

Important information

For *Help to Buy – Wales*' Homeowners



Llywodraeth Cymru
Welsh Government

If you are planning to buy your home using the *Help to Buy – Wales* shared equity scheme

Leasehold Purchases

Leasehold means that you own the property, but the land upon which the property is built is owned by the freeholder. This gives you the right to occupy the property for as long as the lease is valid. Freehold, on the other hand, means that you own the property AND the land upon which the property stands. Most flats are leasehold. Houses can be leasehold too.

Your lease will tell you what conditions you've agreed to, for example:

- If you need permission to make alterations.
- How much you'll have to pay to maintain the property.
- Whether you or your landlord has responsibility for repairs and dealing with noisy neighbours.
- Check your lease to see what service charges you must pay.
- The lease may allow the freeholder to charge a reasonable management fee. Get advice if your lease doesn't give enough information about their Management or Service charges that usually cover the costs of:
 - Repairs to shared areas and the outside of the building, such as roof, external pipes, drains.
 - Buildings insurance.
 - Freeholders' administration or management charges.
 - They can also be used to pay for shared services such as a caretaker, cleaners and the maintenance of shared areas.
 - You usually have to pay a share of everything even if you don't use some of the services. For example, if you live on the ground floor and never use the lift, you probably still have to pay something towards its maintenance.

Shared Equity Loan

As a result of providing this assistance, HtBW's entitlement to a share of the future sale proceeds is secured through a second charge on your home. This is done in the same way that your mortgage lender will secure its lending through a first charge on your home. HtBW has an entitlement to a share of the future sale proceeds equal to the percentage contribution required to assist your purchase.

The amount you will have to repay under the loan agreement will depend on the market value of your home when you repay the shared equity loan i.e. if you originally borrowed 20% of the purchase price, HtBW will be entitled to 20% of the current Market Value (or Sale price).

Help to Buy ISA/Lifetime ISA (LISA)

Your Lifetime ISA manager is the Bank, Building Society or asset manager where you opened your Lifetime ISA. Your Lifetime ISA manager will claim the bonus for you and it will be added automatically to your Lifetime ISA account.

Please let HtBW and your conveyancing solicitor know that you are using a Lifetime ISA towards your house purchase.

Interest Uplift

No interest is payable on the shared equity loan for the first five years. After that, you will pay interest of 1.75%, rising annually by the increase (if any) in the Retail Prices Index (RPI) plus 1%. In addition, you will pay a small monthly management fee, by direct debit, of £1 per month from the commencement of the shared equity loan until it is repaid.

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