



Homes  
England

Making homes happen

# Help to Buy 'Apply' alpha team

## User research playback

04 June 2020



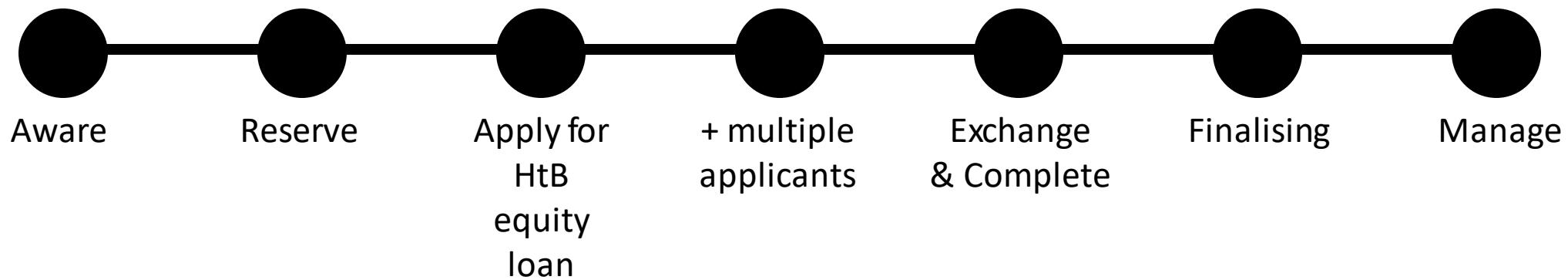
# User testing so far

<b>Session</b>	<b>Date</b>	<b>No. of participants</b>	<b>What we tested</b>
1	13 March	5	Step by step, Apply, Pay your equity loan
2	25 & 26 March	9	Pay back loan
3	8 & 9 April	8	Joint application journey
4	22 April	5	Guidance pages, miniservice, second applicant journey
5	30 April	5	Guidance, miniservice
6	14 May	5	Guidance, applicant 1 journey
7	21 May	4	Guidance, applicant 2 journey
8	28 May	4	Guidance, applicant 2 journey

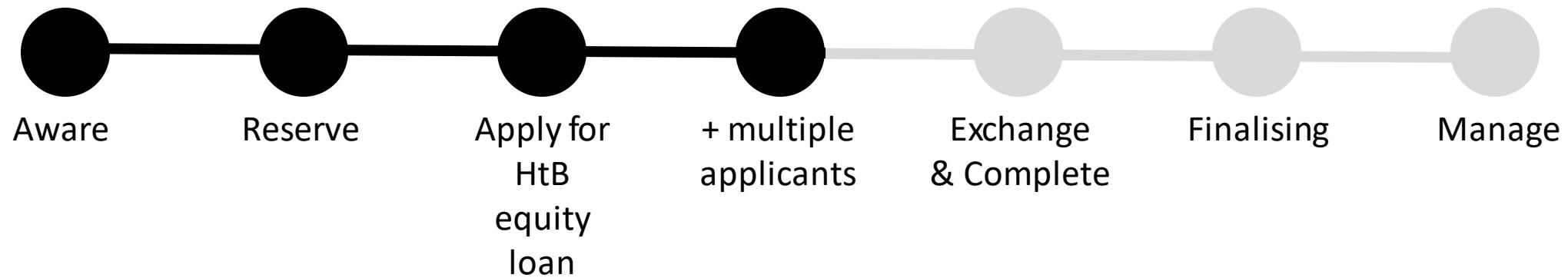
## Key learnings from session 8

People need sight of the big picture before  
grasping the detail

# End to end journey



# Focus for Apply alpha team



# Session 9 recruitment

All participants should be in the initial stages of buying their first home.

They have started checking property sites, understanding what they can afford through initial conversations with mortgage brokers/financial advisors.

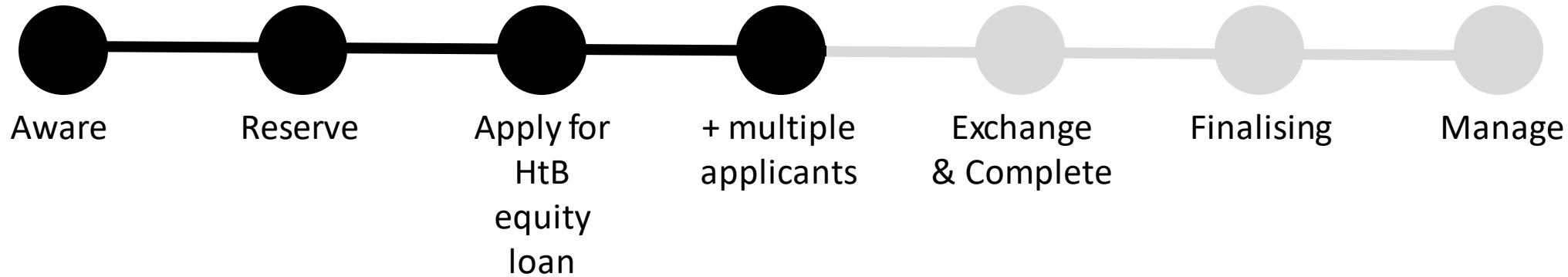
A range across:

- Gender
- Age group (18 - 24, 25 -34 and 35 - 44)
- Socioeconomic grades B, C1, C2, D
- Ethnicity
- Digital skills - one out of every 5 participants should have low confidence in using online services and a low level of digital skills.
- Access needs – one out of every 5 participants should have a cognitive disability such as Dyslexia or Dyscalculia.
- Locations across England - 1 out of every 5 participants should be London-based.

# Session 9 topics

- People's own homebuying journeys
- Understanding of the Help to Buy proposition and what it means for each participant
- Guidance pages
- Applicant 1 (of joint application) online application journey

# Assumption that we were testing



**Users are able to confirm how the loan works and how repayments are made prior to applying for a HtB equity loan.**

# Who we tested with



P1

24, rents in West Midlands with her boyfriend. Qualifying as a physiotherapist.



P2

38, rents in Midlands with wife and two children. Self-employed cartoonist and illustrator.



P3

27, lives in London with parents. Relationship manager at private bank.



P4

40, rents in Essex with partner and two children. Roofer.



P5

22, lives in Greater London with parents. Engineer.

# Who we tested with



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It has given me an idea that if this is a route we go down, there is a ceiling to what we could get. At the same time it has got me thinking the benefits to that scheme are that we could get there sooner.

# Who we tested with



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We kind of live on spreadsheets when it comes to ..we know what is coming in and what is going out of the house, just because when were looking to buy a house we started a huge spreadsheet up, just so we knew exactly where we were and what we were spending.

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In the last 12 months I decided to move back home essentially to try and save money..I was going in an endless circle, not saving any money and paying a lot of London premium price of renting..We'll see, we're currently in quite strange times.

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We put an offer on a place around April time, it got accepted, the chain not being that big we probably would have moved in by now, the bank approved the funds, we got help from the government scheme which is quite handy. You get help towards the property costs and when you sell it on, you pay that equity loan back.

# Who we tested with



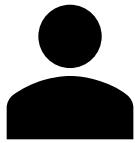
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22, lives in Greater London with parents. Engineer.

Twitter is quit good because there are a few accounts that are specific for young people in London who are trying to buy houses in London or outside in London. Its quite nice to see what someone in a similar position has done in the process to get your own home.

# Prototype – Guidance pages

# Find out about a Help to Buy: Equity Loan

- Overview of an equity loan
- [Who can apply](#)
- [How it works](#)
- [What you cannot do](#)
- [Paying back an equity loan](#)
- [How to apply](#)

## Overview of an equity loan

With a Help to Buy: Equity Loan you can get help from the government to buy your first home.

## Related content

- [Return to an equity loan application](#)  
[Find a home you can buy with an equity loan](#)

## What is an equity loan

An equity loan is not like a normal loan, where you get money in the bank. It allows borrowing against a property's market value (what it is worth).

With an equity loan, the amount:

- you borrow is based on a percentage of what the property is worth (its market value)
- you owe goes up and down with the market value of the property

## Property you can buy

With an equity loan, the home you buy must be:

- a new build. This is a newly built home that has not been lived in before
- from a registered Help to Buy house builder

Homebuyers can use an equity loan to buy a home in England (there are different schemes for [Wales](#) and [Scotland](#)).

→ [Next](#)  
[Who can apply](#)

## Find out about a Help to Buy: Equity Loan

- [Overview](#)
- [Who can apply](#)
- [How it works](#)
- [What you need to pay](#)
- [What you cannot do](#)
- [How to apply](#)

### Who can apply

You must be:

- a first-time buyer
- aged 18 years-old or over

If you're buying with someone else, they must also be a first-time buyer.

A first-time buyer is someone who has never owned a residential property or land anywhere in the world. This also includes a person who does own any property received as an inheritance or gift.

You cannot apply if you are married to someone who owns or has owned a residential property or land anywhere in the world.

You must live in the home you buy with an equity loan. It needs to be your only place of residence.

### Related content

[Return to an equity loan application](#)

[Find a home you can buy with an equity loan](#)

I'm not sure I understand the wording of this completely - are they saying that someone who has received inheritance is perceived as a first-time buyer? I am not sure about the wording of this.

P5

Does this mean it has to be your only place of residence for the next x amount of years or could you just live in it for a few years? If you did have more than one place of residence later on down the line, what would happen?

P5

← [Previous](#)  
[Overview](#)

→ [Next](#)  
[How it works](#)

## Find out about a Help to Buy: Equity Loan

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- [How to apply](#)

### How it works

An equity loan is used together with your mortgage and deposit to make up the property price.

What you can get with an equity loan depends on the region where the property is located.

To buy a home with an equity loan, you need:

- a deposit of at least 5% of the property price
- a mortgage of at least 25% of the property price

#### England (except London)

When buying a property in England:

- your mortgage and deposit together must add up to at least 80% of the property price
- you can get an equity loan between 5% and 20%

#### London

When buying a property in London:

- your mortgage and deposit together must add up to at least 60% of the property price
- you can get an equity loan between 5% and 40%

### Examples

<a href="#">England (except London)</a>	<a href="#">London borough</a>
This example shows the minimum deposit percentage amount and maximum equity loan percentage amounts to buy a home in England, outside of London. This is based on a property price of £200,000.	
Percentage	Amount
Deposit	5% £10,000
Mortgage	75% £150,000
Equity loan	20% £40,000
Property price	100% £200,000

### Property price limits

There is a price limit on the home that you buy. The limit is different for each region in the UK. These limits are shown below:

Region	Full property price limit
East	£407,400
East Midlands	£261,900
London	£600,000
North East	£186,100
North West	£224,400
South East	£437,600
South West	£349,000
West Midlands	£255,600
Yorkshire and The Humber	£228,100

### If you have a Help to Buy ISA

If you have a Help to Buy ISA, you can use it to buy any property worth up to £250,000 (or up to £450,000 in London). You must be an existing holder to use a Help to Buy ISA because it closed in November 2019 and is no longer accepting new applications.

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[Who can apply](#)

→ [Next](#)  
[What you cannot do](#)

'How it works', is the best one out of all of them. It provides a very clear breakdown in terms of limits and how much you need and how much you can borrow. That one is pretty good.

It gets more confusing around the whole repayment structure after those 5 years. I think this is where people get a bit lost and a bit scared of the scheme. I don't think it is very simple in the first place when you've got 2 separate loans for your property. You've got your mortgage as well as your other loan.

P3

This interest rate is charged from the next 1 April, except if you bought your home between 1 January to 31 March. Then the interest rate increase begins from the 1 April of the following year.

▼ What could the monthly interest charges look like?

Based on an Equity Loan of £30,000

Fees and interest details	Monthly payments
<b>Year 1 to 5</b>	<b>Total: £1.00</b>
No interest payments	£0
Management fee	£1.00
<b>Year 6</b>	<b>Total: £44.83</b>
1.75% = £525 per year	£43.83
Management fee	£1.00
<b>Year 7</b>	<b>Total: 46.75</b>
1.75% + 2.5% CPI + 2% = 1.83% = £549 per year	£45.75
Management fee	£1.00
<b>Year 8</b>	<b>Total: £48.75</b>
1.83% (Previous interest rate) + 2.5% CPI + 2% = 1.91% = £573 per year	£47.75
Management fee	£1.00

The interest will keep increasing along with the CPIH plus 2% for 25 years or until your mortgage ends. After 25 years you must pay off the full amount or ask for an extension.

Year 6 starts on the next 1 April, 5 years after you buy your home. If you buy between January to March, then it starts in April from the following year.

# Find out about a Help to Buy: Equity Loan

- [Overview](#)
- [Who can apply](#)
- [How it works](#)
- What you cannot do
- [What you need to pay](#)
- [How to apply](#)

## What you cannot do

### Own a second home

Your Help to Buy home must be the only home you own. You cannot buy or own a second home.

### Rent out your home

You cannot rent out your home, unless you've written permission from Help To Buy. It can only be agreed in exceptional circumstances, for example, if you are a member of the armed forces.

Renting a room in your home to a tenant is allowed, as long as you continue to live in the home.

### Make alterations

You must pay back the loan before you make any major changes to your home. You can only make alterations if you have written permission from Help to Buy. This is only provided in exceptional circumstances, such as for medical reasons.

If you have permission and the alterations increase what the property is worth, this increase is not included in the property's value when it is time to sell the property. If alterations made without written permission increase the property's value, the repayments are based on a percentage of the property's value, as usual.

## Related content

[Return to an equity loan application](#)

[Find a home you can buy with an equity loan](#)

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[How it works](#)

---

→ [Next](#)  
[What you need to pay](#)

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- [What you cannot do](#)
- [How to apply](#)

### What you need to pay

There are 3 things you need to pay with an equity loan:

- a monthly E1 management fee
- a monthly interest fee (this starts after 5 years)
- the equity loan in full or in part repayments

#### Monthly management fee

You'll be charged a monthly E1 management fee, which is paid by direct debit from the start of owning your home until the loan is repaid.

#### Interest

Interest starts after 5 years at 1.75%. It then increases incrementally each year by a fixed formula which uses a measure of inflation called the Consumer Price Index plus Housing (CPIH).

The formula is the previous year's interest multiplied by (CPIH + 2%).

- ▶ [What could the monthly interest charges look like?](#)

#### Repaying the equity loan

The monthly payments do not go towards repaying the equity loan.

You must repay the equity loan in full or in part repayments. When paying in part, the minimum you can repay is 10% of the property's value. This is made in a lump sum payment.

The repayment amount you make depends on the Royal Institution of Chartered Surveyors (RICS) property valuation of your home, which is needed each time you repay. There are also:

- solicitors costs
- surveyor
- Help to Buy administration fee

You can repay at any time, but you must pay by the time you either sell your home, repay your mortgage, or by the end of your mortgage term.

To repay you could raise funds by re-mortgaging, use savings, or by selling the property.

#### Repayment fees

You will need to apply for a repayment quote to make a repayment. This includes a £200 Help to Buy administration fee each time you apply. There will also be other fees such as getting a valuation done.

[Find out how to manage and pay your loan once you own a home with an equity loan.](#)

#### Example of repayment

This example shows how much you would repay if the property's market value changes.

It is based on:

- a property bought for £200,000
- an original equity loan value of £40,000
- an equity loan of 20%

A 20% equity loan can be repaid in up to 2 repayments. The first repayment must be at least 10%.

First repayment	Second and final repayment
You must get your home valued to know what your repayment amount will be.	
Market value rises by 5%	Market value falls by 5%
Property value	£210,000
Equity loan value (20%)	£42,000
First repayment of 10% (must be at least 10%)	£21,000
	£19,000

← Previous  
[How it works](#)

→ Next  
[What you cannot do](#)

That takes me to another site?  
Would that not be better to open up in a new window instead? Because I am having to flick backwards and forwards. Obviously if I get into that and start reading other things, i might get lost in the ether as it were.

P2

This being here and saying what this charge looks like, I think it is quite reassuring, with the example. It says what you'd expect to pay monthly, what you'd expect to pay annually, the management fee and the interest. It kind of makes me think, Ok that is manageable, its not too scary. I like the example.

P1

#MakingHomesHappen

It is a bit clunky in terms of the repayment stuff.  
For an average person, if you're scrolling down here, you might get a bit lost in sort of the numbers and the acronyms. Maybe have the chart at the top, something simple to show how the repayments would work.

P3

# Pay back the equity loan

## Contents

- Overview
- [Paying back the loan in full when selling your home](#)
- [Paying back the loan in part or in full without selling your home](#)

## Overview

You can repay the Help to Buy equity loan at any time. The loan is interest free for 5 years. Interest is then charged at:

- 1.75% in year 6 and increasing each year by RPI plus 1% for properties bought before April 2021
- 1.75% in year 6 and increasing each year by CPI plus 2% for properties bought after April 2021

You can repay your loan in full or in part. Before you repay you must get your home independently valued so that the amount you need to pay back can be calculated. The minimum repayment is equivalent to 10% of the value of the property.

You must repay the loan in full when you sell your home. If you do not sell your home, you can repay some or all of the loan by using your own funds, borrowing more from your first charge lender or remortgaging with another lender.

## Repayment calculator

You can estimate the amount you will need to repay by using a [repayment calculator](#).

## Fees

There is an administration fee of £200 each time you apply to repay the equity loan. Administration fees are valid for 8 months.

A monthly service fee of £1 also applies throughout the lifetime of the loan.

Next

[Paying back the loan in full when selling your home](#)

The links to a repayment calulator, so that you can see what is feasible for you. I always like that on a website because it means you can read it and think, OK if i can afford this where does that put me? Just having a link there rather than having to go and find one yourself is always good.

P1

## Find out about a Help to Buy: Equity Loan

- [Overview](#)
- [Who can apply](#)
- [How it works](#)
- [What you need to pay](#)
- [What you cannot do](#)
- [How to apply](#)

### How to apply

Follow these steps to buy a home with an equity loan.

You can find new build homes from registered Help to Buy builders on the [Help to Buy agents](#) website.

#### Before applying:

- ➊ **Get a realistic idea of your mortgage amount**  
You shouldn't incur the costs of securing a mortgage at this stage, but you need to have a good idea of what you can get. It's recommended to see an [independent financial advisor](#).
- ➋ **Reserve the property**  
You'll need the property details for the application form. Some house builders ask for a reservation fee of up to £500, which is refundable.
- ➌ **Find a conveyancing solicitor**  
Your solicitor details are needed for the application form.

#### Apply:

- ➍ **Apply**  
[Apply online for a Help to Buy: Equity Loan](#). A decision will usually take around a week. A Help to Buy agent will get in touch with you to let you know if your application has been approved.

#### After you have been approved:

- ➎ **Apply for a mortgage**  
Once you know you can get the equity loan, it's time to apply for a mortgage. At this stage you will have expenses such as valuation fees.

- ➏ **Exchange and completion**  
Your solicitor will advise you, check the details and organise your deposit, mortgage and equity loan to be paid to the builder and for the details to be registered with the Land Registry. Your name will be on the property deeds.

[► What if I'm not approved for the equity loan?](#)

### Start application

Before applying, you must have already reserved a property and have a realistic idea of your mortgage.

You will need the following to complete the application:

- new build property details
- monthly income and outgoings
- solicitor details
- details to verify your identity

If you're buying with someone, you'll need their income and outgoings also.

[Start now >](#)

[Return to an application](#) you've already started.

#### If you cannot apply online

You can contact a Help to Buy agent in your region who can help you with making your application.

The north of England: 0300 790 0570

The south of England: 0800 456 1188

The Midlands and London: 03333 214 044

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[What you need to pay](#)

“It is quite difficult because it is not, in my opinion, an easy product. I think you would have to be quite clued up in the property world or have a good advisor or someone who knows their stuff who is able to explain this clearly.

From my perspective, if I end up purchasing a property on the HtB scheme, the only thing I could consider, the only way I would be able to pay off the government loan would be purely by remortgaging.

It is a lot of information.

“What I have done before, I believe on the government website there is a HtB excel spreadsheet calculator which I have used before. I think that is what all the brokers use as well, it is pretty black and white in terms of telling you how much you can borrow, your loans to earnings. So from this website alone, no. Just these tabs and everything, I would not be able to figure out how much. I would just be able to know that I was eligible and it would be able to give me some examples, but there is no way you would find out how much you can borrow. It could be one of the tabs on the top left, 'How much can I borrow?’”

P3

# Prototype – Applicant 1 journey

"I guess that makes more sense now (after reading letter from builders). Even though it says on the website that you need to buy from a registered HtB housing company, I did not realise that they would be working closely with government or the people behind the loans.

P5

"I would probably go to .gov website and search for 'equity loan'.

Interesting that the letter does not say what my mortgage value is."

P2

Mx Sam Trenshaj 15  
High Street  
Birmingham BM19 3AQ  
[sam.trenshaj@example.com](mailto:sam.trenshaj@example.com)  
07700 900457



10 May 2020

**Builder organisation code:** HTB-HHBC-9874

**Reservation number:** 502135326  
**Property:** 72 Guild Street, Birmingham

Dear Mx Trenshaj

Thank you for the payment of £500, securing the purchase of the above property and confirming the details of the solicitor who will be acting on your behalf. These are listed below. I have also set out the purchase price, the maximum equity loan amount you would be able to apply for the minimum deposit amount required. You need to apply on the government site for the equity loan at [gov.uk/apply-for-equity-loan](http://gov.uk/apply-for-equity-loan) if you wish to fund your purchase with a Help to Buy Equity Loan.

Please check that this information is correct:

Birmingham Central Solicitors Prita Plyala (Lead Conveyancer) 55 Central Place, Birmingham B2 4AQ

Purchase Price: £198,000

Deposit: at least 5% - £9,900 Government support: the maximum is 20% equity loan of £39,600

The development is progressing at a good pace and it is anticipated that your flat will be completed by 24 January 2021 and a provisional completion date has been pencilled in for 3 March 2021.

May I take this opportunity to congratulate you on securing your dream Happy Home.

If you have any questions, please contact our Customer Service centre on the number below.

Yours sincerely

Eleanor Shelstrop  
Director of Development and Pre-Sales

Happy Home Building Company Registered Office:  
128 Kings Drive, London SW3 8HH Phone: 0207556335

"You should probably know if you're eligible for this scheme before you've gone this far down the road in terms of your application.

It seems a bit back to front the whole process, you should have this all in hand as soon as you secure the property.

It would be better to know this information before you have even considered making an offer on the property.

You would know the price of the property and then you can figure out how much you can borrow and the size of the loan."

P3

## Find out about a Help to Buy: Equity Loan

- [Overview](#)
- [Who can apply](#)
- [How it works](#)
- [What you need to pay](#)
- [What you cannot do](#)
- [How to apply](#)

### How to apply

Follow these steps to buy a home with an equity loan.  
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#### Before applying:

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You shouldn't incur the costs of securing a mortgage at this stage, but you need to have a good idea of what you can get. It's recommended to see an [independent financial advisor](#).
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You will need to pay for a valuation of your new home in order to secure your mortgage agreement.
- ➏ **Exchange and completion**  
Your solicitor will advise you, check the details and organise your deposit, mortgage and equity loan to be paid to the builder and for the details to be registered with the Land Registry. Your name will be on the property deeds.

► [What if I'm not approved for the equity loan?](#)

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Before applying, you must have already reserved a property and have a realistic idea of your mortgage.

You will need the following to complete the application:

- new build property details
- monthly income and outgoings
- solicitor details
- details to verify your identity

If you're buying with someone, you'll need their income and outgoings also.

[Start now](#) ▶

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The Midlands and London: 03333 214 044

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[What you need to pay](#)

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Before you start

## Check you understand the Help to Buy: Equity Loan

You must make sure you've [read the guidance](#) before you apply for an equity loan and agree to meet these conditions.

- The home I buy with an equity loan must be my only home - I cannot buy another residential property
- I cannot let out the property with an equity loan
- I cannot make structural changes to the property whilst I've an equity loan
- The amount of equity loan I repay depends on the property's market value

[Continue](#)

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Before you start

## Have you reserved a home with a registered homebuilder?

You should have reserved your new home with a registered Help to Buy homebuilder. This usually includes paying a reservation fee.

Yes     No

[Continue](#)[GOV.UK Prototype Kit v9.5.0](#) [Clear user data](#)[CLEAR ALL SESSION DATA](#)

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Before you start

## Do you have this information?

You must have these details to complete an application for an equity loan.

I have a realistic idea of the mortgage amount I can borrow

I have my solicitor details

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Before you start

## Do you meet the conditions to apply for an equity loan?

You must meet the conditions to apply for an equity loan. Select all that apply.

- I'm a first-time home buyer: I don't own, or have not previously owned, a residential property or land anywhere in the world
- I'm not married to a person who owns, or has previously owned a residential property or land anywhere in the world
- The property I'm buying is a new build home in England
- I'm 18 years-old or over

[Continue](#)

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## Prove your identity to continue

You need to verify your identity in order to apply for a Help to Buy: Equity Loan. This check will not affect your credit score.

Registering with GOV.UK Verify usually takes about 15 minutes. It works best if you have:

- a UK address
- a valid passport or photocard driving licence

A certified identity provider will check your identity when you register with GOV.UK Verify. They've all met security standards set by government.

[Use GOV.UK Verify](#)

► [What should I do if I cannot use GOV.UK Verify to prove my identity?](#)

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**Sign in with GOV.UK Verify**

This is my first time using GOV.UK Verify

I've already signed up for Verify  
This includes if you've got part way through creating an identity account

[Continue](#)

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## Who do you have an identity account with?

If you don't have an identity account, you can [set one up now](#).



Select  
Experian



Select Post  
Office

secureidentity

Select  
SecureIdentity

\* DIGIDENTITY

Select  
Digidentity

BARCLAYS

Select  
Barclays

[◀ Back](#)

## Enter your verify details

Email

Password

[Sign in](#)

## Your details

These are your details from the prove your identity check.

Name	Sam Trenshaj
Date of birth	24 August 1982
Address	15 High Street Birmingham BM19 34Q

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## Are you buying with another person or other people?

- I'm buying on my own
- I'm buying with 1 person
- I'm buying with 2 people or more

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Section 2 of 7

## Enter the homebuilder details

Homebuilder (developer) organisation code

You can ask the homebuilder to give you this code

Homebuilder name

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Section 2 of 7

## Address of new build home

Building and street

Town or city

County

Postcode

Name of local authority

This will be populated once you put in the postcode

[Save and continue](#)[Save and come back later](#)

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Section 2 of 7

## Enter details about your new home

Property type

- House     Flat

I am not sure whether I have  
an understanding of  
ownership type. I would  
guess it is leasehold. I am  
not sure what it means.

P1

Ownership type

- Freehold     Leasehold

Service charge / estate charges

£  per year

Ownership type is not on  
the letter  
P2

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Section 3 of 7

## Enter your income details

Would that also include things like Universal Credit? Maybe a Universal Credit prompt on that as well might have been useful.

If I'm self-employed and employed at the same time?  
For me, my self-employed peaks and troughs seasonally.

P2

### Annual income

Annual salary income (before tax)

Do not include any child tax credits or child benefit amounts

 £ per year

Overtime, bonuses and commissions

 £ per year

### Monthly income

Disability allowance

 £ per month

Guaranteed maintenance income

 £ per month

Any other income

Do not include any child tax credits or child benefit amounts

 £ per month[Save and continue](#)[Save and come back later](#)

[Back](#)

Section 3 of 7

## Enter your monthly outgoings

Total outstanding credit card balances

 £ total

Total salary deductions

For example, childcare vouchers, pension

 £ per month

Student loan repayments

 £ per month

Loan/hire purchase payments

 £ per month

Giving examples of what  
loan/hire purchase might  
be.

What am I meant to be  
including here?

P1

[Save and continue](#)[Save and come back later](#)

[Back](#)

Section 4 of 7

## Enter Frankie Shaw's income details

### Annual income

Annual salary income (before tax)

Do not include any child tax credits or child benefit amounts

 £ per year

Overtime, bonuses and commissions

 £ per year

### Monthly income

Disability allowance

 £ per month

Guaranteed maintenance income

 £ per month

Any other income

Do not include any child tax credits or child benefit amounts

 £ per month

Do I enter the  
mortgage amount? I  
would have to go  
back and look at the  
guidance. (would  
you already have  
received an offer  
from a mortgage  
lender?)

P1

[Save and continue](#)[Save and come back later](#)

[Back](#)

Section 5 of 7

## Enter the amounts you'll pay towards your property

### Your joint deposit amount

The deposit is the amount of money you have put aside for buying the property.

This must be at least 5% of the property price (at least £9,900).

Deposit

 £

Remaining sum needed to meet property price:

£158,400

Based on these details:

Equity loan %: **20%**

Equity loan: **£39,600**

Property price: **£198,000**

[Change](#)

### Mortgage amount

Amount you plan to borrow for your mortgage

 £

Enter the mortgage term

 years

[Save and continue](#)

[Save and come back later](#)



[Back](#)

Section 5 of 7

## Check what you're borrowing

You're borrowing:

**20%**

of the value of your new home

The amount you owe rises and falls with the property's market value.

This means the homebuilder will receive:

**£39,600**

There are 3 things you need to pay. These include:

- a monthly £1 management fee
- a monthly interest fee (this starts after 5 years)
- the equity loan repayment in full or in 2 parts

There is more information about these fees and repayments on the following 2 pages.

[Save and continue](#)[Save and come back later](#)

Based on these details:

Joint deposit:	<b>£10,000</b>
Mortgage:	<b>£148,400</b>
Equity loan:	<b>£39,600</b>
Property price:	<b>£198,000</b>

[Change](#)

how do I pay it? is it a standing order, is it a direct debit? How is that taken from me as a £1 management fee?

I don't think I've seen anywhere explains what a) what that management fee is about, where does it go, what is it used for, who takes it, how do you take it, the finer details. That would be interesting to know. I suppose these things I would like to know in a calculator of some sort, to show me what a monthly interest fee would look like. How much that would be? Full or in 2 parts, again it would be nice to see what that would look like, in real terms before I hit 'save and continue'. A little bit more detail on what that all means with the facts and figures attached to it.

P2



[Back](#)

Section 5 of 7

## Check you understand the monthly fee and interest payments

[Printable version \(pdf\)](#)

Your monthly payments include:

- a £1 management fee
- interest fee (this starts after 5 years)

These monthly payments do not go towards paying back your equity loan.

More information about making equity loan repayments is provided on the next page.

### Management fee

You'll be charged a monthly £1 management fee, which is paid by direct debit from the start of owning your home until the equity loan is repaid.

This is all you'll pay for the first 5 years.

### Interest

The interest you pay is a percentage of your original equity loan amount of £39,600.

Interest starts after 5 years at 1.75%. It then increases incrementally by a fixed formula, which uses a measure of inflation called the Consumer Price Index plus Housing (CPIH).

The formula is the previous year's interest multiplied by (CPIH+2)%.

[▶ Show me the interest increase details](#)

### Examples of interest payments if inflation (CPIH) is 3%

Inflation is variable from year to year, so these figures are examples only.

As expected, if you repay part of your equity loan, your interest will be reduced in-line with the percentage your repay.

After 5 years	April 2027	April 2028	April 2029
The interest starts in on the fifth anniversary of buying your home. It starts at 1.75% and is based on the original equity loan amount of £39,600.			
Period	Rate	Annual	Monthly
20 March 2026 to 31 March 2027	1.75%	£693.00	£57.75
1.75% of £39,600 is £693.00			

These figures are based on you completing buying your property during 2021. If the date you buy your property is outside this time, the date your interest will start to increase will change.

I understand that the monthly interest and fee payments do not pay off the equity loan

[Save and continue](#)[Save and come back later](#)

I think it would be really good if this could be done in the stage before, like a real calculator on how this scenario would affect you before you have even made an offer on the property of the scheme. I think this would be very very helpful. I'm not sure if there is anything like that available at the moment.

We are way down the path in terms of the property purchase. You would not be able to know this sort of information about the property you are buying unless you have essentially secured it.

P3

It would be nice for you, before you have made an offer, before you have paid a reservation fee to be able to do these calculations yourself to see whether you are eligible and you can borrow the amount and you're comfortable with the interest payments and thinking, 'Oh I have to pay a 20K lump sum at some point', it would be nice to have this sort of certainty. That is my opinion. For me personally I would like to know what is coming up in the next 5 years.

P3

I understand that I am paying this back on a monthly basis, but again that might be a perception i suppose. I am probably putting that in from what i remember the last time rather than absorbing this.

I completely missed all of this and not really absorbed it very well. I just looked at numbers and figures.. but I have not taken it in too well on how that is actually repaid.

If that was me then, I would probably want a step to slow me down a little bit (Repaying part of the equity loan, repaying in full , when your loan must be paid by)

It does not tell me how and when.

My brain would want a real world example.. if I bought a property now and in 25 years you sell it..I would like a real world example of how that actually works.

P2

< Back

Section 5 of 7

## Check you understand how to repay the Help to Buy: Equity Loan

[Printable version \(pdf\)](#)

You must either pay off the equity loan in full, or in 2 part repayments.

You cannot make monthly payments to Help to Buy to repay the equity loan. When paying in part, you pay a lump sum when you can afford it.

For example by re-mortgaging, using savings, or by selling the property.

The amount you repay will be a percentage of the market value of your home (what your home is worth).

You'll need to get a Royal Institution of Chartered Surveyors (RICS) registered surveyor to carry out a valuation to determine how much your home is worth at the time you repay.

There are costs associated with repaying, such as fees for getting a valuation, solicitor fees and a £200 Help to Buy administration fee.

### Rепaying part of the equity loan

With a 20% equity loan, the first lump sum repayment must be between 10% to 15% of the RICS valuation of your home.

The second, and final, lump sum repayment must be between 5% to 10%.

### Rепaying in full

You will need to repay 20% of the selling price or of the RICS property valuation (whichever is higher).

### When your loan must be paid by

You can make a repayment at any time, but you must repay in full before whichever of the following is soonest:

- you sell your home
- 25 years after you buy your home
- you pay off your mortgage in full or reach the end of the mortgage term

### How much you will repay

The examples below show what you would need to repay if the market value of your home rises or falls. The examples do not include fees.

Example	Current value	Market rises by 5%	Market falls by 5%
Property value	£198,000	£207,900	£188,100
20% equity loan you would owe	£39,600	£41,580	£37,620
If repaying in part, 10% minimum first repayment	£19,800	£20,790	£18,810

I understand my equity loan repayment value is dependant of my home's RICS valuation at the time of repaying

I understand, if repaying part of the equity loan, the first lump sum must be at least 10% of the home's RICS valuation

Save and continue

Save and come back later

This is a lot better. It would be good, perhaps on the first page we were on, the first part, to have something like this where you're able to sort of put something in , you're able to break down how much you would be paying back of the equity loan and when.

This is very good but it is very far down the line of the actual application. I think it is very helpful. A lot better in terms of how it is explained. i think purely, the main fact is being able to give an example for your own figures which relate to your own purchase.

P3

# Your form has been submitted

Your reference number  
**HDJ2123F**

We have sent you a confirmation email.

[Print or save a PDF copy](#) of this form.

## What the second applicant needs to do now

- The second loan applicant must complete their sections in the application
- We'll send an email from Help to Buy with a link to the second applicant to continue with the application
- The second applicant must use the submission reference HDJ2123F to access the application

## What happens next

- A Help to Buy agent will review your application and make a decision
- You will receive a decision by email from a Help to Buy agent within a week of receiving both buyers' applications
- You can contact a Help to Buy agent if you have any questions

## Help to Buy: The Midlands and London

Telephone number: 03333 214 044

General enquiries: [Enquiries@helptobuyagent2.org.uk](mailto:Enquiries@helptobuyagent2.org.uk)

[What did you think of this service?](#) (takes 30 seconds)



We are way down the path in terms of the property purchase. You would not be able to know this sort of information about the property you are buying unless you have essentially secured it. It would be nice for you, before you have made an offer, before you have paid a reservation fee to be able to do these calculations yourself to see whether you are eligible and you can borrow the amount and you're comfortable with the interest payments.

P3

I can't remember the timescale but you wait to hear that the application has been approved. Then I can't remember if it is a case of liaising with the mortgage people again, i can't remember. I'd go back to the website, because it was really easy to read there.

P1

I think it would be really good if this could be done in the stage before, like a real calculator on how this scenario would affect you before you have even made an offer on the property of the scheme. I think this would be very very helpful. I'm not sure if there is anything like that available at the moment.

P3

Obviously it does not kick in until after 5 years anyway. So by then I will probably have more income anyway. I am looking at setting a few things up. I may be going into business with a few other people over the next year or so. So I would expect to have more income anyway come 4 or 5 years down the line. 5 years is a long time away, so I didn't really put much thought to that, how I'd pay it back. 5 years, I'd kind of forgotten about it, I know once 5 years kicks in you've got to start paying it back. You can pay it back like one lump sum or like a student loan where you pay it back on a monthly basis.

P4

# Questions?



Homes  
England

Making homes happen

# Thanks

