



# **New Build Boost** **scheme rules &** **procedures**

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# New Build Boost scheme rules & procedures

This document provides more detail about how we operate the New Build Boost scheme. We reserve the right to change these rules and procedures from time to time, but will give you notice when we do so. Should there be any discrepancy between this document and your mortgage offer or the Mortgage Terms & Conditions, those documents take precedence.

## The scheme

The New Build Boost scheme consists of three parts:

- Your **deposit** which must be at least 5% of the property value, but can be more if you want
- A **boost** of 15% of the property value
- A **mortgage** of up to 80% of the property value, or less if you are contributing more than 5% deposit

For example, if you were purchasing a property for £250,000 and wanted to contribute a deposit of £17,500 (7%), your boost would be for £37,500 (15%) and your main mortgage for £195,000 (78%).

If our valuation of the property is lower than the agreed purchase price, we'll use the lower figure for calculating these percentages, and you will need to make up the remainder.

You can only get the boost equity loan if you also take out a main mortgage with Gen H.

## The boost

### Calculating how much you owe

The boost is an **equity loan**. This means the amount you owe is dependent on the **Property Value**. How we determine the **Property Value** is explained below.

## Start of the loan

At the start of the loan, the **Property Value** is the lower of the agreed purchase price or our independent valuation. The amount we lend you for the boost is 15% of this amount.

## Equity freeze – first 5 years

Our equity freeze feature means that for the first 5 years of the loan, we ignore any changes to the **Property Value** when calculating what you need to repay us, even if house prices rise or fall. That means the amount you owe us won't change for the first five years unless you make repayments.

## After 5 years

At the 5-year mark, the equity loan will change to reflect the current Property Value. If the Property Value has gone down, this change will come into effect right away because you will owe us less and may want to make repayments right away. If the Property Value has gone up, we will provide a 6-week grace period to allow you to remortgage with additional borrowing to pay off your boost before the value goes up.

From the 5-year mark onwards, we will conduct a valuation at least once per quarter to determine the **Property Value**. We will choose the most appropriate method for valuing the property, but it will usually be an automated valuation. We will cover the cost of these routine valuations.

If you disagree with the **Property Value**, you can dispute it at any time. In this instance we will instruct a physical valuation by a RICS surveyor. The cost of this will be charged to you – you can review our Tariff of Charges for the latest costs. We will use the surveyor's valuation as the **Property Value** regardless of whether it is higher or lower than the disputed value. We will continue to use this as the **Property Value** for at least 3 months following the date of the valuation.

## 2x equity cap

We will ignore any increases in the **Property Value** beyond twice its value at the start of the loan. This means that if the underlying value of your property more than doubles, the amount you owe us will be capped at twice what you borrowed from us originally.

## On sale of the property

You must repay the boost in full when you sell the property. The **Property Value** will be your agreed sale price, providing the property is being sold on the open market and the transaction is at arm's length. If we reasonably believe the transaction is not at arm's length or the property is being sold at below market value, we reserve the right to make enquiries of your conveyancer to confirm this, and instruct an independent valuation at your expense to determine the **Property Value**.

## On repossession

In the unlikely event that we need to repossess your property and sell it on your behalf, we will use the sale price as the **Property Value**.

## Repaying your boost

We record the **Outstanding Equity Balance** of the boost as a percentage, with the initial balance being 15%.

At any point in time the **£** amount you owe us is the **Outstanding Equity Balance** multiplied by the **Property Value** (see above).

For example if the **Outstanding Equity Balance** remaining is 10%, and the **Property Value** is £250,000, the amount you owe us at that point in time is £25,000.

## Mandatory repayments

You are required to repay the boost in full if one of the following occurs:

- The end of your mortgage term
- You sell the property
- You redeem your main mortgage, for example when remortgaging to another lender
- Other circumstances that require immediate repayment, as outlined in the Mortgage Terms & Conditions

## Voluntary repayments

You can repay the outstanding boost balance in full at any time.

After the first year you are allowed to make part repayments. Up to the fifth anniversary you can make one payment per quarter. After 5 years you can make one payment per month. Any part payments must be for at least £100.

You can only make voluntary repayments (in full or in part) if your main mortgage was up-to-date at the most recent contractual payment date. This means that if you have missed any payments on the main mortgage we may require you to make up any shortfall before you can repay your boost.

When you make a part repayment we convert the **£** amount of your repayment to a percentage of the **Property Value**. The **Outstanding Equity Balance** is then reduced by that percentage value.

For example, suppose your **Outstanding Equity Balance** is 15%, and the **Property Value** is £250,000. The amount you owe us is  $15\% \times £250,000 = £37,500$ .

If you choose to make a repayment of £12,500, this is  $12,500 \div 250,000 = 5\%$  of the **Property Value**. So the **Outstanding Equity Balance** will be reduced from 15% to 10%.

Suppose the **Property Value** later rises to £270,000. The amount you owe us is then  $10\% \times £270,000 = £27,000$ .

If you then pay the remaining £27,000, in total you will have repaid £39,500, versus the original £37,500 borrowed.

## The main mortgage

### Your main mortgage rate

When you take out a loan under the New Build Boost scheme you must choose a main mortgage rate from a specific set of products. Your mortgage advisor will help you choose the most suitable product.

At the end of your product's fixed period you can switch or remortgage to a new product, but if you have an outstanding boost which you won't be repaying as part of the remortgage, your choice of main mortgage product will be restricted to a specific set of products.

As soon as you have repaid your boost in full, you will be eligible to change to a standard mortgage product subject to our usual product switch rules. However you should bear in mind that our usual early repayment charges apply if you wish to change your mortgage product during your fixed period.

### Additional borrowing

While you have an outstanding boost we will not normally let you take out additional borrowing, except to repay your boost. Any additional borrowing is subject to our usual criteria and affordability checks.

## The deposit

Your deposit must be at least 5% of the value of the property. You may contribute more than 5%, and the size of the mortgage will reduce accordingly. The boost is always fixed at 15%.

Part or all of your deposit may come from a close family member in the form of a gift. Loaned deposits, including deposit booster loans, are not accepted for New Build Boost.



## Eligibility for the scheme

New Build Boost is available for residential purchase transactions, both first-time buyers and home movers.

Customers must meet our standard credit criteria for 80% LTV lending, including a full affordability assessment on the main mortgage.

### Property eligibility

New Build Boost is only available in England.

It is only available on new build properties on eligible developments from participating housebuilders. All plots/properties on an eligible development are able to be used with the scheme.

The list of eligible developments may change from time to time.