

## Examples of the costs involved for each Homebuy product

Each of the examples assumes:

- A household is purchasing a two bedroom house at a cost of £120,000.
- A mortgage rate of 7.49%, which is a high end rate we use to give prospective purchasers an idea of the mortgage they may have to provide.
- Total costs are per calendar month (pcm).

### 1. New Build HomeBuy

Purchase 35% at a cost of £42,000

|                                                                                                |                           |
|------------------------------------------------------------------------------------------------|---------------------------|
| Mortgage                                                                                       | £262.15                   |
| Rent on unsold equity<br>(Calculated at 2.75% of unsold equity)<br>2.75% of £78,000 = £2145 pa | <u>£178.75</u>            |
| <b>Total cost</b>                                                                              | <b><u>£440.90 pcm</u></b> |

The rent would increase by RPI per annum.

This example does not include service charge payments e.g. Buildings insurance and management charges are likely to be around £20.00 per calendar month.

### 2. First Time Buyers Initiative

Have to purchase at least 50% at a cost of £60,000

Equity loan of £60,000

|                                |                           |
|--------------------------------|---------------------------|
| Mortgage                       | £374.50                   |
| Interest on loan charge year 1 | <u>nil</u>                |
| <b>Total cost</b>              | <b><u>£374.50 pcm</u></b> |

|                                                                                |         |
|--------------------------------------------------------------------------------|---------|
| 2 <sup>nd</sup> year                                                           | £374.50 |
| 3 <sup>rd</sup> year                                                           | £374.50 |
| 4 <sup>th</sup> year – increase by 1% of equity loan<br>(60000 × 1% = £600 pa) | £424.50 |
| 5 <sup>th</sup> year – increase by 2% of equity loan                           | £474.50 |
| 6 <sup>th</sup> year – increase by 3% of equity loan                           | £524.50 |

There are no further increases after year 6.

### 3. Shared Equity

Assume a purchase 70% at a cost of £84,000

|                        |                          |
|------------------------|--------------------------|
| Mortgage               | £524.30                  |
| If no interest on loan | <b><u>Total cost</u></b> |
|                        | <b>£524.30 pcm</b>       |

### 4. Open Market HomeBuy - My Choice HomeBuy

(Equity loan between 15% and 50%)

Assume a purchase of 75% at cost of £90,000

Equity loan of £30,000

|                                                                 |                          |
|-----------------------------------------------------------------|--------------------------|
| Mortgage                                                        | £561.75                  |
| Interest on loan charge year 1<br>(1.75% of equity loan - £525) | £ 43.75                  |
|                                                                 | <b><u>Total cost</u></b> |
|                                                                 | <b>£605.50 pcm</b>       |

Increase each year thereafter of RPI + 1% of equity loan

### 5. Open Market HomeBuy - Own home

(Equity loan between 20% and 40%)

Assume a purchase of 75% at cost of £90,000

Equity loan of £30,000

|                                  |                          |
|----------------------------------|--------------------------|
| Mortgage                         | £561.75                  |
| No loan charge for first 5 years | Nil                      |
|                                  | <b><u>Total cost</u></b> |
|                                  | <b>£561.75 pcm</b>       |

Year 6 – Year 10 loan charge of RPI + 1%

Year 11 and each year thereafter loan charge of RPI + 3.75%

### 6. Social HomeBuy

|                                                                       |                 |
|-----------------------------------------------------------------------|-----------------|
| Assumes rented property value -<br>Discount between £9,000 to 16,000) | £120,000        |
| Assumes discount of £10,000                                           | <u>£ 10,000</u> |
| Purchase price                                                        | £110,000        |

Purchase 25% at a cost of £27,500

|                     |                |
|---------------------|----------------|
| Mortgage            | <u>£194.56</u> |
| Rent payable on 75% | not known      |

**7. HomeBuy Direct**

Offer of 30% equity loan.  
Assume a purchase of £70% - £84,000

Mortgage £524.30

First 5 years no interest on equity loan

**Total Cost 524.30 pcm**

Year 6 monthly fee is 1.75% £9.18  
Each year thereafter RPI + 1% pa

**8. Rent to Homebuy**

Rent will be set at 80% of the current market rent and will increase annually by, around RPI plus a small percentage.