



Homes
England

Help to Buy: Equity Loan

31 July 2020

Extension Stakeholder Guidance

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Homebuyers who reserved a home before 30 June 2020

Are you extending the current Help to Buy scheme?

Government has extended the completion dates for Help to Buy homebuyers who reserved their homes by 30 June 2020.

Homebuyers who have experienced severe delays due to COVID-19 may have until 31 May 2021 to reach legal completion.

Properties that qualify for the 31 May 2021 legal completion will require a practical completion date of 30 April 2021. This is to provide enough time between the practical and legal completion dates to ensure the 31 May 2021 date is achieved.

We will be writing to you separately to effect these changes contractually under the terms of your Help to Buy: Equity Loan Funding Administration Agreement.

For homebuyers who have reserved since 1 July 2020:

- (a) The legal completion date remains as 31 March 2021; and
- (b) The practical completion date has moved to 28 February 2021.

How will home builders know which homes can have the legal completion date extended to 31 May 2021?

We will contact all home builders to confirm which scheme IDs may be considered for the legal completion date to be extended up to 31 May 2021.

Home builders must confirm which scheme IDs will meet 31 March 2021 legal completion date and which need to be extended due to severe delays caused by COVID-19.

Home builders should try to meet the legal completion date of the 31 March 2021.

We will make it clear who we consider is eligible for the extended legal completion date. Legal completion dates past 31 May 2021 will not be accepted.

If the build is severely delayed and the homebuyer cannot complete by the extended date, you must unconditionally release

them from the contract. The homebuyer is advised to contact their conveyancer should they need further advice.

What if we can't meet the legal completion date?

Where possible home builders should meet the legal completion date of the 31 March 2021, which is the current scheme end date.

In limited cases, where homebuyers who have experienced severe delays due to COVID-19, we can agree to extend legal completion to no later than 31 May 2021, with no exceptions.

To qualify for this:

- the homebuyer must have reserved their home by 30 June 2020; and
- they must have experienced severe delays due to COVID-19.

We will write to you with a list of the homes you have currently reserved that may qualify for this extension. You must update the Investment Management System (IMS) to confirm which homes require an extended legal completion date.

If one of my sales is not included in the list – will it be eligible for this extension?

No, if it's not on the list that we will send to you it's not eligible. We are capturing all properties reserved by 30 June 2020. These are matched to home builders 2020/21 forecast and the Authority to Proceed issued after 1 September 2019.

Homebuyers who reserved a home on 1 July 2020 or later

What changes are you announcing about the scheme?

For reservations from 1 July 2020, the deadline for practical completion will move from 31 December 2020 to 28 February 2021. This allows an extra two months build time.

We will be writing to you separately to effect this change contractually under the terms of your Help to Buy: Equity Loan Funding Administration Agreement.

The legal completion date of 31 March 2021 remains unchanged.

What happens if we can't meet the new practical completion date?

The extended date of 28 February 2021 for practical completion should allow enough time to complete the build.

If the build is severely delayed and the homebuyer is not able to reach legal completion by 31 March 2021, you must unconditionally release them from the contract. The homebuyer is advised to contact their conveyancer should they need further advice.

The home may be eligible for sale through the new scheme. More information on the new Help to Buy scheme can be found at <https://www.helptobuy.gov.uk/equity-loan/help-to-buy-equity-loan-2021-2023/>

Why is this operational adjustment needed?

COVID-19 has disrupted the housing market. While the industry is getting back up to speed, this adjustment will provide more time for builders to build and homebuyers to buy their Help to Buy home.

Why have you made the final date for reservations under the current scheme 15 December 2020?

We are imposing a cut-off date for taking reservations/PIF's of 15 December 2020 in order to reduce the risk of sales failing to complete by financial year-end. It would be irresponsible to permit sales any nearer to the end of the scheme as equity loan funding cannot be carried over into the next financial year.