

Help to Buy: ISA Conveyancer Factsheet

The following information should be easily available to conveyancers submitting bonus applications on behalf of their clients and can be used to inform discussions with first-time buyers on the sources of funding for their property purchase.

This document is not definitive. All conveyancers participating in the Help to Buy: ISA, must agree to act in accordance with the scheme rules and conveyancer guidelines, these are referred to below:

Help to Buy: ISA Scheme rules: www.helptobuyisaadmin.org.uk/sites/default/files/scheme-rules.pdf

Help to Buy: ISA Conveyancer guidelines: www.helptobuyisaadmin.org.uk/sites/default/files/conveyancer-guidelines-for-publication-nov-2016.pdf

Do I need to register with the Help to Buy: ISA scheme to make a bonus claim?

Yes. If you are an eligible conveyancer as defined in the scheme rules, you will have to register with the Help to Buy: ISA scheme and agree to adhere to the scheme rules and the conveyancer guidelines. If you agree to do so, you can proceed to register your firm with the Scheme Administrator at: www.helptobuyportal.org.uk.

The timeframe to conduct assurance and to be accepted onto the Conveyancer Portal can vary and will depend on whether your firm is already a member of Lender Exchange.

If you encounter any difficulties during registration, you can contact the Scheme Administrator through the 'Contact Us' option on the Conveyancer Portal at: www.helptobuyportal.org.uk/CreateServiceRequestAnonymous/?flag=Consumer

Is the Help to Buy: ISA bonus intended for exchange or completion?

The Help to Buy: ISA bonus must be claimed on your client's behalf before the completion date. The bonus must be included with the completion monies when the completion of the property transaction takes place.

The bonus cannot be used for or towards:

- the deposit payable on exchange of contracts
- payment of solicitors' fees, estate agents' fees or any other indirect costs associated with buying a home.

This means that in most cases you will claim the bonus between exchange and completion. If your client is in the situation where they need the government bonus to form part of the deposit payable on exchange of contracts, then you may be able to agree with the seller that a smaller deposit is payable on exchange; on the basis that the government bonus will be paid on completion as part of the completion monies.

What is the difference between an exchange deposit and a mortgage deposit?

For the purposes of this scheme, the 'mortgage deposit' refers to the amount a first-time buyer contributes towards their first home. For instance, a first-time buyer may pay 10% of the value of the property upfront and borrow the remaining 90% from a bank or building society.

An 'exchange deposit' is the money a conveyancer pays to the seller's conveyancer at the point of exchanging signed copies of the contract.

Can my client use the money saved in a Help to Buy: ISA for the deposit at exchange of contracts?

Yes. If your client plans to use the money they have in their Help to Buy: ISA to pay for the deposit payable on exchange of contracts they will need to let their ISA provider know. Their ISA manager will then close their account and provide them with a closing statement. They can then withdraw their savings from their account and use those savings towards the deposit at exchange. It is important that they don't just withdraw their savings without getting a closing statement.

The bonus cannot be used for the deposit due on exchange of contracts, nor can it be used to pay for solicitors' fees, estate agents' fees or any other indirect costs associated with buying a home.

Is the property my client buying eligible for the government bonus?

To qualify for the government bonus, the property your client is buying must be:

- in the UK;
- have a full sale price of £250,000 or less outside of London and £450,000 in London (you can see the London boroughs eligible for the £450,000 price cap at: www.helptobuy.gov.uk/documents/2015/12/london-definition.pdf);
- be the only home they will own;
- be where they intend to live: and
- be purchased with a mortgage.

For a shared ownership property purchase the price cap applies to the full sale price of the property rather than just the share purchased. Alternatively, you can calculate the full sale price based on the price paid for the equity share your client is buying plus the net present value of rental payments due over the term of the lease.

For a joint ownership (i.e. tenants in common and joint tenant) property purchase the house price cap applies to the full sale price for the whole property rather than just the share purchased.

Conveyancers should not make a claim for a bonus until they are satisfied that their client's property purchase meets the bonus eligibility criteria (see section 7.1 of the Help to Buy: ISA Conveyancer guidelines for further information). Where the Scheme Administrator identifies bonuses being claimed for in respect of an ineligible property, the Scheme Administrator will seek a return of bonus funds.

When should I make my bonus claim?

You should make your application for a bonus when you are confident the purchase is near completion. If you are registered with the scheme, the end-to-end process can take up to 30 calendar days from the day your client closes their Help to Buy: ISA to receipt of their government bonus. It can take longer if you are not registered with the scheme.

If the government bonus is needed urgently, there is a faster bonus application process you can follow, that does not require a closing statement/letter and where an up-to date Help to Buy: ISA account statement can be used instead. Please contact the Scheme Administrator for further information.

What information will I need to make a bonus claim?

You will have to confirm the eligibility of your client, the property they are purchasing, and their bonus entitlement.

You will need to submit the following through via Conveyancer Portal:

- **Your client's closing statement/letter:** this will include details of your client and their Help to Buy: ISA, including closing balance and account number.
- **First-time buyer declaration:** your client will need to sign this, confirming that they do not own, and have never had an interest in a residential property anywhere in the UK or elsewhere. You can download a first-time buyer declaration at: www.helptobuyisaadmin.org.uk/sites/default/files/Help-to-Buy-ISA-Eligibility-of-FTBs.pdf
- **Details of the property your client is purchasing:** this will include the full sale price and address of the property, to ensure it meets the scheme eligibility criteria.

What happens if the house purchase falls through?

If the property purchase does not proceed after the bonus has been claimed, you will need to return the bonus. You can find instruction on how to do this by referring to the Conveyancer Portal User Guide at: www.helptobuyisaadmin.org.uk/sites/default/files/portal-user-guide-april-2017.pdf.

Once the bonus return request has been submitted you have 10 business days to return the funds to the Scheme Administrator.

After the bonus has been returned you will need to complete a 'purchase failure notification' confirming the property purchase did not complete and provide this to your client. Your client will be able to take the purchase failure notification to their Help to Buy: ISA provider who will re-open their account. Alternatively, they may approach a different provider to open a new Help to Buy: ISA or any other ISA.

The purchase failure notice should be presented to an ISA provider within 12 months of issue.

This document provides a summary of the main features of the scheme, you can find more detailed information at: www.helptobuyisaadmin.org.uk/conveyancers/the-scheme.

If you have any other queries or experiencing problem with your bonus application please contact the Scheme Administrator through the 'Contact Us' page: www.helptobuyportal.org.uk/CreateServiceRequestAnonymous/?flag=Consumer