with the terms of the instructions received from the Homes and Communities Agency and the relevant Law Society and CML requirements in relation to the conveyancing process.

Signed

[Help to Buy Agent]

CC

[Provider & Homes and Communities Agency]

Annex 1

Confirmation of Exchange Form

From: [Buyer's solicitor/conveyancer – Name/Address]

To: [Help to Buy Agent – Name/Address]

Date: []

Re: Confirmation of exchange of contracts

Scheme: HELP TO BUY

Applicant name(s)	HtB property address	Date of exchange of contracts

We confirm that the above buyer(s) has exchanged contracts on the above property and we are therefore providing the Help to Buy Agent with confirmation of exchange in accordance with clause 13 of Solicitor's Form 1.

Yours faithfully

[Buyer's solicitor/conveyancer]

Schedule 9 (Solicitor's Pack)

Help to Buy Agent Transaction Confirmation to Provider

Date: []

To [Provider's solicitor – Name/Address]

Provider []

Property: [.....]

Scheme: Help to Buy

Named Buyer: []

Date of Exchange (where applicable):

Proposed Date of Completion

We confirm receipt of a Solicitor's Form 2 in relation to the purchase of the above Property by the above named Buyer. Please take this letter as confirmation from the Help to Buy Agent of: -

- (a) service of the relevant Authority to Proceed by us which will be/was current and valid as at the date of exchange confirmed to us in the Solicitor's Form 2;
- (b) receipt by the Help to Buy Agent of a valid Solicitor's Form 2 (with the attached Certificate of Title completed and signed by the legal advisor acting on behalf of the above named Buyer) in respect of the above Property; and
- (c) receipt by the Help to Buy Agent from the legal advisor acting on behalf of the above named Buyer of a certified copy of either the above named Buyer's final professional valuation (obtained on behalf of an approved lender) or (where not available) the above named Buyer's mortgage offer confirming the valuation and valuing the Property at a sum which is no less than the Full Purchase Price (as set out in the Solicitor's Form 2) or (at the discretion of the Agency) within a tolerance of that sum determined from time to time by the Agency and notified by the Help to Buy Agent to you in writing.

Signed
[Help to Buy Agent]

Schedule 10 (Solicitor's Pack)

Help to Buy Buyer's Information Sheet

Equity mortgages and your home

Please note that once the equity mortgage has been entered into, any queries in relation to your Help to Buy mortgage should be directed at the Home and Communities Agency's Post Sales Agent. Full contact details can be found at "www.myfirsthome.org.uk" or in the welcome letter issued when you buy your home.

Please be aware that this is information only and does not form part of the mortgage agreement so it is not a legal document. You MUST read the mortgage agreement very carefully and make sure that you understand everything it contains as you will be bound by its terms. We recommend that you get your own legal and financial advice before you sign the mortgage agreement (which the solicitor/conveyancer acting on your behalf in the purchase should be able to provide you with).

- 1 You should make sure that you can afford the payments under any other mortgage as well as the payments under the equity mortgage because your home will be at risk if you do not keep up with the payments. You will also have to pay interest on any payments which are made late.
- 2 An "equity mortgage" is similar to a normal mortgage because the money you borrow will be secured against your home and you will have to make payments to the lender under the equity mortgage. The payments which you will have to make under the equity mortgage are listed in the table at the end of this note. The fact that the money is secured against your home means that your home is at risk if you do not keep up the payments under the mortgage.
- 3 Before you enter into an equity mortgage there will be a valuation of the home you want to buy to work out how much the home is worth. The Homes and Communities Agency ("HCA") as the equity mortgage lender will then fund a portion of the amount you have to pay for your home by a percentage which has been agreed with you first (please be aware that there are limits on the amount which the equity mortgage lenders will fund the value by).

Example 1

For example, if the value of your home was £200,000 and the HCA contributed £40,000 then you only contributed £160,000. This means that the HCA funded the price you had to pay by 20%.

- 4 In exchange for financing a portion of the value of your home the HCA will have an equity mortgage against your home.

You will have to make interest payments to the HCA every month and you will have to pay the HCA some of the money you receive when you sell your home unless you pay back the HCA before you sell your home. Under Help to Buy, the HCA may appoint an agent to collect the monies you owe.

- 5 The interest payments do not accrue and are not payable until the sixth year of the term of the equity mortgage and from that point you will have to pay interest every month which will be calculated by reference to the total value of your home at the time you bought it and the contributions made by the HCA to assist you to buy it. From the sixth year of the term of the equity mortgage you will have to pay a proportion of 1.75% a year of the total amount of that value. The proportion is linked to the percentage of the initial purchase price funded by the HCA. The amount you pay a year will be spread out over 12 months so you will pay a proportion of that every month.

Example 2

For example, if the value of your home was £200,000 then in the sixth year the total interest charge is 1.75% on £200,000 which is £3,500. Using example 1 above, if the HCA funded the price you paid by £40,000 then you only contributed £160,000. This means that the HCA funded the price by 20%. In the sixth year you will therefore have to pay 20% of £3,500 (the total interest charge). This is £700 or about £58.33 a month in the first year.

After the sixth year and every year after that, the amount you will have to pay each month will go up every year. (Please see below for an example calculation).

It is very important that you keep up these payments to the HCA because your home will be at risk if you do not make these payments. You will also have to pay interest on any payments which are made late. Missing payments could have severe consequences and risk making obtaining credit more difficult.

- 6 When you sell your home you will have to repay the HCA from some of the money you receive from the sale. The amount you have to pay back depends on the value of your home (or the sale price if higher) when you sell your home. The value may have gone up or down.

- 7 If the value of your home goes up then you will pay back to the HCA more than the amount by which the HCA funded the price of your home when you first bought it. You will pay back the same percentage as the HCA funded the original price by.

Example 3

For example, if the value of your home was £200,000 and the HCA funded the amount you paid by £40,000 then you only contributed £160,000. This means that the HCA

funded the value by 20%.

If, for example, you sell your home five years later and you sell your home for £250,000 then the amount you will have to pay back will be 20% of £250,000 because the HCA funded the price paid by you by a total of 20%. This means that you would have to pay back £50,000.

The value of your home has increased by 5% each year so the amount you have to pay back has increased by 5% each year. This means that the annual percentage rate is 5%. You will not pay any interest if you sell in the fifth year because interest does not accrue or become payable until the sixth year.

As stated above the interest which you pay on the equity mortgage every year (from the sixth year) increases. The amount it is increased from the seventh year onwards by is calculated by firstly increasing the total interest charge (i.e. the interest charge on the initial value) by 1% plus RPI increases. You will then pay the relevant percentage of that total charge representing the amount of the equity which the HCA has funded. Because the interest increase is going to be by reference to the prevailing RPI we cannot give an example which shows you exactly how much this increase will be because it depends on what the RPI is for each year. We have given an example based on previous RPIs at example 5.

Example 4

If we use the above example without using the RPI in the calculation then:

In the sixth year the total interest charge would be £3,500 pa i.e. 1.75% of £200,000. You would have to pay £700 in the sixth year i.e. 20% of £3,500 which is about £58.33 a month.

In the seventh year the total interest charge will be increased by RPI plus 1% so the total interest charge will be £3,535 i.e. £3,500 plus a 1% increase. You will pay 20% of that amount which is £707. So your seventh year interest charge will be £707 or about £58.92 a month plus RPI increases.

In the eighth year the total interest charge will be £3,570.35 i.e. £3,535 plus a 1% increase. You will pay 20% of that amount which is £714.07 in the eighth year or about £59.51 a month plus RPI increases.

In the ninth year, the total interest charge will be £3,606.05 i.e. £3,570.35 plus 1% increase. You will pay 20% of that amount which is £721.21 in the ninth year or about £60.10 a month plus RPI increases.

In the tenth year the total interest charge will be £3,642.11 i.e. £3,606.05 plus 1% increase. You will have to pay 20% of that amount which is £728.42 in the tenth year or about £60.70 a month plus RPI increases.

In the eleventh year the total interest charge will be £3,678.53 i.e. £3,642.11 plus 1%

increase. You will have to pay 20% of that amount which is £735.71 in the eleventh year or about £61.31 a month plus RPI increases.

In the twelfth year the total interest charge will be £3,715.32 i.e. £3,678.53 plus 1% increase. You will have to pay 20% of that amount which is £743.06 in the twelfth year or about £61.92 a month plus RPI increases.

The same increases will take place in every year until you redeem the equity mortgage.

The interest payments you have made if you sell in the twelfth year will therefore be a total of approximately £5,049.47 plus the RPI increase amount. The total you will have paid if you sell in the twelfth year is therefore the total of the monthly interest payments of £5,049.47 (plus RPI increases) plus 20% of the value of your home at that time. If as an example your home was originally worth £200,000 and you sell in the twelfth year when it is worth £275,000 then when you sell you will pay back 20% of £275,000 which is £55,000. You will therefore have to pay a **total** of £60,049.47 (plus RPI increases on the interest charge).

Example 5

As an example using RPI then:

In the sixth year is £3,500 i.e. 1.75% of £200,000, using example 4, then you would have to pay £700 in the sixth year i.e. 20% of £3,500 which is about £58.33 a month.

In the seventh year the total interest charge will be increased by RPI plus 1%. The RPI increase which will be used will be the annual increase for the 12 month period ending at the end of September immediately preceding the date on which the interest charge is reviewed (which will be on 1 April in each year). If we take the RPI increase of February 2011, this is 5.5%. The total interest charge is therefore increased by 6.5% (i.e. the 5.5% RPI increase plus 1%) so the total interest charge will be £3,727.50 i.e. £3,500 plus a 6.5% increase. You will pay 20% of that amount which is £745.50. So your seventh year interest charge will be £745.50 or about £62.13 a month

We have set out below a table of the **example** interest rates and APR but you must obtain independent financial advice.

This example is based on an initial property value of £200,000 with a total 20% equity mortgage, property values increasing by 5% a year

	Sale on 5 th anniversary	Sale on 6 th anniversary	Sale on 7 th anniversary

Example Total Repayment (excluding any RPI increases)	£51,051 of which Interest: £0 Capital: £51,051	£54,304 of which Interest: £700 Capital: £53,604	£56,991 of which Interest: £707 Capital: £56,284
Example approximate APR (excluding any RPI increases)	5%	5.23%	5.19%

The above calculations are only examples and the amount you will have to pay will depend on how much the value of your home has increased by and on how much the RPI increases (because the above examples exclude any RPI). Please note that if the RPI for a particular year goes below 0% the interest charge will still be increased by the additional 1%. This means that the minimum interest increase is 1% per year (after the 6th year). Please note that the interest calculation is always done by reference to the amount of the initial value of your home. A further example, based on the figures involved in your purchase will be provided once you have found a property/is provided with this information.

Please be aware that if you get a valuation and then sell your home for more than the valuation you will have to pay back the percentage of the amount you sell your home for and not the amount of the valuation.

For example if you get a valuation to say that your home is worth £200,000 and then you sell your home for £250,000 you will have to pay the HCA 20% of £250,000 because that is the amount you sold your home for.

- 8 If the value of your home goes down then you will pay back less than the amount by which the HCA funded the cost of your home when you first bought it.

Example 6

For example, if the value of your home was £200,000 and the HCA funded the amount you paid by £40,000 then you only contributed £160,000. This means that the HCA funded 20% of the price.

If, for example, you sell your home five years later for £150,000 then the amount you will have to pay back will be 20% of £150,000 because the HCA funded 20% of the price. This means that you would have to pay back £30,000 (as well as the monthly interest payments explained above).

- 9 You will have to pay back the HCA whenever you sell your home, unless you have already paid the HCA back.

You may have to pay back the HCA earlier than when you sell your home, for example if you are made bankrupt. Please also be aware that the HCA must be repaid in full by the 25th anniversary of the date you take out the mortgage and if you haven't paid back the HCA by that date you will have to do so. The full details of when you will have to pay back the HCA are in the mortgage agreement and you should read this carefully.

- 10 If you want to, you can pay back the HCA at any time. You will have to have enough money to pay back the HCA but you do not have to wait until you sell your home.

If you want to pay back the HCA early, then the amount you will have to pay will depend how much your home is worth at that time. This will be calculated in the same way as is given as an example above and please note that you will have to arrange and pay for the valuation of your home in order for the HCA to calculate how much you have to pay to redeem the equity mortgage. The HCA will require a copy of the valuation before you sell your home and before it agrees to the repayment of the equity mortgage. If the proceeds of sale are higher than the valuation you will have to pay back more.

- 11 If you want to, you can pay back only part of the equity mortgage. This is fully explained in the mortgage agreement which you should read carefully.

If you want to pay back only part of the equity mortgage you will have to arrange and pay for the valuation and the HCA will then work out how much you need to pay to pay off a part of your equity mortgage. The minimum amount you can pay back as part only is a total of 10% of the value of your home at the time you want to pay off part of the equity mortgage. The HCA will require a copy of the valuation before you make a part repayment.

Example 7

For example, if you bought your home for £200,000 and the HCA contributed a total of £40,000 then you contributed £160,000. This means that the HCA funded a total of 20% of the price paid. If your home is valued at £250,000 four years later and you want to pay back a total of 10% to the equity mortgage lenders, you will have to pay the HCA a total of £25,000. After you have paid back that 10% of the equity mortgage, you will then only have to pay back 10% of the value of your home when you sell or when you decide to pay off more of your mortgage.

If you pay off part of your equity mortgage then the percentage of the total interest charge you will pay every month will reduce because, using the example above, you will only have to pay 10% of the total interest charge and not 20%.

- 12 As well as taking out the equity mortgage, you must also mortgage your property in the normal way to a different lender.

You must take out a standard mortgage with a different lender or you will not be able to take out the equity mortgage. If you ever pay off your standard mortgage

you must also pay off your equity mortgage at the same time. You can pay off your equity mortgage before your standard mortgage.

You should make sure that you can afford the payments under any other mortgage as well as the payments under the equity mortgage because your home will be at risk if you do not keep up with the payments. You will also have to pay interest on any payments which are made late. Missing payments could have severe consequences and affect your ability to obtain credit.

- 13 You may want to borrow more money against the value of your home. You can only borrow more money from the 'normal' mortgage lender. You cannot borrow more money from the HCA.

If you want to borrow more money then you will have to agree this with the normal mortgage lender and the HCA will have to consent to the extra borrowing.

In the majority of circumstances the HCA will refuse consent to extra borrowing.

Please note that if you borrow more then this means that the amount you owe to the normal mortgage lender has increased so the amount of money secured against your home will increase. You will need to discuss this carefully with your normal mortgage lender and make sure that you can afford the monthly repayments, which will go up.

- 14 If you want to make any additions or improvements to your home, such as an extension or a new kitchen or bathroom, then you will need to speak to Post Sales Agent (acting on behalf of the HCA) first to make sure they agree.

Any additions or improvements you make may increase the value of your home. If you have carried out the improvements and/or additions with the consent of the Post Sales Agent (acting on behalf of HCA) then any increase in value attributable to such improvements/additions will belong to you. If you do not get the consent of the Post Sales Agent (acting on behalf of HCA) before you carry out the improvements and/or additions then the HCA will be entitled to a share in the increase in value in the usual way.

It is therefore very important that you obtain the Post Sales Agent's consent (acting on behalf of HCA) before you carry out any improvements as it will have a financial impact on you if you do not.

This is because if, for example, you have an equity mortgage for 20% of the value of your home and you carry out improvements without asking for consent then the HCA will benefit from 20% of any added value to your home even though you paid for the improvements. As an example using figures, you have a 20% equity mortgage and you spend £30,000 on an extension without asking for consent. The extension adds £15,000 of value and you redeem your mortgage or sell then you will have to pay back the HCA 20% of that £15,000 added value (i.e. £3,000). If you had asked for consent before adding the extension then the HCA would not have to be paid back any of that added £15,000 value.

The Post Sales Agent (acting on behalf of HCA) will not refuse to give you consent to make any improvements unreasonably but the HCA's general expectation is that the

Equity Mortgage will be redeemed before you carry out improvements or alterations to your home.

If you are not sure if what you want to do to your home counts as an improvement or addition then you should speak to the Post Sales Agent (acting on behalf of HCA) first.

- 15 In the event that the proceeds of the sale of your property (after sums due to the first standard mortgage lender – excluding any redemption penalties - have been repaid) are not enough to pay the amount repayable for the equity mortgage, then (provided you have complied with the terms of the equity mortgage) the HCA will accept the balance of the sale proceeds as full repayment of the equity mortgage. In doing this they will agree to release the charge over your property and will not take action to recover any further monies from you. Please note that the HCA (or their agent) will need to approve the sale before the charges can be released.

Table of Payments Under the Equity Mortgage

Please note that this table sets out payments which you will have to make under the Equity Mortgage with references to where the payment obligations appear in the Mortgage. You should read the whole of the Mortgage carefully. We recommend that you get your own legal advice before you sign the mortgage agreement. The money you borrow is secured against your home which means that your home is at risk if you do not keep up the payments under the mortgage.

Payment	When it becomes payable	Where the obligation appears in the Equity Mortgage
Interest	<p>Interest only starts to accrue and is only payable from the sixth year of the mortgage.</p> <p>After that, interest is payable monthly and is increased every year.</p> <p>If you do not pay the interest payments by direct debit you will also have to pay a management fee of £4 a month (which is increased by RPI every year)</p>	<p>Clause 4.2.</p> <p>The interest increases are in Clause 9</p> <p>Please see examples 4 and 5.</p>
Paying back the amount you borrowed together with the reasonable costs and expenses of the equity mortgage lender and other sums outstanding under equity mortgage at the date of repayment	<ol style="list-style-type: none"> 1. When you sell your home; or 2. If you want to, when you decide to pay off the mortgage; or 3. If you are in breach of any of your obligations; or 4. If and when you repay the first mortgage (unless there is a simultaneous approved re-mortgage); 5. If you become Bankrupt (this is defined in the equity mortgage and is wide in meaning and we advise that you seek advice from your legal advisor as to the meaning of this); or 6. On the 25th anniversary of 	<p>Clause 4.1 , 5, 6 and Clause 7</p> <p>Please see examples 3 and 6.</p>

	the date you took out the equity mortgage. This means that you must pay off the equity mortgage within 25 years.	
If you want to you can make payments to pay back part of the amount you borrowed and reduce the amount owed to the HCA which will be together with any reasonable costs and expenses incurred by the HCA and any other sums outstanding under the equity mortgage at the date of the part repayment	When or if you decide to pay back part of the mortgages	Clause 8 Please see example 7.
Valuation payments. These need to be paid by you when arranging the valuation.	When you sell your home or when you decide to pay off the whole of the mortgage or part of the mortgage	Clause 6.2, 7.1.2 and 8.3.
Default payments	<p>If you do not make any of the payments under the equity mortgage when they are due you will have to make default payments which are extra interest payments on the amount which you have not paid.</p> <p>If the equity mortgage lender incur any costs charges and expenses in the protection or enforcement of their security then such sums shall be payable on demand.</p>	Clause 10.3 – 10.5

You will also have to pay for the mortgage with the normal mortgage lender. You will also have to pay household outgoings such as utility bills.

**Help to Buy
Help to Buy Agent standard document pack**

Appendices

Appendix 2 Equity Mortgages

HCA equity mortgage page 92

HELP TO BUY Equity mortgages

HtB transaction process: box 4

The equity mortgage must be pre-filled by the HTBA with the purchaser details. The purchaser's solicitor will then advise the buyer and ensure signing, dating and execution of the Equity Mortgage.

HTBAs must ensure for the HCA equity mortgage:

It is not dated by the HTBA.

Ensure Land Registry Reference Foot note 1 is not deleted

The purchaser name(s) are added to the title page.

The purchaser name(s) and address are included in "Parties" (1). (Purchasers address to be full postal address of HtB unit)

The Lender £ Contribution is entered at "Lender Contribution".

Clause 1.1 the full purchase price is entered at "Initial Market Value".

Clause 1.1 the Lender contribution % is entered at "Initial Proportion"

The First Schedule, The property address should be entered.

The Second Schedule, the purchaser name(s) should be entered at "Borrower".

ROUNDING

All monetary amounts on equity mortgages should be rounded up or down to the nearest whole pound e.g. £100.50 round up to £101, £100.40 round down to £100.

All percentages should be rounded up or down to ONE decimal place e.g. 12.55% = 12.6% 12.54 = 12.5%

HTBA must ensure that the figures on ATP are the same as the figures entered into IMS if not ATP will need to be reissued.

dated 201[]

[homeowner]

and

Homes and Communities Agency

Equity Mortgage – Help to Buy

FORM OF CHARGE FILED AT HM LAND REGISTRY UNDER REFERENCE MD1246C

Equity Mortgage

Dated [●] 201[]

Parties

- (1) [●] of [●] (**the Borrower**)
- (2) **Homes and Communities Agency**, a body corporate established under Section 1 of the Housing and Regeneration Act 2008 of Arpley House, 110 Birchwood Boulevard, Birchwood, Warrington, WA3 7QH (the **Agency**);

Whereas

- A The Borrower intends to purchase the property described in the First Schedule to this mortgage (the **Property**);
- B The Borrower has agreed to the sum of £[●] being paid by the Lender to the Seller of the Property (or its agent) in order to enable the Seller to reduce the purchase price by the same amount.
- C This Deed is to secure the repayment by the Borrower to the Lender of the Repayment Sum (as defined later in this mortgage)

Now this deed witnesses as follows:

1 Interpretation

1.1 In this mortgage the following expressions shall have the following meanings:-

Bankrupt means the Borrower has become bankrupt or makes or seeks an arrangement with its creditors or an interim order is made under section 252(1) of the Insolvency Act 1986 in relation to the Borrower;

Default Interest Rate means the lower of (a) a rate being 1% above the Bank of England base lending rate from time to time and (b) the Gross Interest payable under the terms of this mortgage at the time of the relevant default;

Disposal means a transfer to a third party of the Borrower's interest in the Property or any part of the Property or the grant of a lease whether periodic or for a fixed term other than an Exempt Disposal;

Exempt Disposal means a disposal that is the vesting of the whole of the Borrower's interest in the Property in a person taking under a will or on an Intestacy or under Section 24 or 24A of the Matrimonial Causes Act 1973 or under Section 2 of the Inheritance (Provision for Family and Dependants) Act 1975 or 17 Matrimonial and Family Proceedings Act 1984 where (in the case of the death of the Borrower) such person is a member of the family of the Borrower who has resided with the Borrower throughout the period of 12 months ending with the death of the Borrower and for the purposes of this Deed, a "member of the family" has the same meaning as that contained in Section 62 of the Housing Act 1996 (as amended or replaced from time to time);

Extended Term Expiry Date means the date confirmed by the Lender pursuant to Clause 13.2;

First Charge means the charge or mortgage described in Clause 10.1;

Full Purchase Price means the full purchase price of the property which would be payable but for Contributions offered pursuant to the Help To Buy Scheme and which does not exceed the Initial Market Value;

Gross Interest means a sum equal to 1.75% of the Initial Market Value subject to annual increases in accordance with Clause 9;

Help to Buy Scheme means the government home ownership initiative of the same name as described in the Help to Buy Participation Guidance published by the Agency on 25 March 2013;

Initial Market Value means the sum of £[●] being the Market Value at the date of this mortgage;

Initial Proportion means [●]% being the percentage of the Initial Market Value which the Lender Contribution represents;

Lender Contribution means the sum of £[] being the amount paid by the Lender directly to the Seller or its nominee (with the agreement of the Borrower) to enable the Seller to charge the Reduced Purchase Price;

Management Fee means £4 per month payable in the circumstances as set out in Clause 4.2 (subject to review in accordance with Clause 9);

Management Fee Review Date means each 1 April whilst this mortgage subsists;

Market Value means the price which the Property would fetch on the open market on a sale by a willing vendor to a willing purchaser on the assumption if not a fact that all the covenants on the part of the Borrower in this mortgage have been fully complied with and in the event of damage to the Property that it has been fully reinstated and disregarding any additions or improvements made by the Borrower with the written consent of the Lender provided that in the case of a Disposal where the Disposal price (disregarding any part of that price attributable to any additions or improvements made by the Borrower with the written consent of the Lender) is greater than the Market Value then the Market Value shall be substituted with such Disposal price when calculating the Repayment Sum;

Memorandum means the Memorandum of Redemption of Part annexed to this mortgage at the Second Schedule;

New Management Fee means the Management Fee increased pursuant to Clause 9 on each Review Date;

Nominated Agent means such agent appointed by the Lender from time to time and notified in writing to the Borrower;

Payment Date means the fifth anniversary of the date of this mortgage;

Payment Method means the method by which the Borrower pays the Interest and other payments due under this mortgage;

Qualifying Lender has the meaning given in Statutory Instrument 2005/2863;

Reduced Purchase Price means the Full Purchase Price less the Lender Contribution;

Remaining Proportion means the Initial Proportion less any Specified Proportion(s) in respect of which payment has been made in accordance with clause 8.4;

Repayment Sum means the Remaining Proportion of the Market Value shown in the Valuation obtained under clause 6, 7 or 8 as the case may be;

Review Date means

- (a) where this mortgage is dated 1 April – 31 December (inclusive) the first 1 April following the Payment Date and each successive 1 April; and
- (b) where this mortgage is dated 1 January – 31 March (inclusive) the second 1 April following the Payment Date and each successive 1 April;

RPI means the United Kingdom General Index of Retail Prices or in the event that such ceases to be published (as to which the Lender's reasonable decision shall be conclusive) or if the said Index or the basis on which it is calculated or published is altered to a material extent (as to which the Lender's reasonable decision shall be conclusive) then the Lender may give written notice to the Borrower of some other published index of general prices or the value of money as a substituted index and in that case the substituted index so selected shall from that point onwards be the RPI;

Security Interest means any mortgage, pledge, lien, charge, security assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security (including, for the avoidance of doubt, a floating charge) or any other type of preferential arrangement having a similar effect;

Seller means the party transferring the legal interest in the Property to the Borrower on the date hereof;

Specified Interest means a sum equal to the Remaining Proportion of the Gross Interest per annum and paid monthly in arrears;

Specified Proportion means a percentage stated in an application under Clause 8.2 being a minimum of 10% of the Market Value provided that the Specified Proportion may never be such that the Remaining Proportion will be less than 5%;

Term Date shall mean either:

- (a) (where (b) does not apply) the twenty-fifth anniversary of this Mortgage;
or
- (b) (where the Lender has agreed to extend the term pursuant to Clause 13) the Extended Term Expiry Date;

Transfer Notice means notice served pursuant to clause 6.1;

Valuation Notice means notice of the determination of the Valuer of the Market Value;

Valuer means an independent qualified valuer appointed by agreement between the parties or failing agreement by or on behalf of the president for the time being of the Royal Institute of Chartered Surveyors on the application of either party.

1.2 In this mortgage where the context admits references to the "Borrower" and "the Lender" include their successors and the persons deriving title under them

1.3 Where the Borrower is more than one person the covenants on the part of the Borrower shall be joint and several covenants and references to the Borrower include any one or more of those persons

1.4 The singular includes the plural and the masculine includes the feminine and the neuter and vice versa

1.5 Any clauses schedules and paragraphs referred to in this mortgage are clauses schedules and paragraphs to this mortgage unless specifically stated otherwise

1.6 Any primary or subordinate statutory provisions referred to in this mortgage shall include any regulations statutory instruments or secondary legislation made pursuant to such statutory provisions and any variation amendment or re-enactment of such provisions.

1.7 **Nominated Agent**

The Lender reserves the right to appoint a Nominated Agent to administer this loan on its behalf and to collect all payments that are due (including any payments pursuant to Clauses 6,7 and/or 8). Where the Lender has confirmed that a Nominated Agent is appointed:

1.7.1 all correspondence and/or payments that are required under this mortgage should be directed to the Nominated Agent unless the Lender has notified you otherwise (in writing) of any changes to this arrangement; and

1.7.2 the Nominated Agent will be entitled to recover from the Borrower on behalf of the Lender any reasonable costs and expenses which the Lender is entitled to recover from the Borrower under the terms of this Mortgage.

2 **Mortgage**

2.1 The Borrower has agreed to the Seller of its agent being paid the Lender Contribution by the Lender and the Seller has agreed that:

2.1.1 the Lender Contribution will be applied towards the Full Purchase Price of the Property so that the Borrower only pays the Reduced Purchase Price; and

2.1.2 any obligation on the Borrower to pay an amount equal to the Lender Contribution to the Seller is satisfied by the Borrower entering into this mortgage.

2.2 In consideration of the reduction in the Full Purchase Price by an amount equal to the Lender's Contribution, the Borrower with full title guarantee charges all of his rights, title and interest in the Property by way of legal mortgage to the Lender as security for the discharge of the obligations and the making of the payments referred to in clause 2.3.

2.3 The Borrower covenants with the Lender that it will discharge all of its obligations which arise under the terms of this Mortgage and make all payments to the Lender as set out in this Mortgage as and when they fall due.

3 **Proviso for redemption and power of sale**

3.1 If the Borrower pays to the Lender all the sums he covenants in this mortgage to pay the Lender, the Lender will duly discharge this security in accordance with the terms of this Mortgage.

3.2 The Lender shall at any time after the occurrence of one of the events set out in Clause 5 have the power of sale and of appointing a receiver and other powers conferred by the Law of Property Act 1925.

4 Covenants by the borrower

The Borrower covenants with the Lender:

4.1 To pay to the Lender on or immediately after a redemption event (which is described in Clause 5) an amount equal to the Repayment Sum by reference to the valuation as on the date of such an event together with any reasonable costs and expenses incurred by the Lender pursuant to this Mortgage and any other sums payable and outstanding under this Mortgage. This payment is to be made in the way described in Clause 6 which clause also describes the valuation which is required.

4.2 To pay by monthly instalments on the first day of each month (in arrears) from the Payment Date by direct debit the Specified Interest. If the Borrower pays with a Payment Method other than direct debit and this is used and accepted by the Lender then the Borrower will pay the Management Fee every month in arrears as well as paying the Specified Interest.

4.3 To occupy the Property as the Borrower's only or main residence and not to hold a legal or beneficial interest in any residential property other than the Property.

4.4 To keep the Property and all additions to the Property in good and substantial repair (allowing the Lender to enter and view the state of repair of the same at all reasonable times on reasonable notice without becoming liable to account as mortgagee in possession) and insured against loss or damage by fire and all other risks which the Lender reasonably considers ought to be insured against in the Borrower's name and with the interest of the Lender noted on the policy to the full value of the Property in an insurance office of repute and will duly and punctually pay all premiums and other monies necessary for effecting and keeping up such insurance immediately on the same becoming due or within one week of the due date and will on demand produce to the Lender the policy or policies of such insurance and the receipt for every such payment.

- 4.5 To apply all monies received on any insurance whatsoever in respect of loss or damage by fire or otherwise to the Property or any part of the Property in making good the loss or damage as soon as possible or (at the option of the Lender where repayment has become due under Clause 5) in or towards the discharge of the Repayment Sum.
- 4.6 To observe and perform all restrictive and other covenants all building regulations and all restrictions conditions and stipulations (if any) for the time being affecting the Property or the mode of the user or enjoyment of the same or any part of the Property.
- 4.7 To pay and discharge all existing and future rents rentcharges rates taxes duties charges assessments impositions and outgoings whatever (whether imposed by deed or statute or otherwise and even though of a wholly novel character) now or at any time during the continuance of this security payable in respect of the Property or any part of the Property or by the owner or occupier of the Property.
- 4.8 To execute and do at the expense of the Borrower all such works and things whatever as may now or at any time during the continuance of this mortgage be directed or required by any national or local or other public authority to be executed or done upon or in respect of the Property or any part of the Property or by the owner or occupier of the Property.
- 4.9 To obtain all licences permissions and consents and execute and do all works and things and bear and pay all expenses required or imposed by any existing or future legislation in respect of any works carried out by the Borrower on the Property or any part of the Property or of any user of the Property during the continuance of this mortgage.
- 4.10 Not to make or cause or permit to be made any alteration in or addition to the Property nor carry out any development or change of use on the Property within the meaning of any legislation for the time being relating to town and country planning without the previous consent in writing of the Lender such consent not to be unreasonably withheld.
- 4.11 To deliver to the Lender within seven days of receiving them full particulars of any notice or order or proposal served or made by a planning authority affecting the Property or any part of the Property which the Borrower receives and take all necessary steps to comply with any such notice or order or proposal. If you do not comply with this clause then you must permit the Lender to enter on the Property for the purpose of taking such steps.
- 4.12 At the Borrower's own cost at the request of the Lender to make or join with the Lender in making such representations or objections or appeals in respect of any such notice, order or proposal served or made by any planning authority as the Lender may reasonably require and indemnify the Lender against all costs charges and expenses reasonably and properly incurred by the Lender in respect of such representations objections and appeals.
- 4.13 Not without the prior consent in writing of the Lender to exercise the power of leasing or agreeing to lease or accepting surrenders of leases conferred on a mortgagor in possession by the Law of Property Act 1925 nor otherwise to grant or agree to grant any lease or tenancy of the Property or any part of the Property nor to confer upon any person any contractual licence right or interest to occupy the Property or any part of the Property or part with possession of the Property.

- 4.14 Not to deal with his interest in the Property in any way other than in accordance with clause 6 or 7.
- 4.15 Without limiting the generality of Clause 4.14, not to create or permit to subsist any Security Interest on the Property, save for
- 4.15.1 any lien arising by operation of law in the ordinary course of business in relation to fixtures and fittings and securing amounts not more than 30 days overdue;
 - 4.15.2 a Security Interest securing amounts owing to a Qualifying Lender but only to the extent permitted by paragraph 10.1;
 - 4.15.3 any Security Interest created with the prior written consent of the Lender.
- 4.16 That it has not made any false or misleading statements or withheld information in applying to participate in the Help to Buy Initiative.
- 4.17 To keep the Lender fully indemnified in respect of any breach or non-observance of the covenants contained in this clause.

5 **Redemption events**

The occurrence of any of the following events shall trigger repayment under the provisions of Clause 4.1 of this Mortgage:

- 5.1 Any Disposal save for an Exempt Disposal; or
- 5.2 If the Borrower is in breach of the Borrower's covenants and obligations under this Mortgage the expiry of a default notice served by the Lender under section 87(1) (and in accordance with the requirements of Section 88) of the Consumer Credit Act 1974 where the Borrower fails to take the action specified by the Lender in any default notice by the date specified for such purpose in the default notice; or
- 5.3 Upon repayment in full of the First Charge unless at the same time the Borrower takes out another First Charge in accordance with Clause 10; or
- 5.4 The Borrower is Bankrupt; or
- 5.5 The occurrence of the Term Date.

6 **Transfer of the Property and Determining the Repayment Sum**

- 6.1 If the Borrower wishes to make a Disposal the Borrower must notify the Lender in writing to the effect that he wishes to make a Disposal.
- 6.2 Within fourteen (14) days of service of the Transfer Notice or where any of the other events set out in Clause 5 applies (each a "relevant event"), the Borrower shall apply (at its own cost) to the Valuer (whose decision shall be final) to determine the Market Value as at the date of receipt of the Transfer Notice or as at the date of the other relevant event as the case may be and within five (5) working days of receipt of such determination the Borrower shall serve a Valuation Notice on the Lender.

6.3 The Valuation Notice shall remain valid for a period of three (3) months (or four (4) months if extended by the Valuer) and in the case of a Disposal where completion of the Disposal does not take place within three (3) months (or as extended) of service of the Valuation Notice by the Borrower on the Lender, the procedure set out in Clauses 6.1 and 6.2 shall be repeated prior to the Disposal.

6.4 Upon completion of the Disposal in accordance with this Clause 6 or, where any other relevant event occurs within seven (7) days after determination of Market Value under Clause 6.2, the Borrower shall pay to the Lender the sums due in accordance with clause 4.1 PROVIDED THAT following completion of a Disposal no person shall be registered as proprietor of the Property until such time as the sums due in accordance with clause 4.1 are paid to the Lender at which time the Lender shall provide consent to the registration in accordance with Clause 11 and apply to the Land Registry to remove the restriction referred to in Clause 11 from the Register.

7 **Redemption before transfer**

7.1 If the Borrower wishes to redeem this mortgage before an event specified in clause 5 the following procedure shall apply:

7.1.1 The Borrower shall apply in writing to the Lender.

7.1.2 Within fourteen (14) days of service of the notice as specified in 7.1.1 the Borrower shall apply (at its own cost) to the Valuer (whose decision shall be final) to determine the Market Value as at the date of receipt of such application and within five working days of receipt of such determination by the Valuer the Borrower shall serve a Valuation Notice on the Lender.

7.1.3 At any time within three (3) months (or four (4) months if extended by the Valuer) of service of the Valuation Notice the Borrower may pay an amount equal to the Repayment Sum together with any reasonable costs and expenses incurred by the Lender pursuant to this Mortgage and together with any other sums payable and outstanding under this Mortgage.

7.1.4 As soon as reasonably possible after receipt of such payment the Lender will duly discharge this security and apply to the Land Registry to remove the restriction referred to in clause 11 from the Register.

8 **Redemption of part before transfer**

8.1 Subject to Clause 8.2 the Borrower shall be permitted to redeem a Specified Proportion of this Mortgage at any time before an event specified in clause 5 and the following procedure shall apply:

8.2 The Borrower shall apply in writing to the Lender indicating what Specified Proportion the Borrower would like to redeem.

8.3 Within fourteen (14) days of service of such an application as specified in 8.2 the Borrower shall apply to the Valuer to determine the Market Value as at the date of receipt of such application and within five (5) working days of receipt of such determination by the Valuer the Borrower shall serve a Valuation Notice on the Lender together with written

confirmation of any change to the Specified Proportion that the Borrower would like to repay following on from such valuation.

8.4 At any time within three (3) months (or four (4) months if extended by the Valuer) of service of the Valuation Notice the Borrower may pay the Specified Proportion (as specified in accordance with 8.2 or 8.3) of the Market Value together with any reasonable costs and expenses incurred by the Lender pursuant to this Mortgage together with any other sums payable and outstanding under this Mortgage.

8.5 As soon as reasonably possible after receipt of such payment the Lender shall execute a Memorandum evidencing the redemption of part and specifying the Remaining Proportion and details of the revised amount of Specified Interest and provide such Memorandum to the Borrower.

9 **Interest Review**

9.1 On and with effect from each Review Date the Gross Interest shall be adjusted by increasing the actual amount of Gross Interest payable immediately before that Review Date by 1% plus the increase (if any and expressed as a percentage) in RPI for the twelve (12) month period ending at the end of the September immediately preceding that Review Date.

9.2 On each Review Date the Specified Interest shall be increased to an amount equal to the Remaining Proportion of the Gross Interest increased in accordance with clause 9.1 as at the relevant Review Date.

9.3 On each Management Fee Review Date the New Management Fee shall be calculated by increasing the Management Fee by the increase in RPI (if any and expressed as a percentage) for the twelve (12) month period ending at the end of the September immediately preceding that Review Date.

9.4 On each Management Fee Review Date the Management Fee shall be increased to be an amount equal to the New Management Fee as at the relevant Review Date.

10 **Provisos**

10.1 This Mortgage shall have priority immediately after one (1) prior legal charge (including any further advances issued in accordance with that legal charge for the purposes below) securing an amount advanced to the Borrower by a lending institution which is a Qualifying Lender for the purposes of enabling the Borrower to

10.1.1 acquire the Property; or

10.1.2 fund improvements in the Property which have been approved by the Lender; or

10.1.3 redeem a sum pursuant to Clause 7 or 8; or

10.1.4 refinance an existing loan made in accordance with this clause 10.1;

provided that such legal mortgage (or any further advances) is approved in advance in writing by the Lender and the capital sum advanced under such legal mortgage (or as a

further advance as applicable) does not exceed, where clause 10.1.1 applies, the sum equal to the Initial Market Value less the Contribution and any deposit paid by the Borrower or where clause 10.1.2 applies, the amount payable in respect of such improvements or where clause 10.1.3 applies, the sum required to redeem a sum pursuant to Clause 7 or 8 or where 10.1.4 applies, the amount originally borrowed under the existing loan (plus any further advances) as approved in accordance with this Clause 10.1.

10.2 If default shall at any time be made by the Borrower in the performance of any of the covenants contained in this Mortgage it shall be lawful for but not obligatory upon the Lender:

10.2.1 to perform the same and to pay all costs and damages reasonably occasioned by such default; and

10.2.2 with power in the case of any failure to repair in accordance with the covenants contained in this mortgage to enter upon the Property upon reasonable prior written notice without becoming liable to account as mortgagee in possession.

10.3 All monies expended by the Lender for any such purpose and all costs charges and expenses reasonably and properly incurred by the Lender in relation to the protection or enforcement of this security whether involving litigation or not shall on demand be repaid to the Lender by the Borrower.

10.4 If the Borrower fails to pay any amount payable by it under this mortgage, it shall on demand by the Lender, pay interest on both the overdue amount and on all costs, charges and expenses properly incurred by the Lender in relation to the protection or enforcement of this security (whether involving litigation or not and on a complete unlimited and unqualified indemnity basis) from the date upon which such amount was due up to the date of actual payment, both before and after judgement, at the Default Interest Rate (such interest being compounded at such intervals as the Lender shall determine but no more than once per year).

10.5 Until repayment all monies due shall be a charge on the Property provided that the charge shall be in addition and without prejudice to any and every other remedy lien or security which the Lender may or but for the said charge would have for the recovery of monies secured by this mortgage or any part of those monies.

11 **Restriction**

The parties agree that no person or persons shall be registered under the Land Registration Acts 1925 to 2002 or any statutory amendment or re-enactment of those Acts as proprietor or proprietors of the Property or any part of the Property without the consent in writing of the Lender (which shall not be granted if the Lender is not satisfied that other provisions of this Agreement have been complied with in relation to the Property) and the Borrower shall at the same time as registering this mortgage apply to HM Land Registry for the following restriction in standard form P pursuant to rule 91 and Schedule 4 of the Land Registration Rules 2003 (as amended) to be entered in the proprietorship register of the title to the Property:

“No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [●] 20[●] in favour of Homes and Communities Agency referred to in the charges register”

12 **Possession**

If the Lender shall enter into possession of the Property (or any part of the Property) the Lender may from time to time go out of such possession and shall not be liable to account as mortgagee in possession while in fact out of such possession provided that notice of such fact shall within seven days after its happening be served on the Borrower.

13 **Extension of the term of this Mortgage**

13.1 Where prior to the Term Date (but no earlier than the twenty-fourth anniversary of the date of this Mortgage) the Borrower requests in writing to the Lender an extension to the term of this Mortgage, the Lender hereby agrees to consent to such request **provided that:**

13.1.1 the term of the First Charge (including any replacement First Charges approved by the Lender pursuant to Clause 10.1) is due to expire after the Term Date; and

13.1.2 the First Charge is valid and subsisting as at the date the Lender grants its consent to any extension; and

13.1.3 the approved extension matches (or does not exceed) the remaining term of the First Charge.

13.2 In approving any extension of the term of this Mortgage pursuant to Clause 13.1, the Lender shall confirm in writing the length of the extension and the Extended Term Expiry Date for the purposes of Clause 5.5.

In witness of the above provisions the Borrower has executed this mortgage as a deed the day and year set out at the beginning of this mortgage

The First Schedule to the Equity Mortgage (Homes and Communities Agency)

The Property

[•]

Title Number

[•]

The Second Schedule to the Equity Mortgage (Homes and Community Agency)

Memorandum Of Redemption Of Part

Borrower : [●]

Lender : Homes and Communities Agency

This is to record

On the [●] day of [●] 201[●] the Borrower paid to the Lender £[●] being [●]% (the Specified Proportion) of the Market Value as assessed by the Valuer on the [●] day of [●] 201[●]

The Remaining Proportion from the [●] day of [●] 201[●] shall be [●]%

Signed by the Borrower

Signed as a deed by the Borrower(s):

in the presence of:

Signature:

Name (in BLOCK CAPITALS):

Address: