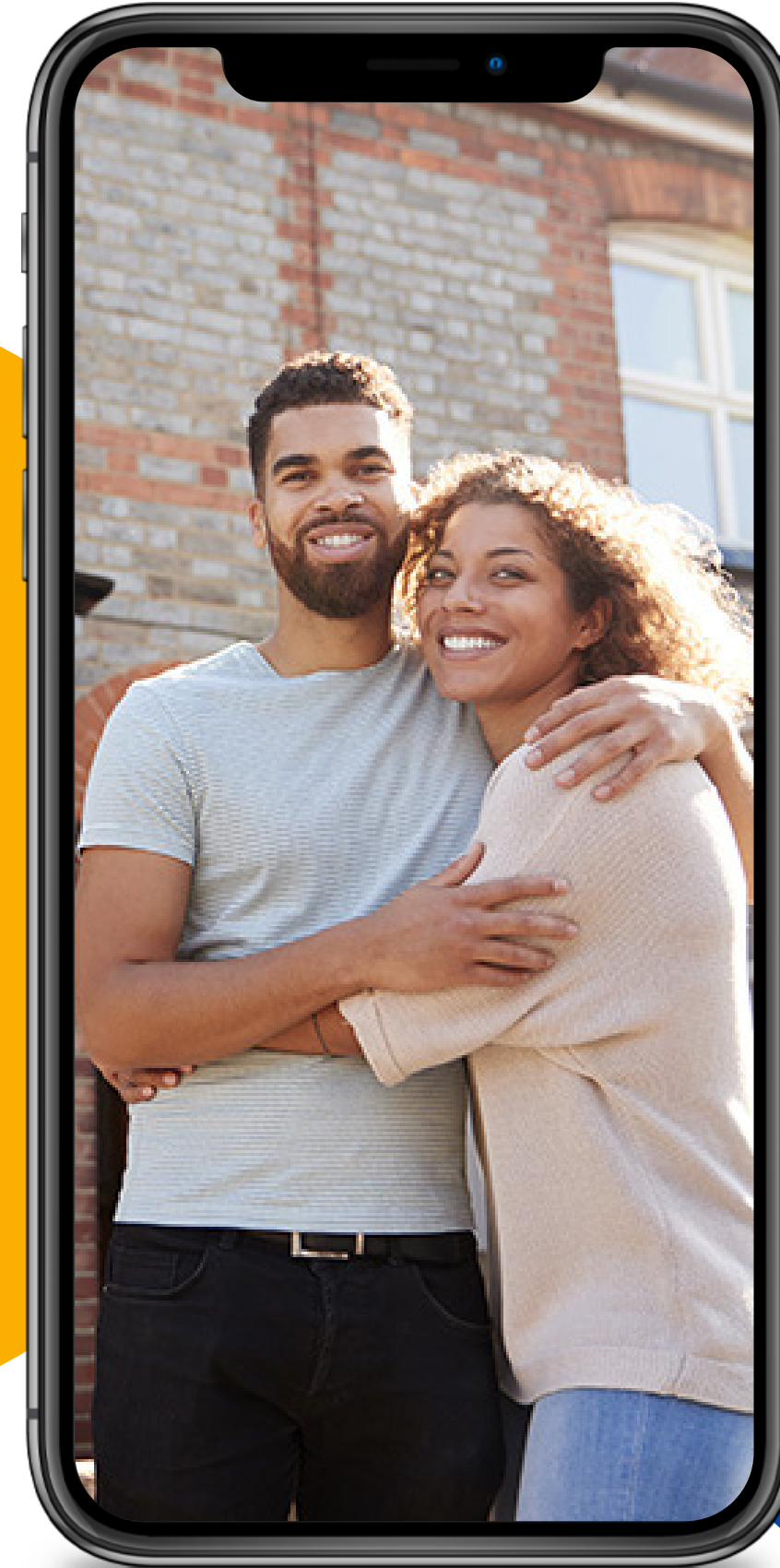


INTERNAL USE ONLY

Town & Country Mortgage  
Services presents

# **First Homes Scheme: Discounts for First-time buyers**



# In this Presentation

Here's what we'll cover:

First Homes scheme: Discounts for First-time buyers

Eligibility

If your First Homes application is approved

Re-mortgaging your First Home

How it works & How to apply?

Exchanging contracts & Completion

Selling or letting the property

If your circumstances change



# First Homes scheme: Defined

If you're a first-time buyer, you may be able to buy a home for 30% to 50% less than its market value. This offer is called the First Homes scheme, which is a 'Discounted Market Sales' (DMS) scheme developed by the government. The home can be:

- a new home built by a developer
- a home you buy from someone else who originally bought it as part of the scheme

The First Homes scheme is only available in England.



# Eligibility

You must be:

- 18 or older
- a first-time buyer
- able to get a mortgage for at least half the price of the home (min 50% LTV mortgage)
- buying the home as part of a household where total income is no more than £80,000 (or £90,000 if you live in London)

The local council may also set some eligibility conditions – Section 106 criteria -

For example, some councils may prioritise giving First Homes discounts to:

- essential workers
  - people who already live in the area
- those on lower incomes

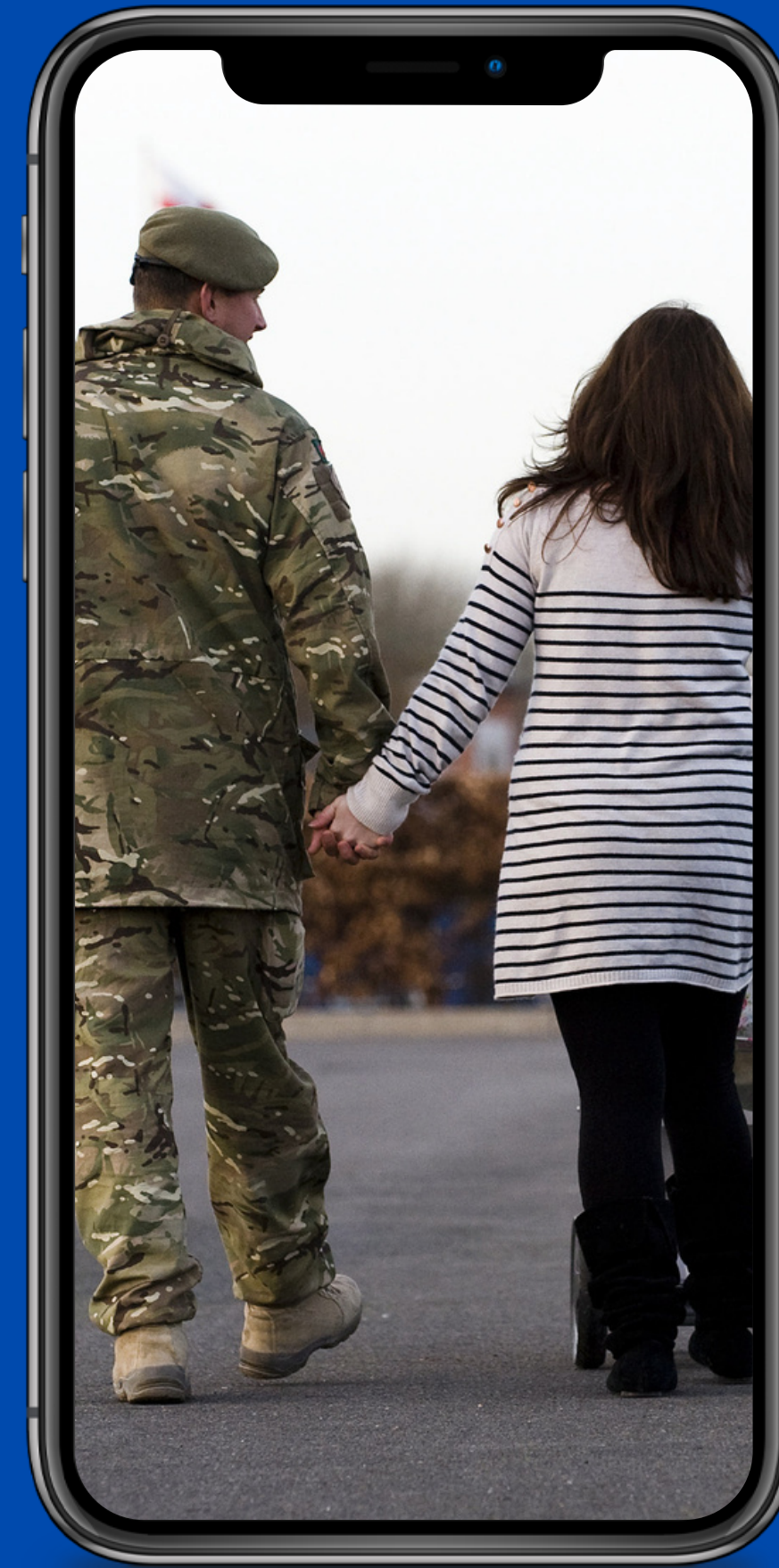


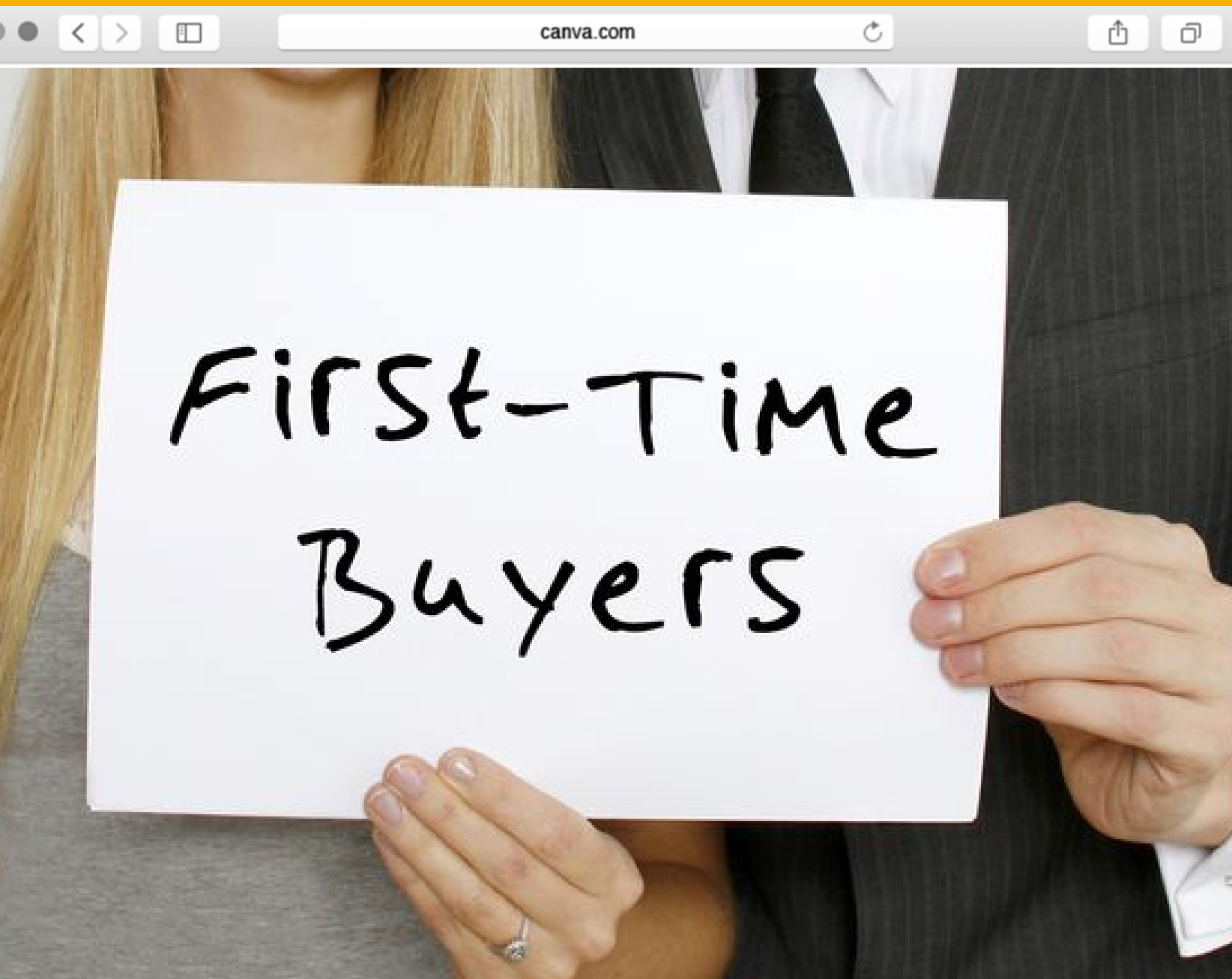
# Exemptions for armed forces and their families

You're exempt from council conditions about being an essential worker or living in the area if you're:

- a member of the armed forces
- the divorced or separated spouse or civil partner of a member of the armed forces
- a widow or widower of a deceased member of the armed forces (if their death was caused wholly or partly by their service)
- a veteran who left the armed forces in the last 5 years

You still need to meet other eligibility conditions.





## How it works

You can look for new homes in your area that are advertised by developers as part of the First Homes scheme. Developers offer these homes to first-time buyers with 30% to 50% of the market value taken off the price.

Every home that's sold is valued by an independent surveyor to make sure the discount is based on actual market value.

The homes cannot cost more than £420,000 in London, or £250,000 anywhere else in England, after the discount has been applied. For example – Full 'OMV' of £350,000 less 30% discount = £245,000 discounted purchase price.

You can only sell the home to someone who is eligible to buy a First Home. You must give them the same percentage discount that you got, based on the home's market value at the time of sale.



# How to apply

Contact the developer (or estate agent if you're buying from a previous First Homes buyer) and tell them you want to buy a First Home. In addition, speak to an independent mortgage specialist to make sure you know how much you can afford to borrow.

They'll also help you to complete the application, then send it to the local council – similar to the Help to Buy application.

You'll have to pay a fee if the First Home you want to buy is a new build. The amount is set by the developer. (Reservation Fee)

You'll get the fee back if your application is unsuccessful.





# What happens next?

The local council (relevant HA Area) will check your application to make sure you're eligible.

They'll contact you to tell you their decision. They'll also contact the developer and your mortgage advisor. If your application was missing any information, they may ask you to provide it.





# If your First Homes application is approved

Follow these steps:

1

Hire a conveyancer - this is a solicitor who can help you with the purchase.

3

Make sure your conveyancer follows any local council instructions.

2

Apply for your mortgage – up to 95% mortgages are available from participating lenders on the scheme. The Loan to Value (LTV) is calculated using the discounted purchase price.

4

Complete any legal documents the local council sends you.

After you've got a mortgage offer and agreed a contract with the developer, your conveyancer will ask the local council if you can exchange contracts.

The local council will check the conveyancer's request to make sure it's legal and tell you when they've decided.



# Exchanging Contracts

- You need to pay your deposit at the same time as you exchange contracts with the developer. After you do this, you are legally committed to buying the home.  
When you've exchanged contracts, the developer sets a completion date. This is the date when the home will be ready for you to move in.

# Completing the purchase

- On the completion date, your conveyancer transfers the money from your mortgage to the developer, you get the keys and can move in.

## Selling the property

You can only sell the property to someone who is eligible to buy a First Home. You must give them the same percentage discount that you got, based on the home's market value at the time of sale.

You'll need to get the property valued by a surveyor who's registered with the Royal Institution of Chartered Surveyors (RICS).

## Letting the property

You can usually only let your First Home for a total of 2 years during the time you own it, no matter how many tenants you have.

To do this, you need to:

- check if your mortgage agreement allows it
- tell the local council

The 2-year limit resets if you sell the home to someone else.





# Letting for longer than 2 years

You may be able to let out your First Home for longer than 2 years if:

- the location of your job changes
- a marriage or long-term relationship ends
- you're moving to get away from a situation that involves domestic abuse
- you've been made redundant
- you're caring for a relative or friend

You can ask the local council. You may also need to ask your mortgage lender.

## Letting out a room

You can rent out a room to someone for as long as you want, if you meet both of these conditions:

- you live in the home while they're renting
- the home remains the only one you own

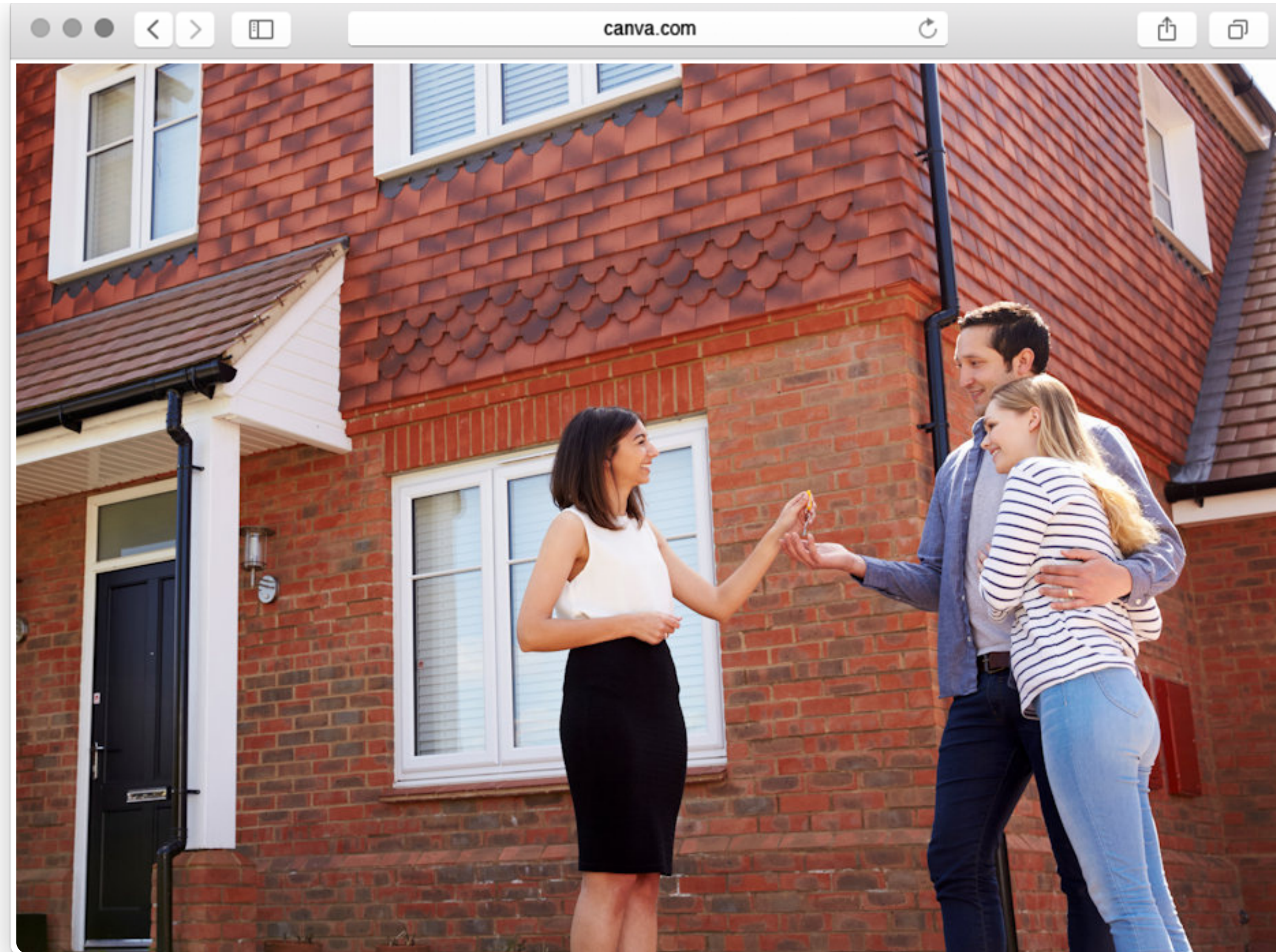




# Re-mortgaging your First Home

You can re-mortgage your First Home, but the re-mortgage must be based on the value of the home minus the discount you got when you bought it.

For example, if you purchased the home with a 30% discount, the maximum mortgage you could take out would be one worth 70% of the value.







## If your circumstances change

You do not have to sell your First Home if a change in circumstances after buying it means you no longer meet the eligibility rules. For example, if your income increases or you're not a key worker anymore.

## If you fail to make mortgage payments

Your mortgage lender may take action to get their money. For example, they could repossess the home.

## Leaving a First Home as inheritance

You can leave a First Home to someone in your will. If they cannot follow the rules for owning a First Home, they must sell the home.

## Stamp Duty Land Tax

The amount of Stamp Duty Land Tax you pay for a First Home is based on how much you paid for the home after the discount was applied.

# Typical lenders participating



and more . . .

