



# What happens at the End of your Equity Loan?

## Choosing a Help to Buy: Equity Loan

If you choose to opt for a Help to Buy: Equity Loan plan, you'll know it's a government scheme offering you a 20% loan for the property you want to purchase. What you'll want to know is, what happens when you want to pay it back, or what happens if you don't pay it back before you sell the property, or when the mortgage term is over?

## Look no further

Like any loan, you'll have to pay it back. However, with this loan, there's no certain deadlines or tight timeframes. You can choose to pay the loan back at any time. But the loan must be paid back after 25 years or when you sell your home – whichever comes first. You also have a choice of what you pay back, either the 10% minimum or 20%. Remembering that it's the 10% or 20% of the current value of your house. That means that if your house is now worth less than it did when you bought it, the loan will be smaller. But, if house prices rise, and your house is worth more, your loan will be more than the original loan you received from the government.

## Selling your home

You can sell your home when you like. Your loan will either be paid off in the sale of the house or paid off at the end of your mortgage term.

If you're not looking to sell, but still wanting to pay back the equity loan, you can.

## The fees involved in paying back the Equity Loan:

- Years 1–5: no fees
- Year 6: 1.75% of the loan
- Year 7 onwards: 1.75% + RPI + 1%

Please note these fees do not go towards paying off the government loan.

## Staircasing

If you want to make payments towards your equity loan, you're able to do this in smaller steps, and this is rather than paying off the loan all at once. This is called 'staircasing'. You can make smaller payments and in turn, own a larger portion of your property.

## Fine-tuning any details

If you need extra help putting a Help to Buy: Equity Loan in place, a government – appointed Help to Buy agent will talk you through the process. They'll also be able to set up monthly payments to your bank. Every year you will also be sent a statement about your equity loan, to keep you in the loop.