

Homes England unlocks its Help to Buy: Equity Loan calculator so advisers can check an applicant's likely approval

The updated sustainability calculator allows brokers and financial advisers to use the mortgage interest rates they expect specific lenders to charge, after any discounted or fixed period comes to an end. This replaces affordability tests based on an assumed Standard Variable Rate of 4.8%. It will show customers what they can afford to borrow from the outset, resulting in fewer loan applications being declined after the customer has their mortgage offer.

Help to Buy Director Will German said:

“Brokers and advisers play a vital role in helping customers to use and understand Help to Buy. We’ve listened to their feedback and have updated the Help to Buy: Equity Loan calculator to help them do more realistic affordability checks for their clients before they formally apply for their equity loan.

“We have unlocked the calculator so they can see, select and enter the most likely follow-on rate from their recommended lender. They can see immediately if it is higher than the current Standard Variable Rate of 4.8% that we apply and can assess affordability more effectively.”

If the individual lender’s rate is higher, advisers can factor this in from the outset of their client’s loan application. They can assess the risk of the payment rate potentially causing a problem in the future at the earliest opportunity. Homes England only allows customers to use Help to Buy if they are able to afford the loan payments. Customers who fail the sustainability check cannot take out a Help to Buy: Equity Loan, so the accuracy of the information that goes into the calculator is crucial.

Will German said: “Our customer feedback highlights how important brokers and financial advisers are to customers. This calculator update will allow them to improve the service they offer their customers.

“It also gives potential Help to Buy: Equity Loan customers more certainty about the financial advice they receive, what they can afford and the likely outcome of their loan application.”

Jane Benjamin, Director of Mortgages PMS and Sesame, said: “It’s great news that the constraints that brokers may have felt with having the second affordability check in place have now been lifted.

“Advisers can now more confidently consider a wider range of lenders at the very beginning of the time-pressured application journey. It’s fantastic to be working with Homes England to implement positive change supporting brokers

and customers.”

The sustainability calculator and guidance for its use are [here](#)

Notes to editor

Help to Buy: Equity Loan – is a government loan, that is interest free for five-years, towards a deposit on a new-build home with a purchase price of up to £600,000. Borrowers pay 5% deposit, the government lends up to 20% (up to 40% in London) and a mortgage of up to 75% (55% in London) makes up the rest.

Homes England is the government’s housing accelerator. We have the appetite, influence, expertise and resources to drive positive market change. By releasing more land to developers who want to make a difference, we’re making possible the new homes England needs, helping to improve neighbourhoods and grow communities.

For further information, please contact the Help to Buy communications team via Media_helptobuy@homesengland.gov.uk