Help to Buy Remortgage

Help to Buy Remortgage – What you need to know

If you have purchased a home via the government's Help to Buy scheme, you may be wondering what options are available to you when you come to the end of a fixed term and want to remortgage?

With the government owning a 20% equity share, you will only be looking at the remortgaging process for the remaining proportion, minus your deposit. The process of remortgaging at the end of the fixed rate period is to avoid being moved onto the lender's standard variable rate (SVR), which will likely be a higher interest rate mortgage.

However, remortgaging can be a lot easier said than done for many homeowners, which is why we are here to help.

Below, we will talk you through the different options that are available. Please do not hesitate to give us a call if you would like to discuss your situation specifically and discover the best route for you.

Help to Buy Remortgage

Can you get a Help to Buy remortgage?

There are a lot of lenders that do not offer any Help to Buy remortgage deals. There are also those that will require you to pay off the 20 percent equity loan from the government in full to remortgage your property.

While this can be frustrating, there are options available to you. The first option would be to try and raise the funds so that you can buy out the shares from the government. Of course, we understand that this is not a possibility for some.

You need to keep in mind that you owe 20 percent of the value of your property. Therefore, if you have benefitted from capital growth since the loan was taken out, you are going to need to repay more than was borrowed initially.

The situation is compounded because of the interest repayments on the equity loan from the government. This is the same time that a lot of property owners are going to see the fixed terms on their mortgage deal come to a close.

Help to Buy Remortgage

Should you pay off the equity loan?

So, does it make sense to pay off the equity loan and then try to remortgage your property? Well, if you can afford to do so, there are a number of advantages.

These include:

- You are not going to need to pay the interest that will start occurring on the equity loan after five years.
- You will have a much greater choice of deals and lenders when it comes to remortgaging your home.
- You will be able to benefit from 100 per cent of any uplift in the value of your home in the future.

Help to Buy Remortgage

Should you pay off the equity loan?

The main thing to consider here is how you are going to finance paying off the government's equity loan.

In theory, you could pay off the equity loan with a Help to Buy remortgage deal. However, you are going to be limited in terms of the deals that are available to you. This means you could end up being on a higher loan-to-value product, with monthly repayments at a higher rate.

You will need to go through affordability checks so that you can show you have enough income coming in to service the higher payments.

Help to Buy Remortgage

Are there any Help to Buy remortgage loans available?

There are some lenders offering Help to Buy remortgage deals without needing to pay off your loan. Many lenders do require that you pay off at least some of the equity loan.

A Help to Buy remortgage and part paying off your equity loan

Another option is what is known as staircasing. Staircasing a Help to Buy loan is the process of lowering the loan from the government in 10 per cent value stages.

Depending on your expenditure and income at the moment, you could be able to remortgage to an amount that will enable you to begin a partial repayment of the equity loan on your property. If you do not have any intentions to relocate from your current property, then this could be the perfect solution, as you are going to be paying down your debt while increasing the equity in your home at the same time.

Help to Buy Remortgage

If you do decide to go down this route, an independent valuation of your property will be carried out so that both the mortgage lender and the Help to Buy scheme administrator can evaluate the value of your property at present.

There are some strict timeframes and set fees involved if you go for this option, so do keep that in mind.

There are a number of lenders that will enable you to choose a Help to Buy remortgage deal that involves staircasing, so it is important to take your time to narrow down your search effectively. This is something that we can assist with. We can make sure that you choose the best Help to Buy remortgage deal based on your current situation.

Contact us today if you need help with a Help to Buy remortgage deal

If you have any questions about Help to Buy remortgage offers or you would like to know what options are available to you, please do not hesitate to get in touch and we would be more than happy to assist you in any way that we can.