

# Your guide to new build mortgages



Buying a new build home is an exciting time as you wait to pick up the keys to your shiny new home! Before you can move in though, you'll no doubt need to sort out a mortgage.

Getting a mortgage for a new build home is similar to getting a mortgage on an older house. There's just a few things to be aware of which we'll go through in this guide to make sure your journey to buying a new build home is as easy as possible.



**mortgage**  
advice hub

# Things to consider when buying a new build home

When you're buying a new build home, here's what you need to think about....



## Research is key

When you find your dream new build home, make sure you take a little time to do some research before making an offer. The National New Homes Customer Satisfaction Survey on the Home Builders Federation website is a great place to start as it rates developers based on what real customers think.



## What's the area like?

Check if the location suits your needs. Does it have good transport links? How long will your commute to work take? And are there good schools nearby?



## Are you buying 'off plan'?

This means buying a new build home that hasn't been built yet. Check whether you can choose aspects of the design yourself, and make sure you clarify exactly what's included in the price, such as white goods.



## Reservation fees

With new build homes, you'll usually need to pay a fee to reserve the house.



## Don't forget insurance

Most new build properties come with a 10-year protection warranty issued by the National House Building Council (NHBC), should there be any major defaults in the building work. Your appliances will have warranties too, but you'll still need home insurance to protect against damage like flooding.

# Schemes to help you buy a new build home

There are a number of schemes available to help you buy a new build home, including:

## Help to Buy Equity Loan Scheme

You'll need to put down a minimum deposit of 5%, and the Government will lend you up to 20% of the property's value (or up to 40% if you're buying a house in London). You'll then need to take out a mortgage for the remaining amount. The scheme is only available to first time buyers, and regional price caps on the value of the property apply.

## Shared Ownership

With Shared Ownership, you buy a share of a house or flat, usually a minimum share of 25%, and you'll pay rent on the remaining share. As you're only buying a percentage of the house, you'll need a smaller mortgage and deposit, so this could be a good option if you're on a tight budget. After you've moved in you can buy a bigger share of your home. This is known as 'staircasing'.

## Deposit Unlock

This scheme allows first time buyers and home movers to buy a new build home with just a 5% deposit. It's available across England, Scotland and Wales from participating builders, and is exclusively for new build homes only.

## First Homes Scheme

Launched in June 2021, this scheme helps local first time buyers and keyworkers to get on the property ladder by offering properties at a discount of at least 30% off the marketing price. If you're buying through this scheme, you'll need a minimum deposit of 5% of the discounted purchase price. Then, if you later sell the property, the same percentage discount will be passed on.



# What's the mortgage process for buying a new build home?

Here's our step-by-step guide to getting a new build mortgage.

- 1** Speak to an adviser. We'll crunch the numbers and work out how much you'll be able to borrow, and we'll explain the application process too.
- 2** Choose a mortgage product and complete a decision in principle with the mortgage lender.
- 3** Start house hunting. Once you've found the house of your dreams, it's time to make an offer! To secure the property you'll usually need to pay a reservation fee.
- 4** Apply for a mortgage. With new build homes you often only have 28 days from reserving the house to exchange. So the sooner you speak to your mortgage adviser to start the application process, the better.
- 5** Think about protection. Consider what protection you need, such as life insurance or income protection. Our expert advisers can talk through the different types with you.
- 6** Getting ready to exchange. Once you have your mortgage offer and the legal work is completed, you'll be ready to exchange.
- 7** Complete and move in. Once the home is finished, you can get the keys and move in! Congratulations, you did it!

Contact your expert adviser today

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Your home may be repossessed if you do not keep up repayments on your mortgage.  
There may be a fee for mortgage advice. The actual amount you pay will depend upon your circumstances.  
The fee is up to 1% but a typical fee is 0.3% of the amount borrowed.