

## **Scottish Government 'First Home Fund' FAQ**

*Wallace Quinn are accredited solicitors to all of the Scottish Government Property Purchase assistance scheme. We've been providing specialist Help To Buy conveyancing services for seven years, which has helped us become 'First Home Fund' specialists very quickly, with the scheme only launched in December 2019. If you are looking to purchase property using First Home Fund, read on for more information.*

*Before making any final decision on what, if any, government funding scheme is correct for you, the Scottish Government recommends that you seek independent mortgage advice.*

### **What is the First Home Fund?**

The First Home Fund is a Scottish Government 'shared equity scheme'. This means the government will provide you with up to £25,000 towards the purchase of a home and take an equivalent value 'equity share' in the property. The scheme is currently open for applications for sales completing before 31 March 2021.

### **Who qualifies for the First Home Fund?**

Any first time buyer in Scotland who has never owned or part owned a property before (either in the UK or abroad) and is using a mortgage to fund at least 25% of the purchase price. You can't apply to the scheme if you are a cash buyer. The property must be your sole residence - the scheme is not eligible for buy-to-let properties. You cannot apply for the First Home fund and another scheme at the same time, such as 'Help To Buy Scotland'.

### **I am a first time buyer, but my partner is not - are we eligible to apply?**

If you are purchasing a property in joint names, only one of the purchasers must be a first time buyer in order to apply for the scheme. HOWEVER, all other purchasers will need to have sold all other properties before the completion of the purchase on the new property.

### **What type of property can the First Home Fund be used to purchase?**

All properties in Scotland, both second hand and new-build properties can be purchased using the First Home Fund. There is no upper limit on the purchase price. The restrictions are on the purchasers not the property: the property must be your sole residence and must be purchased using a mortgage.

## **How much money can I apply for with the 'First Home Fund'**

You can apply for £25,000, or 49% of the purchase price of the property, whichever is lower.

## **How much of a deposit will I need to provide?**

You will need to provide at least 5% of the purchase price from your own funds. If your mortgage provider requires a larger percentage deposit, the First Home Fund can be counted towards it.

## **How do I apply for funding?**

**IT IS VITAL that you tell your Wallace Quinn solicitor as soon as possible that you intend applying for the First Home Fund**, as the application needs to be processed before the solicitor concludes the 'missives', which occurs early in the conveyancing process. Once you have had an offer accepted on a property you complete an application form, pay a fee of £550 and your application will be assessed. The assessment will be validating the information you have provided and looking at whether you can afford our monthly mortgage payments. If your application is approved, you will receive a letter giving you three months to conclude the missives and a further six months to complete the purchase of the property. If you do not complete the purchase within three months, you will need to reapply to the scheme. If your application is declined, your £550 will be returned to you, except in cases of fraud or misrepresentation.

## **When does the loan need to be repaid?**

There are no monthly repayments on any monies secured through the First Home Fund, unless you choose to make any payments.

You only have to pay back the money when you sell the property. At that point the Scottish Government will be entitled to a percentage sale of the sale price which is the same as their equity stake in your property. For example, if you buy a property at £100,000 using £25,000 of First Home Funding, the Scottish Government will have a 25% stake in your property. If you sell the property for £200,000 at some point in the future, the Scottish Government will receive £50,000, which is 25% off the sale price.

You can choose to pay off the loan sooner if you want to, either in a lump sum or by paying off at least 5% of the Scottish Government's Equity share in any one payment. There will be additional legal fees payable when 'buying back' equity from the government, and you will be responsible for paying all of them.

***If you would like to speak to a Wallace Quinn solicitor about the 'First Home Fund' or any other aspect of buying / selling property in Scotland please get in touch with us:***