

Form of Authority to Proceed

Date: **08 January 20X9**

Expiry Date: **08 April 20X9**

To:



Backed by
HM Government

To:

CC:

Scheme: Help to Buy

Property:

Named Buyer:

Option A

Your application to take part in the Help to Buy Initiative has been approved by Help to Buy London 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):
£ 292800

FULL PURCHASE PRICE: **£ 488000**

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): **£ 195200**

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): **40%**

Help to Buy London
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Houghton Regis,
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Industrial and Provident Society No. 21083R
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MORTGAGE LEVEL **£ 266050**

APPROVED 1st CHARGE MORTGAGE TERM **30 YEARS**

FORECAST INTEREST CHARGE YEAR 6 **£284.67**

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

REQUISITE AMOUNT OF CASH SAVINGS TO BE INVESTED BY BUYER: **£ 26750**

(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. **Developer to pay stamp duty**

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 – <http://www.helptobuyLondon.co.uk>). 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.
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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.
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Step 2

Help to Buy London 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 Help to Buy London 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

Help to Buy London 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 Target HCA (the Mortgage Administrator) and all correspondence and payments required under Equity Mortgage will be to the Mortgage Administrator, 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 Help to Buy London at 6 Houghton Hall Business Park, Porz Avenue, Houghton Regis, Beds, LU5 5UZ – 0300 5000 996

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 Help to Buy London 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.]**

Yours sincerely

A handwritten signature in cursive script that reads "HelptoBuy London". The signature is written in dark ink and is positioned to the right of a small circular stamp.

For and on behalf of Help to Buy London

Enclosures Personal Worked Example