

**[FIRST HOMES LOGO ]**  
**FOR INITIAL NEW BUILD FIRST HOMES SALE ONLY, NOT FOR RESALE PROCESS**

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**1. First Homes reservation and application to become a First Homes Owner**

- a. To be completed by the proposed First Homes Owner(s), [developer] (current First Home owner) and the proposed First Homes Owner(s) mortgage advisor.
- b. The application cannot be submitted to [local authority] unless all sections are complete.
- c. The proposed First Homes Owner(s) must sign all the declarations in the application.
- d. The [developer] (current First Home owner) and the proposed First Homes Owner(s) mortgage advisor must complete the application checklist before submitting to the [local authority].
- e. A mortgage lending decision in principle must be obtained by the proposed First Homes Owner(s) before the application is submitted to [local authority]. However, the full mortgage application cannot be submitted to the mortgage lender until [local authority] has checked this application and issued the Authority to Proceed and Eligibility Certificate to the proposed First Homes Owner(s) and their conveyancer.

**2. Proposed First Homes purchase**

<b>First Homes Buyer(s) name(s) - the proposed First Homes Owner(s)</b>	[ Full Names ]
<b>[Developer] (current First Homes Owner)</b>	[Developer name]
<b>First Home property to be purchased:</b>	[ plot & postal address inc postcode ]
<b>[Developer scheme/development name/reference]</b>	[                    ]
<b>House type (Detached/Semi-detached/Terraced/Flat)</b>	
<b>Tenure (Freehold/Leasehold – leasehold houses not permitted)</b>	
<b>Number of bedrooms</b>	
<b>[Reservation fee paid (£)]</b>	[                    ]
<b>[Date of reservation]</b>	[                    ]
<b>[Expected build completion date]</b>	[                    ]
<b>Forecast First Home purchase legal completion date:</b>	
<b>Market value of First Home (100% of value) [if the current First Homes Owner is not [developer], they must provide a valuation by a RICS qualified valuer with this application]</b>	[£            ]
<b>First Homes discount %</b>	[30%]
<b>Discount Market Price (price to be paid by the proposed First Homes Owner after applying the First Homes discount to the Market value)</b>	[£            ]

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<b>Proposed First Homes Owner deposit cash contribution to be paid at exchange of contracts and no less than 5% of the Discount Market Price.</b>	[£ ] and [%age ]
<b>Proposed First Homes Owner mortgage</b>	[£ ] and [%age ]  Mortgage cannot be less than 50% of the Discount Market Price. The deposit and mortgage added together must equal and be no more than the Discount market Price
<b>Proposed First Homes Owner mortgage lender</b>	[bank building society ]
<b>Has the proposed First Homes Owner mortgage lender issued decision in principle for mortgage?</b>	
<b>Total incentives (as applicable)</b> As set out in the UK Finance Disclosure of Incentives Form and not to exceed 5% of the Discount Market Price. These must include all financial and non-financial incentives provided by the builder [only applicable if a new build sale from [developer]. First Homes Owners selling, who are not house builders and selling a second hand property are not permitted to provide incentives.]	

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**3. Proposed First Homes Owner(s)**

<b>Is your application single or joint?</b>	[     ]
<b>Proposed First Homes Owner Homebuyer 1</b>	
<b>Title:</b>	
<b>First Name:</b>	
<b>Middle name(s):</b>	
<b>Surname:</b>	
<b>Date of Birth:</b>	
<b>National Insurance number:</b>	
<b>Occupation:</b>	
<b>Relationship status</b> (Single/Married/Civil Partnership/ widow / widower / Not applicable)	
<b>Contact telephone number</b> (This must be your contact telephone number, not that of a third party such as a mortgage adviser)	
<b>Email address:</b>	
<b>Current address:</b>	[ inc postcode ]

<b>Proposed First Homes Owner Homebuyer 2</b>	
<b>Title:</b>	
<b>First Name:</b>	
<b>Middle name(s):</b>	
<b>Surname:</b>	
<b>Date of Birth:</b>	
<b>National Insurance number:</b>	
<b>Occupation:</b>	
<b>Relationship status</b> (Single/Married/Civil Partnership/ widow / widower / Not applicable)	
<b>Contact telephone number</b> (This must be your contact telephone number, not that of a third party such as a mortgage adviser)	
<b>Email address:</b>	
<b>Current address:</b>	[ inc postcode ]

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If there are more than two purchasers, please complete additional Proposed First Homes Owner Homebuyer forms as required. Note the proposed mortgage lender's decision in principle must have been made for the number of proposed owners.

4. Proposed First Homes Owner(s) conveyancer

<b>Name:</b>	[     ]
<b>Firm:</b>	
<b>Address</b>	
<b>Email:</b>	
<b>Telephone:</b>	
<b>Reference (if known)</b>	

5. [Developer] (Current First Homes Owner) conveyancer

a. Details to be given to the purchaser by [developer] (current First Homes owner)

<b>Name:</b>	[     ]
<b>Firm:</b>	
<b>Address:</b>	
<b>Email:</b>	
<b>Telephone:</b>	
<b>Reference (if known)</b>	

6. Proposed First Homes Owner(s) mortgage advisor

<b>Name:</b>	[     ]
<b>Firm:</b>	
<b>Address:</b>	
<b>Email:</b>	
<b>Telephone:</b>	
<b>Reference (if known)</b>	

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7. Eligibility criteria to be a First Homes owner

- a. Please consider the eligibility requirements you need to satisfy and ensure all the applicable sections are completed below. Use this check list to help you do this.

**MANDATORY CRITERIA**

To buy a First Home, you must answer yes to **both** of these questions:

<b><u>Q 1: First Time Buyer requirement</u></b>	
<b><u>All</u> proposed First Homes Purchasers, the New First Homes Owner(s) must be first time buyers</b>	
YES a first time buyer: ALL applicants must sign the legal declaration below.	
NOT a first time buyer: you are not eligible and cannot apply.	

<b><u>Q2 Household income limit</u></b>	
The household income of <b>all</b> proposed First Homes Purchasers, the New First Homes Owner(s), must not exceed [£80,000] per annum in [local authority] area.	
YES: requirement met and detailed below. All applicants must complete this section	
No: household income cap exceeded; you are not eligible and cannot apply.	

**FURTHER CRITERIA**

To buy a First Home, you need to answer yes to **one** of these questions:

<b><u>Local connection requirement</u></b>	
Are proposed First Homes owner(s) buying as a result of meeting the local connection eligibility criteria? <i>For joint purchasers only one applicant must meet these requirements.</i>	
YES: please complete Local Connection section below	
NO: please leave section blank	

<b><u>Keyworker/essential worker requirement</u></b>	
Are proposed First Homes owner(s) buying as a result of meeting the Keyworker/essential worker eligibility criteria? <i>For joint purchasers only one applicant must meet these requirements.</i>	
YES: please complete Keyworker/essential worker section below	

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<b>NO: please leave section blank</b>	

<b><u>Armed Forces requirement</u></b>	
<p><b>Are proposed First Homes owner(s) buying as a result of meeting the Armed Forces eligibility criteria? To meet this criteria at least one applicant must meet one of these conditions:</b></p> <ul style="list-style-type: none"> <li>- <b>  serving uniformed Armed Forces personnel;</b></li> <li>- <b>  became a veteran in the last 5 years, or</b></li> <li>- <b>  a bereaved spouse/partner of someone who died as a result (in whole or in part) from their Forces service.</b></li> </ul>	
<b>YES: please complete the Armed Forces section below (for joint purchasers only one applicant must meet these requirements)</b>	
<b>NO: please leave section blank</b>	

<b><u>National criteria after three months of marketing</u></b>	
<p><b>Are proposed First Homes owner(s) buying as a result of meeting the national criteria only? <i>The First Homes seller will advise whether this is an option</i></b></p>	
<b>YES: the seller will supply the relevant information below to complete this application</b>	
<b>[Developer] confirmation that home previously marketed for three months [from date] to [date] and no proceedable buyers meeting local criteria reserved.</b>	
<b>NO: please leave section blank</b>	

8. Proposed First Homes Owner(s) household income eligibility

b. The household income must not exceed £80,000 per annum for First Homes purchasers in [local authority] area.

Homebuyer 1		
Name:		Evidenced by
Employment income (gross)	£	(pay slip/bank statement etc)
Self-employment income (gross)	£	Signed off accounts
Other income:	£	
<b>Total 1</b>	<b>£</b>	

Homebuyer 2		
Name:		Evidenced by
Employment income (gross)	£	(pay slip/bank statement etc)
Self-employment income (gross)	£	Signed off accounts
Other income:	£	
<b>Total 2</b>	<b>£</b>	

<b>Total Household income 1&amp;2</b>	<b>£</b>	

9. Proposed First Homes Owner(s) LOCAL connection eligibility

<b>Homebuyer 1 (only one homebuyer must meet this requirement)</b>	
<b>Name:</b>	
<b>Live in [local authority] for a minimum of [X] years</b>	<b>Evidenced by</b> Rental contract, landlord reference, other
<b>OR employed in [local authority] district for a minimum of [X] years</b>	Letter from employer

<b>Homebuyer2 (only one homebuyer must meet this requirement)</b>	
<b>Name:</b>	
<b>Live in [local authority] for a minimum of [X] years</b>	<b>Evidenced by</b> Rental contract, landlord reference, other
<b>OR employed in [local authority] for a minimum of [X] years</b>	Letter from employer

10. Proposed First Homes Owner(s) Key/essential worker employment

<b>Homebuyer 1 (only one homebuyer must meet this requirement)</b>	
<b>Name:</b>	
<b>I am a key worker/essential worker</b>	
<b>Employer:</b>	Address
<b>Job title/role</b>	
<b>Evidenced by:</b>	ID/warrant card

<b>Homebuyer 2 (only one homebuyer must meet this requirement)</b>	
<b>Name:</b>	
<b>I am a key worker/essential worker</b>	
<b>Employer:</b>	Address
<b>Job title/role</b>	
<b>Evidenced by:</b>	ID/warrant card

11. Proposed First Homes Owner(s) Armed Forces  
 connection

Homebuyer 1 (only one homebuyer must meet this requirement)	
<b>Name:</b>	
<b>I am serving uniformed Armed Forces personnel or became a veteran in the last 5 years or a bereaved spouse/partner of someone who died as a result (in whole or in part) from their Forces service.</b>	
<b>Armed Forces unit</b>	Name: Address:
<b>Job title/role</b>	
<b>Evidenced by:</b>	ID/warrant card

Homebuyer 2 (only one homebuyer must meet this requirement)	
<b>Name:</b>	
<b>I am serving uniformed Armed Forces personnel or became a veteran in the last 5 years or a bereaved spouse/partner of someone who died as a result (in whole or in part) from their Forces service.</b>	
<b>Armed Forces unit</b>	Name: Address:
<b>Job title/role</b>	
<b>Evidenced by:</b>	ID/warrant card

## 12. Proposed First Home Owner(s) Confirmations and Legal Declaration

- a. A reference to “the homebuyer” is a reference to Homebuyer 1 and Homebuyer 2 set out in section 4 unless specified otherwise.
- b. A reference to “the Property” is a reference to the First Home Property as detailed above.

First Homes confirmation statements and legal declaration	Homebuyer(s) signature(s)
The homebuyer has read the First Homes information	
The homebuyer acknowledges that the 30% discount on market value is to remain in perpetuity and the First Homes property can only be resold in the future to an eligible First Home buyer who meets all eligibility requirements.	
<p>The homebuyer agrees and confirms by completing this application that they are a first-time buyer, meaning they are a buyer who has not (either alone or with others):</p> <ul style="list-style-type: none"> <li>• owned a home or residential land now or in the past in the UK or abroad; and/or</li> <li>• had any form of home purchase plan mortgage finance.</li> </ul>	
The homebuyer understands that it is a condition of First Homes that they will occupy the First Homes Property as their only or main residence. You may be allowed to let out your First Homes in some circumstances but only with the prior approval of the [local authority] and the consent of your mortgage provider.	
The homebuyer understands that all persons aged 17 and over that are to live in the First Home property (other than the homebuyer) will be required to sign an Occupier’s Deed of Consent Form prior to the completion of the purchase of the First Home Property. A copy of the required form will be supplied to the homebuyer’s conveyancer.	
The homebuyer confirms that they (as applicable) have a local connection as required by [local authority], as evidenced by appropriate documentation.	
The homebuyer confirms that they (as applicable) are a key worker/essential worker as required by [local authority].	
The homebuyer confirms that they (as applicable) are a member of Armed Forces, became a veteran in the last 5 years or are a bereaved spouse/partner of someone who died as a result (in whole or in part) from their Forces service.	

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The homebuyer confirms that they (as applicable) are purchasing the home according to the national First Homes criteria, after three months of active marketing, as confirmed by the home seller.	
The homebuyer confirms that their household income is below the income cap as set by [local authority] and has been evidenced by appropriate documentation.	
The homebuyer confirms they have received a copy of and read and understand the First Homes Customer Guide.	

### 13. Legal Declaration

**Note: It is a criminal offence to fraudulently make a false declaration or withhold information reasonably required in connection with this application.**

- a. The homebuyer has read the above confirmation statements and confirms that they are a first-time buyer and satisfy the local eligibility requirements for a First Home, they have provided accurate and up-to-date information relating to their application for a First Home.
- b. The homebuyer understands that if it is found that false information has been given to obtain a First Home, either knowingly or recklessly, appropriate legal action may be taken by [local authority].
- c. The homebuyer acknowledges that in order to process and administer your application [developer] and the proposed First Homes Owner(s) mortgage advisor will pass over information you have provided over to 3rd parties the: [local authority], conveyancers, other government departments and agencies applicable for the purposes of processing this application and conducting statistical surveys and analysis of First Homes.

Legal Declaration Homebuyer 1	
I confirm and declare that all statements and information provided in this application form are true and accurate (homebuyer 1):	
Signed:	
Dated:	

Legal Declaration Homebuyer 2
I confirm and declare that all statements and information provided in this application form are true and accurate (homebuyer 2):

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<b>Signed:</b>	
<b>Dated:</b>	

## 14. Your data

- a. The homebuyer(s) acknowledges that:
  - i. The First Homes programme is administered by [local authority], Homes England and the Ministry of Housing Communities and Local Government (MHCLG) and applications are processed by [developer] and the applicable mortgage advisor and [local authority].
  - ii. The above parties will only process the personal data of the homebuyer(s), or other named individuals, in accordance with the Data Protection Act 2018 (DPA 2018) and the United Kingdom General Data Protection Regulation (UK GDPR) for the following purposes:
    1. The processing and administering the homebuyer's application for a First Home, including performing identify, credit, and fraud checks, and to assess eligibility.
    2. The parties above will share this information for the same purpose between each other to ensure orderly administration of this Government programme.
    3. The information may be used for statistical surveys and analysis, by [local authority], Homes England or MHCLG. When conducting these activities we will either anonymise or, if anonymisation is not possible, pseudonymise the information.
  - iii. All information will be treated in the strictest confidence. The [local authority], Homes England, MHCLG, [developer] and the applicable mortgage advisor, reserve the right to take up any references relating to homebuyers as the [local authority] and these parties considers necessary.
  - iv. The [local authority] and these parties must protect the public funds it administers and so may use the information the homebuyer has provided on this form to prevent and detect fraud. Under Schedule 2 of the Data Protection Act 2018 the information may be disclosed for purposes of crime prevention and detection.
  - v. All parties will respect the security of your data and to treat it in accordance with the law. For more information on how your personal data is managed, please refer to the appropriate privacy notice:

[links to local authority and developer privacy notices]

<https://www.gov.uk/government/publications/homes-england-privacy-notice>

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/personal-information-charter#privacy-notice>

### Marketing and Research

- vi. In addition to the communications we are required to provide you about your First Homes purchase, we'd like to send you updates about products, services and research that might be relevant to you about First Homes.
- vii. We would also like to contact you via social media to send targeted information in relation to First Homes or similar products. To do this we will use the email address you provide as part of your application to identify social media accounts linked to that email address.
- viii. You will be able to opt out of receiving our updates if you change your mind.

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<b>Homebuyer 1 consent communications</b>	
I give consent to receive information by email	Y/N
I give consent to receive targeted information by social media.	Y/N
<b>Signed:</b>	
<b>Dated:</b>	

<b>Homebuyer 2 consent communications</b>	
I give consent to receive information by email	Y/N
I give consent to receive targeted information by social media.	Y/N
<b>Signed:</b>	
<b>Dated:</b>	

### 15. Equal Opportunities

The homebuyer declares for data capture purposes only (or if there is more than 1 homebuyer in relation to each homebuyer) that they are:	Homebuyer(s) signatures
A UK National	
An EEA citizen	
A person with indefinite leave to remain	
Other (please give details below)	

- a. [Local authority] operates a policy of equal opportunities in all aspects of its work. No person or group of people applying for housing will be treated less favourably than any other person or group of people because of their sex, age, race, colour, ethnic or national origin. We ask the homebuyer to tick the group to which they consider they belong to.

**You are under no obligation to complete this question. How would you the homebuyer(s) describe your ethnic origin?**

White	Home buyer 1	Home buyer 2	Asian or Asian British	Home buyer 1	Home buyer 2	Asian or Asian British continued	Home buyer 1	Home buyer 2
A1 British			C80 Indian			E15 Chinese		
A2 Irish			C90 Pakistani			E16 Other ethnic group		
A3 Other			C10 Bangladeshi			F17 Question refused		
			C11 Other					
Mixed	Home buyer 1	Home buyer 2	Black or Black British	Home buyer 1	Home buyer 2			
B4 White & Black Caribbean			D12 Caribbean					
B5 White & Black African			D13 African					
B6 White & Asian			D14 Other					
B7 Other								
<b>Do you or any member of your household consider yourself to be disabled?</b>	Response: Y N	If yes, please give details						

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<b>Do you or any member of your household use a wheelchair?</b>	Response: Y N							
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16. Application checklist confirmation to [local authority]

- a. This is a fully complete application for a First Homes purchase.
- b. The homebuyer(s) meet all the eligibility criteria set by [local authority] and we have provided the evidence of this as applicable and referenced below and with the enclosures to this application pack.
- c. The homebuyer(s) have a mortgage decision in principle and have not submitted their full mortgage application.
- d. The application requirements are confirmed as follows:

Date	[ ]
Homebuyer(s) name(s)	[ ]
[Developer] representative	[ ]
Plot number and Site Address of First Home	[ ]
Market value selling price (100% of value)	[ ]
Discount Market Price (price to be paid by the proposed First Homes Owner after applying the First Homes Discount to the Market value)	[ ]
Expected date for exchange of contracts	[ ]
Expected date for exchange of contracts	[ ]
[Developer] date plot marketing commenced?	
If applicable, [developer] Confirmation 3 month marketing period has expired?	
<b>The homebuyers meet the eligibility criteria:</b>	
NATIONAL First Time Buyer	[ ]
NATIONAL not exceeding household income £80,000 pa	[ ]
LOCAL CONNECTION	[or not applicable]
KEYWORKER ESSENTIAL WORKER	[or not applicable]
ARMED FORCES	[or not applicable]
[Developer] Confirmation reservation made (as applicable) after 3 months marketing with no prior proceedable reservation	

Requirement	Confirm eligible/compliant	Evidenced by:	Builder/mortgage advisor sign off
Property cap £250,000 not exceeded by discount market price		Discount market price	
Household income <=£80,000 pa		[and see enclosures ]	

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First time buyer eligible		Signed legal declarations	
If applicable, Local connection eligibility		[and see enclosures ]	
If applicable, a Key worker/essential worker		[and see enclosures ]	
If applicable, a member of serving UK Armed Forces		[and see enclosures ]	
If applicable, the home has been actively marketed for at least three months, and the buyer is purchasing according to national criteria		[confirmation of the marketing dates from the seller]	
Mortgage lender decision in principle		[and see enclosures ]	
Homebuyer(s) legal declarations signed			
Homebuyer(s) data protection signed			
Homebuyer(s) instructed conveyancer			

<b>[Developer] and mortgage advisor confirmation</b>	<b>Signatures</b>
<p>We have fully completed this First Homes application and obtained and enclosed (as applicable) all the supporting evidence.</p> <p>We confirm it is a complete application and the homebuyer(s) meet all the eligibility requirements of [local authority] and the First Homes scheme. We are recommending it to [local authority] to issue its First Homes Authority to Proceed.</p>	[ ]
<p>Marketing confirmation: the house builder [developer] confirms that as applicable if the Home buyer is proceeding on the NATIONAL criteria, the First Home was marketed for three months from date [ ] to date [ ] to the LOCAL criteria and no proceedable enquiry could be progressed as a result of this.</p>	[ ]
[Developer] name of representative	[ ]
Mortgage advisor name of representative	[ ]

17. Enclosures

- a. [     ]
- b. [     ]
- c. [     ]

## 18. First Homes Customer Guide

### Introduction

'First Homes' is a new government scheme to help more people onto the property ladder. First Homes are just like normal, open market homes, but they are offered for sale at a significant discount of at least 30% on the market value. The scheme is open to first-time buyers whose household income does not exceed £80,000 (or £90,000 in London), with priority given to local people and key workers.

These notes for potential buyers explain what First Homes are and answer some common questions.

### First Homes at a glance:

#### What are First Homes?

- First Homes are newly built properties for first-time buyers.
- They are offered at a discount of at least 30% compared to prices of equivalent properties on the open market. Local authorities can choose to set deeper discounts of 40% or 50%.
- The discount will apply to the First Home forever. This means the same percentage discount as applied to the original sale will be passed on to the new buyer every time the property is sold and the seller of the First Home will only receive the discounted amount never the 100% market value.

#### What type of properties are First Homes?

- First Homes are properties suitable for first-time buyers.
- First Homes are of the same type and quality, and meet the same standards, as other properties in the same development. First Homes will look exactly the same as homes sold normally on the open market.
- The maximum price of a First Home, after the discount has been applied, will be £250,000 (£420,000 in London). Local authorities are able to set lower price caps as part of local policy.

#### Who can buy First Homes?

- All purchasers must be first-time buyers.
- Purchasers will need to comply with any local connections restrictions, or key worker restrictions, set by the local authority. These criteria are designed to prioritise local people or people with particular priority occupations. Some buyers may be exempt (details below).
- Any local connections or key worker criteria will apply for the first 3 months once the First Home is offered for sale. After the first 3 months have come to an end, the local connections or key worker restrictions will fall away and the property will be available to first-time buyers nationwide.
- To be eligible for a First Home, your household's income must be no more than £80,000 in England or £90,000 in London. For the first 3 months of marketing, local authorities will be able to set lower income caps. If the home is not sold within those 3 months, the local caps fall away and the national caps will apply.
- Buyers will need a mortgage covering at least 50% of the price of the First Home (after the discount is applied).
- These criteria apply to all future sales of each First Home.

#### How can I use my First Home?

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- Your First Home belongs to you. You can decorate and update your First Home as you wish, in keeping with planning rules, any leasehold restrictions that apply, and the terms of your mortgage.
- Your First Home must be your only or main residential property for the duration of your First Home ownership. You may be allowed to let out your First Home in some circumstances, but only with the prior approval of the local authority and the consent of your mortgage provider.
- Lodgers are permitted, as long as the home remains your only or main residence.
- Should you wish to move home, you can sell your First Home to another eligible buyer. The percentage discount that applied when you bought the First Home would also apply on the sale price. The percentage discount is fixed and cannot change, even if you have made improvements to your home.

## Buying a First Home

### Introduction

Buying a First Home is similar to buying a normal market home. The main difference is that the buyer's eligibility has to be confirmed by the local authority near the start of the purchase process. If approved, the local authority will in turn notify the customer, their solicitor/conveyancer, the home seller and the mortgage company that the sale can proceed and issue the formal approval to let purchasers exchange contracts.

The other important difference is that a First Home restriction on its future resale will be registered on the title of the property by your conveyancer. This means you can only sell in the future to another qualifying First Homes buyer at the same discount to the market value, ensuring the First Home continues to benefit others when you have moved on.

### Process for buying a First Home

In summary, the following steps would be taken to purchase a new build First Home from a house builder:

1. Visit the house builder selling First Homes to see what is available to purchase.
2. If there is a First Home that you would like to buy, the house builder, and probably a mortgage advisor, will initially check your eligibility to buy against the local and national criteria.
3. If it looks like you could be eligible, the builder will assist you to complete a First Homes application to the local authority.
4. If you have not already done so, it is strongly recommended that you seek financial advice about mortgage availability from a mortgage advisor. You should also have a solicitor/conveyancer to advise you on the purchase. The builder may suggest some names for you to try but you are free to choose your own advisors.
5. The builder and mortgage advisor will need information and evidence from you to:
  - a. check local and national eligibility;
  - b. check household income; and
  - c. determine whether you are likely to be able to obtain a mortgage, through for example a "decision in principle" from a mortgage bank or building society.

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6. Once the application information has been completed you will then:
  - a. sign the legal declarations on the application form, including confirmation that you and anyone you are purchasing with are first time buyers; and
  - b. reserve the home from the builder and pay a reservation fee to the builder (maximum of £500). This is refundable if you are found not to be eligible.

It is very important that all buyers make this reservation commitment with their application. Applications cannot be considered by local authorities if you have not reserved your First Home, or if any required information is missing.

7. The completed application is then sent by the builder to the local authority for their consideration.
8. The local authority will check your application. If you meet all the requirements it will issue a First Homes 'Authority to Proceed' and Eligibility Certificate to you, the builder, mortgage advisor and your conveyancer. Your conveyancer will also receive instructions from the local authority. You can usually expect a local authority to issue their Authority to Proceed within five working days of application receipt.
9. You can now apply for your mortgage. It is very important that you do not submit your full mortgage application until you have the Authority to Proceed. Securing a 'decision in principle' can be done before this, but submitting a full mortgage application will incur cost and you must not do this until you know you are approved to buy.
10. Your conveyancer will work on your purchase and follow the local authority's instructions. You will have to make a further legal declaration that you are eligible and understand the terms of the First Homes scheme and that you can only resell the home in the future to another eligible First Homes buyer.
11. Once your mortgage offer is made and the contract agreed with the builder, your conveyancer will request approval to exchange contracts from the local authority.
12. The local authority will check the conveyancer's request and, if it is a compliant sale, will issue an 'Authority to Exchange' and Compliance Certificate to your conveyancer. It is very important that you keep the Compliance Certificate. This shows you are eligible and entitled to be a First Homes owner.
13. With the Authority to Exchange, you must pay your deposit (usually 5%) and exchange contracts to buy. At this point you are legally committed to buy.
14. At the point of exchange your builder will have confirmed how long it will take to complete your home so that you can move in. This is usually done by agreeing a short period of notice that they will give you. In any event, the time between exchange and legal completion (when you move in) should be no more than six months.
15. Once the builder has given notice of legal completion, your conveyancer will get your mortgage money from your lender to pay the builder. On the date of legal completion, you will get the keys and can move into your First Home.

### **Who is paying for the discount?**

For the main rollout of the First Homes scheme, the discounts will be funded by contributions from developers. Developers are usually asked to contribute a number of affordable homes as part of their planning agreement with the local authority; First Homes are a type of affordable housing, and form part of this contribution.

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To help launch First Homes as a new tenure, the Government is also supporting some early delivery programmes in which it is funding the discounts directly.

### **How is the discount secured?**

The First Homes programme is designed to make sure that discounted homes are available in perpetuity so that, in addition to the initial buyer, future generations of first-time buyers can continue to benefit from access to an affordable way to own their home. When an existing First Homes owner decides to sell their property, it is essential that they pass on the same percentage discount they received to the next buyer of the home.

For this reason, the discount on a First Home is secured by a legal agreement between the developer and the local authority, which is noted on the title deed of the property (as a 'restriction on title') at the Land Registry. The legal agreement specifies the percentage discount that was applied on the initial sale, which then needs to be applied for all future sales. It also notes the local authority that is responsible for setting any additional local criteria concerning income thresholds, local connection or key worker criteria; these criteria only apply for the first 3 months of any resale (see the eligibility section below for further details). The restriction on title ensures that the discount is passed on as a condition of future sale.

### **Are there price caps on First Homes?**

First Homes will be subject to a price cap to ensure that they are available to people who need them. The cap, *after* the discount has been applied, is £250,000 across England and £420,000 in London. Local authorities will be able to set lower price caps to ensure that First Homes are right for the local market. These price caps apply for the initial sale only.

### **Do I have to get a mortgage or home purchase plan to buy a First Home?**

Yes. The First Homes scheme is intended to help people who would otherwise find it difficult to get onto the property ladder. For this reason, buyers must get a mortgage or home purchase plan that covers at least 50% of the cost of the First Home, after the discount has been applied.

### **How much stamp duty land tax will I need to pay?**

The stamp duty calculation for a First Home is based on the amount of money that is actually paid for the home, after the discount has been applied.

### **Can I use a Help to Buy ISA or a Lifetime ISA to purchase a First Home?**

Yes, as long as the purchase also complies with the rules of the Help to Buy ISA and Lifetime ISA schemes. The ISA schemes have price caps, which are currently:

- Help to Buy ISA: £250,000 (£450,000 in London)
- Lifetime ISA: £450,000

For a First Home purchase, these caps would apply to the price of the home after the discount has been applied.

### **Can I use a Help to Buy: Equity Loan to purchase a First Home?**

No. First Homes is intended as an additional option for affordable home ownership, and the Help to Buy: Equity Loan cannot therefore be used for a First Homes purchase.

## **How do First Homes compare to other affordable home ownership products offered by the Government, such as the Help to Buy: Equity Loan and Shared Ownership?**

First Homes are a new tenure. The scheme offers homes with a significant discount compared to the market price, lowering deposit and mortgage repayment costs, thereby making home ownership accessible to many more people. The discounted portion is funded by developer contributions or government grant. By comparison:

- The Help to Buy: Equity Loan scheme offers a government loan of between 5% and 20% (40% in London) of the value of a new build home to first-time buyers, with purchase prices subject to regional caps. The loan is interest free for 5 years and repayable in full when you sell the property. *The First Homes discount is not a loan, and therefore the discounted portion doesn't ever have to be repaid.*
- The Shared Ownership scheme enables customers to buy a share of a home and to increase their share of ownership over time, while paying rent on the portion they do not own. *In the First Homes scheme, the discounted portion isn't owned by another party, meaning no rent needs to be paid on it.*

## **Are First Homes the same as Starter Homes?**

No. Starter Homes was a home ownership scheme led by a previous Government which is not being taken forward. The First Homes programme offers significant benefits over Starter Homes, including that the discount on the property is available in perpetuity, allowing future generations of buyers to benefit from access to affordable home ownership.

## **Eligibility**

### **Introduction**

First Homes are intended to help first-time buyers onto the property ladder. A set of national criteria has been put in place to help ensure that First Homes go to those who would otherwise struggle to buy a home. In some areas, priority may be given to people who work in certain occupations, or who already have a connection to the area. This additional local criteria is set by the relevant local authority. Any local criteria falls away if the First Home has been on the market for more than 3 months.

### **To purchase a First Home, do I have to be a first-time buyer?**

Yes. This means you have not (either alone or with others):

- previously acquired via purchase, gift, trust or inheritance a major interest in a dwelling or an equivalent interest in residential land situated anywhere in the world; and/or
- benefited from any form of sharia mortgage finance.

The full 'first-time buyer' definition is set out in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief. To buy a first home, you will need to sign a declaration confirming that you are a first-time buyer.

### **If I'm buying with a partner, do they also have to be first-time buyers?**

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Yes. If the First Home is being bought by more than one individual all purchasers must be first-time buyers, in keeping with the definition described above.

**Can one member of a couple buy the home on their own, and would this mean the other does not have to be a first-time buyer?**

Couples who are married or in a civil partnership or living together should apply jointly to purchase the First Home. In exceptional circumstances, where the mortgage lender will only lend to one applicant (e.g. because one party has an adverse credit history) the local authority can consider giving approval on a case-by-case basis, but this is still subject to both parties meeting the first-time buyer criteria. Both parties would therefore need to sign the first-time buyer declaration.

**Are there income caps?**

To be eligible for a First Home, your household's gross income must be no more than £80,000 in England or £90,000 in London. However, local authorities will be able to set lower income caps for the first 3 months after a First Home goes on sale.

**Is anyone exempt from having to meet the local connection criteria?**

Yes. Members of the Armed Forces and recent veterans (who have left the Armed Forces within the last 5 years) are exempt from needing to meet any local connection or key worker restrictions set by local authorities. These restrictions will also not apply to bereaved spouses and civil partners of service men and women whose deaths have been wholly or partly caused by their service. In such cases, all other eligibility criteria, including first-time buyer status and the household income caps, would still have to be met.

## Owning a First Home

### Introduction

In most respects, owning a First Home carries the same rights and responsibilities as owning a normal market home. You will not pay rent, and you can decorate and update the home just as any home owner can, in keeping with planning rules, any lease restrictions and the terms of your mortgage. Insurance and maintenance of the home rests solely with the owners, as would be the case with any market sale home.

There are however some restrictions: as First Homes are intended to help people onto the property ladder, it should be the only or main residence of the buyer. Some restrictions are also in place for lettings.

### Will I only own part of my First Home?

No. If your First Home is a house, you will own the freehold on the property. This means that you own all of the home.<sup>1</sup> If you own a First Home flat, you will own a leasehold on the property.<sup>2</sup> You will not be required to repay the discount and there will be no rent owing on the discounted portion of the property.

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<sup>1</sup> Subject to completing repayments to your mortgage or home purchase plan provider.

<sup>2</sup> For further information, see <https://www.gov.uk/government/publications/how-to-lease/how-to-lease>

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It is recommended you seek independent financial advice before you purchase so you are clear on how First Homes works.

### **Can I make improvements/extend my First Home?**

If your First Home is a house, you can make any improvements you wish to your home subject to planning regulations and your mortgage agreement. However, you should bear in mind that you may not recoup your investment when you decide to sell your First Home as the original percentage discount you received at purchase must be passed on to the next buyer.

If you own a First Home flat, you will be able to make improvements subject to the conditions of your lease, planning regulations and your mortgage agreement.

All First Homes owners should remember that, irrespective of any improvement that they make to the home, the restriction on the title means it can only ever be sold at the specified discount to the market value.

### **Can I let my First Home?**

You can let your First Home for a period of up to 2 years provided you notify the relevant local authority, and subject to the terms of your mortgage agreement. The 2-year period is in aggregate, and resets if ownership of the home transfers to someone else.

You may be able to let out your First Home for longer than 2 years in exceptional circumstances, including:

- For a short job posting elsewhere
- For deployment elsewhere (Armed Forces)
- In relationship breakdown
- Fleeing domestic violence
- Redundancy
- Caring for a relative or friend.

You will need to get permission from your local authority to rent out for longer than 2 years. Local authorities are expected to agree in these circumstances; however, you may also need agreement from your mortgage lender.

### **Can I have a lodger in my First Home?**

Yes, and with no time restriction, provided that the property remains your only residence.

### **Should I pay buildings insurance in relation to the discounted price of the home, or the full price?**

Buildings insurance should be paid in relation to the full market price of the home.

### **Can I remortgage the property or use equity release schemes?**

Yes, however this will be in relation to the discounted value of the home.

### **Will I have to sell if my circumstances change?**

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You will not have to sell your First Home if your income increases above the household income cap. If you have purchased the First Home on the basis of meeting key worker criteria set by the local authority, or on the basis of the Armed Forces criteria, you will not have to sell your home if you no longer meet that criteria (by, for example, changing your job) after completion of your purchase. In addition, if you re-mortgage the home during the period of your ownership, this can be for less than 50% of the purchase price.

However, your First Home should be your only or main residence, and aside from some specific exceptions you will not be able to let the First Home for more than 2 years (further details are set out under the section 'can I let my First Home'). If you do not comply with these requirements, you may need to sell your home.

If you fail to keep up your mortgage payments this may put your home at risk, as is the case for any homeowner with a mortgage. Owning a First Home does not prevent a mortgage lender following its own policies and procedures; for example, if you fall into arrears, your home may be repossessed.

### **Can I leave my First Home to friends/family in my will?**

Yes. Subject to any outstanding mortgage or home purchase plan payments, you own the First Home and you can leave your property to whoever you wish. They would, however, have to abide by the conditions of owning a First Home, meaning it would need to be their only or main residence and they would not be able to let out the home for more than 2 years in aggregate without permission from the local authority. If they do not abide by these conditions, they will need to sell the First Home.

### **Do First Home owners pay less council tax?**

No. Council tax rates will be the same as for an equivalent open market home.

## **Selling a First Home**

### **Introduction**

A First Home restriction on its future resale will be registered on the title of the property by your conveyancer. This means you can only sell in the future to another qualifying First Homes buyer at the same percentage discount and ensures the First Home continues to benefit others.

### **How do I sell my First Home?**

The process for selling First Homes is broadly similar to the process for selling properties on the open market. However, there are some differences:

1. You must first notify the local authority that you wish to sell your First Home.
2. The Local authority will issue you with instructions for marketing and confirming the eligibility requirements. These must be used by your estate agent to ensure they can market to eligible purchasers.
3. You should then instruct your estate agent and give them the eligibility requirements for their marketing.
4. You must initially attempt to sell your First Home to buyers who meet any local connections criteria set by your local authority. If, after 3 months of active marketing through an estate agent, you are unable to sell your First Home, you must then attempt for a further 3 months

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to sell your property through an estate agent to buyers who meet the national criteria for purchasing First Homes.

5. Your estate agent will check potential purchasers and complete an application pack (like the one you completed when you bought the First Home) for the new purchaser:
  - The purchaser would need to meet all the eligibility criteria; be able to make an offer (subject to their eligibility); and be, in the estate agent's professional judgement and advice to you, the most proceedable purchaser.
  - You must also submit at this point to the local authority a valuation demonstrating the sale is at a discount to the prevailing Market Value. The valuation must be from a valuer who is qualified by the Royal Institute of Chartered Surveyors (RICS). You must pay for this. The RICS surveyor will value the home's 100% market value before the First Homes discount percentage is applied.
6. The price of your First Home cannot be negotiated upwards from the discounted value set confirmed by your valuation. You can reduce the price, for example if you wish to secure a quick sale, but the price may not be increased even if there are a number of potential buyers.
7. The local authority will consider your purchaser's application and your valuation. If eligible, the local authority will approve the purchaser and issue instructions to their conveyancer, very similar to the process followed when you purchased the First Home. Your purchaser's conveyancer will then follow the local authority's instructions and the sale will proceed in the same way.
8. To ensure that other people can benefit from the discounted home, the same percentage reduction must be applied when you sell your First Home as was applied when you made your purchase. For example, if you purchased your home at a 30% discount compared to the open market price, you must also sell it for a 30% discount compared to its open market value at the time of sale.

## **Valuations**

You must have your First Home valued by a valuer accredited by the Royal Institute of Chartered Surveyors (RICS). The surveyor will assess the market value of your home on the basis of comparable market value homes, and will then apply the original percentage discount you received when you initially purchased your First Home.

## **What if I can't sell it?**

If you are unable to sell your First Home to an eligible buyer, after six months (or a shorter time period in exceptional circumstances at the discretion of your Local Authority), you may be required to notify your local authority so that it has the opportunity to purchase your home. If the local authority does not wish to buy your home, you will then be able to sell it on the open market at the open market price; the discounted portion of the sales receipts would then be returned to the local authority.

In this situation, a further stamp duty return to HMRC may be required dating back to your original purchase. However, any additional stamp duty payable would be deducted from the amount that you are asked to return to the local authority, meaning you would not have to pay back more than the discounted value of the home. Should this situation arise, please seek advice from your conveyancer.

## About the initial pilot

### What is the initial pilot?

The Ministry for Housing, Communities and Local Government are working with Homes England and [local authority] to deliver [X] First Homes in [development]. This small pilot will help us to test the processes and administrative arrangements for First Homes before the programme is rolled out more widely.

### What happens after the initial pilot?

Using what is learnt from the initial pilot, the Government will run a larger early delivery scheme of 1,500 homes funded by the Affordable Homes Programme. Large-scale delivery of new First Homes will then occur across England through the Planning system, establishing First Homes as a significant and widespread tenure in the housing market.

19. [Local authority] local eligibility criteria

- a. Confirmed by [local authority] [date] and only for use at [name] development.
- b. **Local connection criteria to be (for purchasers in first 3 month of marketing):**
  - i. XYZ
- c. **Keyworker/essential worker criteria**
- d. We also note that for Armed forces, there is a broadening of eligibility (National criteria) in recognition of the unique nature of their circumstances, members of the Armed Forces, the divorced or separated spouse or civil partner of a member of the Armed Forces, the spouse or civil partner of a deceased member of the Armed Forces (if their death was caused wholly or partly by their service) or veterans within five years of leaving the Armed Forces should be exempt from any local connection testing restrictions..
- e. **Noting that purchasers in either of the above local/essential worker criteria must also satisfy the First Time Buyer requirement and household income cap <=£80,000 pa.**