

The
First Time Buyers'
Initiative
Buyers' guide



What is the First Time Buyers' Initiative?

The First Time Buyers' Initiative (FTBI) aims to make more affordable homes available to first-time buyers priced out of the housing market. It is part of the government's new HomeBuy low-cost home ownership initiative, and is available in England through 23 regional HomeBuy Agents. FTBI is delivered as part of HomeBuy by national regeneration agency, English Partnerships.

To enquire about FTBI, please contact your local HomeBuy Agent (see page 3).

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 YOU WANT YOUR FAMILY TO INHERIT IT. IF YOU ARE IN ANY DOUBT, SEEK INDEPENDENT ADVICE.

The First Time Buyers' Initiative

How does it work?

It enables aspiring first-time buyers, who cannot otherwise afford to buy a new home, to purchase a new property with an affordable mortgage and with government assistance (minimum £25,001) on a designated FTBI development. Assistance is paid to the participating housebuilder, not the first-time buyer. The government then has an entitlement to a share of the future sale proceeds which will be equal to the initial percentage contribution required to assist the buyer. This enables a FTBI buyer to take out an affordable mortgage (minimum 50% of the total purchase price) on which they make repayments.

For the first three years of FTBI home ownership there is nothing to pay on the amount that the government contributed. After three years, buyers will pay a fee to the government (through a HomeBuy Agent) of 1% per annum on the amount the government funded. This fee will increase each year by a fixed percentage reaching a maximum of 3% after five years in the property.

Because it is made affordable, FTBI is a 'stepping-stone' to assist buyers into full home ownership.

When owners sell their FTBI home, they will repay the government's contribution by way of a share of the sale proceeds. So, if the government initially assisted the purchase with a 25% contribution, the repayment will be 25% of the total value when it is sold.

FTBI homeowners can also choose to reduce the amount payable to the government at any time by making repayments at the prevailing market value. The minimum additional repayment is 10% of the market value.

The government's entitlement to a share of the future sale proceeds is enforced through a second charge on the property. This is done in the same way that a buyer's mortgage lender will secure its lending through a first charge on the property.

Although FTBI buyers will have a mortgage less than the full purchase price of the property, they will be the legal owner with 100% title to the home. The table below shows how it works.

Example of FTBI home ownership	£	%
Open market total purchase cost of new home	£150,000	100
FTBI buyer affordable mortgage (minimum 50% full purchase price) example @ 70%	£105,000	70
FTBI buyer pays 5% equity deposit	£7,500	5
Government contribution (minimum £25,001) on which a FTBI buyer pays fees after 3 years	£37,500 (cost at time of purchase)	25 (entitlement to percentage share of future sale proceeds)

In this example, the FTBI buyer has purchased a £150,000 home for an initial mortgage and deposit totalling £112,500 and the government has contributed 25% of the total price. When the home is sold, the government will be entitled to 25% of the total sale price.

For the first three years of FTBI home ownership there is nothing to pay on the amount of government contribution. After three years, the homeowner will pay a fee to the government (through a HomeBuy Agent) on this contribution of 1% per annum. The fee will increase by a fixed percentage each year reaching a maximum of 3% after five years (see below for an illustration of how fees work).

Buyers can reduce the amount payable to the government at any time by making payments at the prevailing market value (see below). Therefore, FTBI offers hard-pressed buyers an opportunity to

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establish themselves in home ownership, when their income is most likely to be stretched, and progressively move to reducing the government's entitlement as their circumstances allow.

Because the government's entitlement to a share of the sale proceeds is a percentage of the total home value, the amount required by the buyer to reduce the entitlement, and therefore increase their share of the sale proceeds, will be dependent on the total value of the property at the time the buyer wants to increase their future share of the sale proceeds. The buyer will increase their share of the sale proceeds by taking on more mortgage, using their savings or both. The actual amount the buyer needs do this will increase if the property increases in value and decrease if its value falls (see examples below).

What is the role of the HomeBuy Agent?

The 23 HomeBuy Agents will act on behalf of the government at a local level to market and administer the FTBI schemes in their area, as well as to guide the first-time buyer through the process of buying a FTBI home. The role of the HomeBuy Agent is to:

- Act at a local level on behalf of the government;
- Hold information about FTBI schemes for prospective buyers;
- Deal with applications, assess eligibility/affordability (percentage affordable mortgage taken by the buyer) and offer guidance to prospective first-time buyers; and
- Give approval to a FTBI buyer's solicitor/conveyancer to proceed with a purchase (exchange of contracts).

Following the first FTBI sale, the owner's details are transferred to a central, National HomeBuy Agent which provides a single point of contact to:

- Administer payment of fees by buyers on the government's entitlement after three years of ownership; and
- Recover the government's entitlement in the sale of FTBI homes as owners sell and move on or reduce the government's entitlement.

What types of homes are available?

FTBI homes are only available on designated developments where the government has an agreement with the housebuilder to offer FTBI homes for sale.

These will typically be smaller homes (1-2 bedrooms) with larger homes sometimes available on selected schemes. To find out the nearest location of FTBI homes in your area, prospective buyers should contact their local HomeBuy Agent (see below).

East of England

Bedfordshire and Cambridgeshire

Bedfordshire Pilgrims Housing Association:
08454 566 757

Essex

Moat: 07002 662 846

Hertfordshire

Lea Valley Homes Aldwyck Housing Association:
01582 869 440

Norfolk and Suffolk

Orbit: 0845 8502 050

East Midlands

Derbyshire, Leicestershire and Nottinghamshire

East Midlands Housing Association:
0844 892 0112

Lincolnshire

Eastern Shires Housing Association:
0116 220 5555

Northamptonshire

Bedfordshire Pilgrims Housing Association:
0845 456 6757

London

East London

Metropolitan Housing Group Housing Options:
0845 230 8099

North London

Metropolitan Housing Group Housing Options:
0845 230 8099

South East London

Tower Homes Housing Options: 0845 230 8099

South West London

Tower Homes Housing Options: 0845 230 8099

West London

Metropolitan Housing Group Housing Options:
0845 230 8099

North East

Tees Valley and County Durham

Nomad Housing Group: 0191 229 7333

Tyne and Wear and Northumberland

Nomad Housing Group: 0191 229 7333

North West

Cheshire

Riverside Housing Group: 0845 111 0000

Cumbria

Eden Housing Association: 01768 861400

Greater Manchester

Plumlife:
0161 447 5050

Lancashire

Plumlife:
0161 447 5050

Merseyside

Plus Housing Group: 0845 603 4559

South East

Berkshire and Oxfordshire

Catalyst: 0845 601 7729

Buckinghamshire and Milton Keynes

Catalyst: 0845 601 7729

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Hampshire

Swaythling Housing Association: 023 8062 8000

Kent

Moat: 07002 662 846

Surrey

Thames Valley Housing Association:
0845 600 6699

Sussex

Moat: 07002 662 846

South West

Avon, Gloucestershire, North Somerset, North Wiltshire and West Wiltshire

New Futures Partnership: 0800 073 1315

Devon and Cornwall

West Country Housing Association:
01803 217 600

Dorset, Salisbury and South Somerset

Knightstone Housing Association: 0800 707 6707

West Midlands

Coventry and Warwickshire

Mercian Housing Association: 0121 377 3737

Hereford and Worcester

West Mercia Housing Association: 0845 6585 420

Sandwell and Solihull

Mercian Housing Association: 0121 377 3737

Staffordshire and Shropshire, Wolverhampton, Walsall, Dudley, Birmingham

Mercian Housing Association: 0121 377 3737

Yorkshire and the Humber

North Yorkshire and Humberside

Joseph Rowntree Foundation: 0800 633 5670

South Yorkshire

Yorkshire Housing Association: 0113 243 6893

West Yorkshire

Yorkshire Housing Association: 0113 243 6893

Eligibility

Who can take part in the scheme?

Around 50% of the new homes to be made available through the initiative will be for key workers such as nurses, teachers and police officers. A detailed definition of key worker criteria is included at the end of this guide. The HomeBuy Agent will be able to provide further details.

The other 50% of homes are available for: social tenants, those on housing waiting lists and other first-time buyer groups determined by Regional Housing Boards. The HomeBuy Agent will be able to advise on this.

Key workers can only apply if their annual household income is less than £60,000. Different income limits may apply to the other eligible groups.

Applicants must be buyers looking to own a home for the first time, although those applying to the scheme after a relationship breakdown will also be considered.

Qualifying Criteria for All Applicants

Must be a genuine first-time buyer unable to afford a new home. Applicants must not be able to buy a home suitable for their housing needs within a reasonable travelling distance of their work place, without assistance.

Applicants must have indefinite leave either to enter or remain in the UK (excluding key workers from member states of the EU/EEA).

Must be able to demonstrate access to savings or sufficient funds to pay a deposit (usually 5% of the purchase price), legal fees, stamp duty and other costs of moving.

Must be employed on a permanent contract of employment (there are exceptions for key workers). If self-employed, the applicant must be able to provide accounts for the last three years.

Cannot already be a home owner or named on a home mortgage. If an applicant has had their name on a mortgage they will have to provide evidence that it has been (or is in process of being) removed.

Applicants must have a good credit history.

Non-Qualifying Criteria for All Applicants

If applicants have rent arrears during the last 12 months or are in breach of their current tenancy agreement.

If applicants cease to be in permanent employment before they can commit to a purchase (exchange of contracts).

If applicants have an adverse credit history.

If an applicant already owns a home or is named on a home mortgage (unless the name is in the process of being removed, for example, following a relationship breakdown).

(See page 17 for qualifying criteria specific to key workers).

If a FTBI owner qualified for the scheme because of their key worker status and they leave their qualifying profession, the government must be repaid.

How to buy an FTBI home

The FTBI buying process

Stage 1

- Prospective buyer/applicant registers their interest with the HomeBuy Agent
- Buyer completes a HomeBuy Application either online or on a paper copy
- Buyer contacts an Independent Financial Advisor to gain confirmation of financial status. Some HomeBuy Agents may also require buyers to attend a financial interview before giving eligibility approval.
- Buyer must ensure they have funds to pay:
 - A reservation fee
 - 5% exchange deposit (may vary from scheme to scheme)
 - Other fees on completion (e.g. stamp duty, legal fees)

Stage 2

- If eligible, the buyer will receive an 'Approval Letter Confirmation' from the HomeBuy Agent within eight working days of application. They will also receive details of the level of mortgage the buyer should be seeking (their 'Prescribed Mortgage Level').
- The HomeBuy Agent will also provide details of the applicable FTBI schemes in their area.

Stage 3

- The buyer makes appointments with sales teams at FTBI development schemes.
- The buyer completes a 'Property Found Form', returns it to the HomeBuy Agent together with details of their solicitor/conveyancer and a copy of the homebuilder's completed reservation form. A buyer should not pay any money to the housebuilder until instructed to do so by the HomeBuy Agent.
- The buyer should instruct a solicitor to act for them and tell their Financial Advisor so that a full mortgage application can be submitted.

Stage 4

- The HomeBuy Agent will review the 'Property Found Form' ensuring it is consistent with the terms of the buyer's approval letter. If it is, the HomeBuy Agent will issue an 'Authority to Proceed' document pack to the buyer and the buyer's and housebuilder's solicitors/conveyancers. This pack will include legal documents that will be explained to buyers by their solicitor/conveyancer.
- The buyer must immediately pay a reservation fee to the housebuilder and will agree to exchange contracts within a specific time.
- The buyer's solicitor/conveyancer will check that the buyer's mortgage offer, property price and available funds are consistent with the Authority to Proceed, and will request permission to exchange contracts from the HomeBuy Agent.
- The HomeBuy Agent issues approval to the buyer's solicitor/conveyancer and contracts are exchanged.
- A second charge will be placed on the property in favour of the government entitling it to a share of the future sale proceeds. This means that the buyer must repay this when they sell the property.
- The buyer will have paid a deposit and now be legally contracted to complete the purchase by an agreed date.

Stage 5

- Completion: the buyer's lender will provide its funds and the government will make funds available to the housebuilder.
- Completed transaction: the buyer now owns the property and can move in.
- The buyer's solicitor will then return confirmation of the sale to the HomeBuy Agent who will then register the buyer's details with the National HomeBuy Agent.

How long does the process take?

The HomeBuy Agent will seek to assess an applicant's eligibility (from a fully completed application form) within eight working days. After receiving confirmation of eligibility it is up to the buyer how soon they can find a property and submit a 'Property Found Form' to the HomeBuy Agent.

The HomeBuy Agent's 'Authority to Proceed' is valid for two months – the time limit for exchange of contracts. Typically, most housebuilders will be seeking buyers to exchange contracts within one month of making a reservation.

Buyers are responsible for securing their mortgage and appointing their solicitor/conveyancer, although the HomeBuy Agent and housebuilders will be able to suggest some options.

Further information

The initiative is starting in 2006/2007 with the aim of making FTBI homes available nationally over the next four years. Prospective buyers should contact their local HomeBuy Agent to make an application and find out more about availability of FTBI homes in their area.

An additional Q & A section appears on page 14.

The FTBI buyer's mortgage

How is a buyer's mortgage level assessed?

The buyer's FTBI mortgage is designed to be affordable relative to their income. Typically, the FTBI mortgage will be based on three or three and a half times the applicant's household income (3X joint, 3.5X single) and the mortgage must be at least 50% of the home's market value. The multiples may sometimes be varied according to the requirements of eligible groups (for example, key workers) or an individual's circumstances. The local HomeBuy Agent will ensure buyers maximise their mortgage while having regard for the overall affordability of the repayments.

Buyers cannot choose to take a lower mortgage if their affordable income multiple suggests they can afford and sustain a higher one. This is because the scheme is designed to assist buyers by giving them only just enough help to achieve home ownership. With only limited resources available, the government is seeking to help as many buyers as possible, so allowing a buyer to reduce their mortgage could stop others from also benefiting from the initiative.

Once a buyer has had their eligibility approved the HomeBuy Agent will set the 'Prescribed Mortgage Level'. This is the level of mortgage that a buyer should be seeking from their lender.

What is the legal mechanism that ensures the government gets its share of future sale proceeds?

This is through a second charge on the property, which means it cannot be sold in the future unless the government's entitlement is paid. Buyers must agree to this charge before the purchase can be completed. The legal document setting out the charge includes other obligations such as the requirement for owners to insure their property. A buyer's solicitors/conveyancer will advise them on the legal implications of this document before it is signed.

What happens when owners sell their FTBI home?

When owners sell their FTBI home, they will repay the government its entitlement to a share of the future sales proceeds. So if a buyer initially purchased with a 70% mortgage and a 5% cash deposit and has made no other repayments, it will repay the government 25% of the value at the time they sell. The National HomeBuy Agent will recover the government's repayment.

Owners can sell their property at any time and an independent surveyor will decide what it is worth. The property will be sold on the open market at the prevailing market valuation. The government's entitlement must be paid when a buyer sells the home. The buyer will pay the costs of selling.

The illustration below gives an example of how the payment to the government is calculated assuming a starting FTBI home starting value of £150,000 and a buyer taking on a mortgage for 70% and paying a 5% deposit.

Start of year	Estimated total property value assuming forecast future annual increase of 5%	FTBI owner mortgage and initial deposit 75%	FTBI government entitlement 25% to be repaid by FTBI owner from future sale
1	£150,000	£112,500	£37,500
2	£157,500	£118,125	£39,375
3	£165,375	£124,031	£41,344
4	£173,644	£130,233	£43,411
5	£182,326	£136,744	£45,581
6	£191,442	£143,582	£47,861

In the example above, if a buyer chose to sell their FTBI home at the start of year six (after owning the property for five years) and assuming property values increased by 5% every year, the buyer would have to repay £47,861 to the government and retain £143,582 to settle any outstanding balance on the mortgage provided by their lender.

Illustration 1

In this example, property values are assumed to be static for three years followed by annual increases of 2%. The buyer then chooses to sell at the start of year six, after five years of ownership.

Start of year	Estimated annual change in property value %	Estimated total property value at start of year assuming forecast annual change in value	FTBI owner mortgage and initial deposit 75%	FTBI government entitlement 25% to be repaid by FTBI owner from future sale
1	0	£150,000	£112,500	£37,500
2	0	£150,000	£112,500	£37,500
3	0	£150,000	£112,500	£37,500
4	2	£150,000	£112,500	£37,500
5	2	£153,000	£114,750	£38,250
6	2	£156,060	£117,045	£39,015

In the example above, if a buyer chose to sell their FTBI home at the start of year six (after owning the property for five years) and assuming property values increased by 0% annually for the first three years followed by two more years when they rose by 2% annually, the buyer would have to repay £39,015 to the government and retain £117,045 to settle any outstanding balance on the mortgage provided by their lender.

The FTBI buyer's mortgage continued

Illustration 2

In this example, property values are assumed to increase by 5% every year for three years followed by annual decreases of -5%. The buyer then chooses to sell at the start of year six, after five years of ownership.

Start of year	Estimated annual change in property value %	Estimated total property value at start of year assuming forecast annual change in value	FTBI owner mortgage and initial deposit 75%	FTBI government entitlement 25% to be repaid by FTBI owner from future sale
1	5	£150,000	£112,500	£37,500
2	5	£157,500	£118,125	£39,375
3	5	£165,375	£124,031	£41,344
4	-5	£173,644	£130,233	£43,411
5	-5	£164,962	£123,721	£41,240
6	-5	£156,713	£117,535	£39,178

In the example above, if a buyer chose to sell their FTBI home at the start of year six (after owning the property for five years) and assuming property values increased by 5% annually for the first three years followed by two more years when they fell by 5% annually, the buyer would have to repay £39,178 to the government and retain £117,535 to settle any outstanding balance on the mortgage provided by their lender.

Illustration 3

In this example, property values are assumed to increase by 2% every year for two years followed by annual increases of 8%. The buyer then chooses to sell at the start of year six, after five years of ownership.

Start of year	Estimated annual change in property value %	Estimated total property value at start of year assuming forecast annual change in value	FTBI owner mortgage and initial deposit 75%	FTBI government entitlement 25% to be repaid by FTBI owner from future sale
1	2	£150,000	£112,500	£37,500
2	2	£153,000	£114,750	£38,250
3	8	£156,060	£117,045	£39,015
4	8	£168,545	£126,409	£42,136
5	8	£182,028	£136,521	£45,507
6	8	£196,591	£147,443	£49,148

In the example above, if a buyer chose to sell their FTBI home at the start of year six (after owning the property for five years) and assuming property values increased by 2% annually for the first two years followed by three more years when they rose by 8% annually, the buyer would have to repay £49,148 to the government and retain £147,443 to settle any outstanding balance on the mortgage provided by their lender.

Can a FTBI owner ‘staircase’?

The FTBI scheme allows owners to reduce all or part of the government’s entitlement to some of the future sale proceeds. A partial reduction in the entitlement is called ‘staircasing’. Staircasing payments can be made at any time and must be a minimum of 10% of the home’s prevailing market value – whether that value is more or less than when originally purchased. A buyer cannot leave less than 10% outstanding, so if the government’s remaining entitlement is for 15%, the buyer has to repay this entire amount.

An independent surveyor/valuer must provide the valuation and the owner will pay for this. Enquiries about staircasing payments should be made to the National HomeBuy Agent.

If an owner staircases after three years of ownership, then the fees (see below) you pay on the government’s entitlement will be reduced because it is smaller. Correspondingly, the owner’s mortgage repayments will probably increase to reflect the fact that its FTBI mortgage has increased.

In the example below, if a buyer chooses to increase their FTBI equity by 10% to 85% at the start of year six (after owning the property for five years) and assuming property values increased by 5% every year, the buyer would have to repay £19,144 to the government.

Start of year	Estimated total property value assuming annual increase of 5%	FTBI buyer equity 75%	Estimated cost to buyer to increase equity by 10% to 85%
1	£150,000	£112,500	£15,000
2	£157,500	£132,300	£15,750
3	£165,375	£138,915	£16,538
4	£173,644	£145,861	£17,364
5	£182,326	£153,154	£18,232
6	£191,442	£160,811	£19,144

Are there any restrictions on the mortgage provider?

The buyer’s FTBI mortgage must be from a ‘qualifying lending institution’. These include 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 Services Authority keeps a register of authorised persons on its website. The register can be found at www.fsa.gov.uk/register. The buyer’s solicitor/conveyancer will check that the lender is compliant before a sale can proceed.

Fees and costs

What are the monthly costs of FTBI?

Every month, owners will need to make payments including:

- mortgage repayments to lenders;
- fee on the government's contribution (see below);
- service charges, if you buy a house or flat with shared areas that require maintenance;
- council tax;
- life insurance and payments into investment products if the mortgage is interest only;
- buildings insurance; and
- utility bills and other costs of occupying the property.

How are the fees calculated on the government's entitlement?

After three years a fee is payable of 1% on the value of the government's entitlement. This rises to a maximum of 3% after five years of ownership. This is payable to the National HomeBuy Agent. The example below shows how this is calculated. The fee payment is waived for the first three years, after this date a monthly fee will be payable and the table below illustrates how this would work on a government contribution of 25% worth £37,500 on the day of purchase.

Start of year	Govt contribution value carried forward	% Increase in govt contribution value for fee calculation	Total value for fee calculation at end of year	Annual fee payable by FTBI home owner		Monthly fee payable by FTBI home owner
1	£37,500	2.4%	£38,400	£ –	0%	£ –
2	£38,400	2.4%	£39,322	£ –	0%	£ –
3	£39,322	2.4%	£40,265	£ –	0%	£ –
4	£40,265	2.4%	£41,232	£403	1%	£34
5	£41,232	2.4%	£42,221	£825	2%	£69
6	£42,221	2.4%	£43,235	£1,267	3%	£106
7	£43,235	2.4%	£44,272	£1,297	3%	£108
8	£44,272	2.4%	£45,335	£1,328	3%	£111
9	£45,335	2.4%	£46,423	£1,360	3%	£113
10	£46,423	2.4%	£47,537	£1,393	3%	£116

At the start of year four, after three years of ownership, the FTBI owner has to pay a monthly fee of £34. At the start of year six, after five years of ownership, the monthly fee will have risen to £106.

This is to encourage buyers to staircase and move to full ownership, so that they reduce the government's entitlement. The introduction of fees also takes into account that the buyer gets all the benefit of living in a house that has been made possible by the government contributing part of the purchase price until the property is sold.

The full fee of 3% per annum on the amount of government entitlement is not introduced until year six, which means that an owner has a five year period of zero or reduced fees at a time when first-time buyers are usually the most financially stretched.

The government's amount of entitlement is inflated by 2.4% per annum because this represents an estimate of the long-term real rate of house price inflation and ensures that owners have an incentive to staircase and reduce the government's entitlement (see above), which will reduce their level of fees.

Because the government's entitlement is inflated every year, unless an owner staircases, their fees will keep rising year-on-year even though the fee remains at a flat 3% annually.

The level of fees is fixed at the time of purchase so a buyer will know exactly how much they will have to pay after three years of ownership.

The payment of fees does not reduce the government's entitlement to a percentage share in the proceeds of sale.

Annual percentage rates for FTBI owners

Because a buyer has to pay fees on the government's contribution during their ownership and may have to pay more than the original contribution back to the government, the effect will be similar to a loan under which a buyer pays credit charges at a rate dependent on the growth in house prices combined with the percentage rates of fees payable. The previous illustrations demonstrated separately the effects of house price changes and fees on the costs a buyer would have to pay starting with a £150,000 market value home and a buyer's affordable mortgage and contribution of 75%. The combined effect of fees and repayments effects the Annual Percentage Rate (APR) which is the buyers cost of credit.

Using the previous illustrations, after five years of ownership, if the buyer decides to sell and house prices have grown by 5% every year, the buyer will have to repay £47,861 to the government. The owner will have also paid £1,227 in fees on the government's contribution and is assumed to have paid £1,000 in legal and valuation fees. This means the total amount payable after five years on the government's original cash contribution of £37,500 is £50,088.

This is equal to an APR 6.0% typical. The total amount repaid is £50,088.

Who pays for repairs and ongoing maintenance to the FTBI home?

It is the owner's responsibility to repair and maintain their new home. New homes often come with a guarantee that will cover certain defects for up to 10 years after it was built. This guarantee usually only covers defects in the builder's workmanship.

General Q & A

Who provides the contribution for FTBI?

This is provided by national regeneration agency, English Partnerships, www.englishpartnerships.co.uk, and delivered through HomeBuy Agents as part of the government's HomeBuy programme. The government's contribution is always provided to the first-time buyer but paid to the housebuilder on the designated FTBI development.

If I am not eligible for help under this scheme, are there any other schemes available that may help me?

Other schemes offered through HomeBuy Agents may be applicable. Registered Social Landlords also run other low-cost home ownership schemes for people who cannot afford to buy a home. First-time buyers can get details of Registered Social Landlords running schemes in your area from the Housing Corporation, www.housingcorp.gov.uk.

How long will it take before a buyer can move in?

Because FTBI homes are on new developments (and may still be under construction), in common with most new home sales, a buyer will normally be expected to arrange a mortgage and exchange contracts within one month of paying a reservation fee. The moving in date will then depend on the time required to complete construction work and this will vary from scheme to scheme. Some FTBI applicants will be prepared to wait a longer period of time for a home that matches very specific needs whereas others will buy from a development that allows earlier occupation.

What happens if the rules change after a buyer purchases and they are no longer a priority or eligible as a key worker? Do they have to pay all the cash back?

No – eligibility status will be judged against the criteria at the time they were given financial help to buy the FTBI home. So if the scheme rules change they will not be affected.

However, if a buyer qualified for a home because of their key worker status and then changes job, they may have to pay back the government's entitlement.

Can a buyer sub-let their FTBI home?

No – FTBI is designed to assist the buyers to get on the housing ladder. If they wish to sub-let, they will first have to immediately repay the government's entitlement.

Can a buyer own a FTBI home and buy a second home?

No – FTBI is designed to assist buyers to get on the housing ladder. If a buyer wishes to purchase another home they will have to immediately repay the government's entitlement.

After purchasing a FTBI home, can a buyer increase their mortgage or take out another loan?

Not without permission from the National HomeBuy Agent.

After three years of ownership how is the fee collected?

By the National HomeBuy Agent through a monthly direct debit. Buyers will receive an annual statement

Can a buyer extend or alter the property?

Not without permission. Because FTBI is designed to help aspiring buyers into home ownership, they should consider repaying part or all of the government's contribution before making plans for improvements or alterations. This is because the government is seeking to help future first-time buyers and can use the proceeds of these repayment to make more low cost homes available. Therefore, consent will not usually be granted for significant home improvements.

Can a buyer use cash from their council, Housing Corporation, Registered Social Landlord or other public-sector body to buy with the addition of help through FTBI?

No – assistance through government key worker or other programmes cannot be combined with any other publicly funded home ownership scheme such as FTBI.

Can two key workers buying together get a double subsidy of government assistance help them buy a FTBI home?

No, buyers cannot combine two separate applications for financial assistance. The joint income will be taken into consideration to assess their affordable mortgage.

What happens if a buyer stops being a key worker?

If a buyer leaves eligible employment they will have to repay the government's entitlement within five years. They can do this by staircasing or selling on the open market.

General Q & A continued

How is the repayment date actually chosen?

Once a buyer leaves their key worker profession, they must notify the National HomeBuy Agent in writing within seven days of the change of job. The repayment dates will be based on five years from the date of their last day of key worker employment.

Does a career break mean a buyer has to pay the government's entitlement back?

Key worker buyers can have an agreed career break for up to three years. If they choose not to go back after this three year period they will cease to be a key worker on the last day of the three year period. They will then have five years after this three-year period, before the repayment terms are enforced (see above).

What happens if a buyer leaves a key worker job, serves notice to the National HomeBuy Agent, but within two years finds another job as an eligible key worker? Do they still have to repay the government's entitlement?

No. If the original key worker returns to eligible employment within five years, the claw-back provision no longer applies. A letter confirming their permanent employment status from the new employer must be provided to the National HomeBuy Agent.

Are key workers on temporary contracts eligible for assistance?

They may be eligible for help, and should check with their HomeBuy Agent for details.

If a key worker does not have indefinite leave to remain within the UK, what assistance are they eligible for?

They can apply for intermediate rent homes which offer good quality accommodation at 80% or less of the market rent. They should contact their HomeBuy Agent for details.

What if the buyer dies after purchasing a FTBI home?

If the buyer dies, the home will be passed on in the normal way under the terms of their will and the payments explained above will be made by their estate in accordance with the scheme in the same way as if the buyer had lived. If the buyer has not made a will it will pass under the laws of intestacy.

Key worker eligibility

Qualifying criteria for key workers

Be employed as one of the following qualifying key worker professions:

- clinical NHS staff (exception of doctors and dentists);
- teachers and nursery nurses in schools and further education/sixth form colleges;
- police officers, community support officers and some civilian staff;
- prison service staff in certain prisons;
- probation service staff;
- social workers, nursery nurse, educational psychologists, and therapists (e.g. occupational therapists) employed by local authorities or NHS;
- local authority planners;
- firefighters and other uniformed staff below principal level in Fire and Rescue Services;

And have a combined household income of less than £60,000 per annum

And have at least five years to serve before retirement

If you are a key worker employed on a temporary contract, we can consider you as long as:

- there are at least six months remaining on the contract;
- the contract was issued at the outset for at least 12 months; and
- there is a reasonable prospect of the contract being extended.

The HomeBuy Agent can provide further details.

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