

Your guide

to remortgaging and further advances

Changing your lender, borrowing more money or doing both

As we have a financial interest in your home it is important we are aware of and agree to any changes in your lender or an increase in how much you are borrowing.

This leaflet outlines our procedures and conditions for customers who want to do this.

There are three possible things you may want to do.

1. Remortgage (moving from your existing lender to another lender, but without increasing your borrowing)
2. Further advance (staying with the same lender, but borrowing an extra amount)
3. Remortgage and further advance (changing lender and borrowing an extra amount)

Once you have carefully considered and decided what you would like to do, you should consult a financial advisor or mortgage lender to discuss your lending needs.

What we need you to provide

Remortgage

If you're applying to remortgage, we need the following.

- A copy of your mortgage offer from your proposed new lender
- Written confirmation of the current value of your home from your new lender (you can usually get this from the mortgage offer)

- Written confirmation from your current lender confirming the outstanding balance (also known as a redemption statement)
- A written explanation from you telling us why you want to change your lender

Important: If you are staying with the same lender and just changing interest rates, we do not normally need to approve this. If in doubt, please contact us to discuss.

Further advance

If you're applying for a further advance, we need the following.

- A copy of the offer from your lender confirming how much you want to borrow
- Written confirmation of the current value of your home from your lender (you can usually get this from the further advance)
- Written confirmation from your lender confirming the current outstanding mortgage
- A written explanation from you telling us why you want to increase your borrowing and giving details of any home improvements you plan to make, together with quotes, invoices or receipts for the work being carried out.

Important: Equity Loan and MyChoice HomeBuy customers may only apply for further advances which you will use for home improvements or major repairs. We will need invoices, receipts or quotes for the proposed work. The Equity Loan and MyChoice HomeBuy scheme does not allow customers to consolidate (combine) their debts.

Remortgage and further advance

- A copy of your mortgage offer from your proposed new lender
- Written confirmation of the current value of your home from your new lender (you can usually get this from the mortgage offer)
- Written confirmation from your current lender confirming how much is outstanding on your mortgage
- A written explanation from you telling us why you want to increase your borrowing and giving details of any home improvements you plan to make, together with quotes, invoices or receipts for the work being carried out.

Important: If you're an Equity Loan or MyChoice HomeBuy customer, you will need to pay an administration charge (you can do this by Visa or Debit card) this will cover our administration costs. See the enclosed leaflet for more information.

You're ready to go ahead

You should send us all the information we need to process your request.

Use this checklist to make sure you send the correct documents.

We are only able to process your application once we have received **all** these documents.

- Have you enclosed a copy of your remortgage or further advance offer?
- Do your documents include a current value of your property?
- Have you enclosed confirmation of the existing balance outstanding on your mortgage (redemption statement)?
- Have you provided written confirmation for why you are applying to remortgage or for a further advance? (If you are borrowing money for home improvements, we will need quotes and details of the work to be carried out.
- Have you included your administration fee? (This applies to Equity Loan and MyChoice HomeBuy customers only.)

Once we have all the information we need, we'll give you a decision within five working days. If your application is successful, we'll let you and your lender know. If you're a Equity Loan or MyChoice HomeBuy customer, we will have to arrange for a deed to be sealed which will postpone our charge in favour of your new lender. Arranging this will add a few days to the process. Once we've approved your application, your lender will be able to deal with any other questions you have.

Please contact our conveyancing services team if you want to discuss any part of your application.

Your questions answered

How much can I borrow against the value of my home?

Shared ownership – You can borrow up to 75% of the value of the share you own in your home. (For example, if your home is valued at £100,000 and you own 50% (£50,000), you can borrow up to 75% of the £50,000 (in this case, £37,500). This includes your existing mortgage and any other loans secured against your home.)

Equity Loan/MyChoice HomeBuy – You can borrow up to 75% of the increase of the equity in your share of the property.

Original property value: £150,000
Customer's share: 75%
Original value of the customer's share: £112,500
Current property value: £200,000
Customer's share: 75%
Current value of the customer's share: £150,000
Current value of the customer's share, less original value of the customer's share: £150,000 – £112,500 (Customer's increased share value) = £37,500
75% x £37,500 = £28,125 (The most you are allowed to continue to borrow)

This includes your existing mortgage and any other loans secured against your home.

Why are Equity Loan and MyChoice HomeBuy customers charged an administration fee?

All our shared owners pay a yearly management fee which covers the costs of any administration work (not including solicitors' fees) we carry out for them. We don't charge our Equity Loan customers this yearly fee but there are still costs involved in processing remortgages and further advances.

Are there likely to be any other costs involved?

- Your lender may charge fees for dealing with your mortgage application or using solicitors. You should contact them direct for details of their fees.
- If your lender is not able to provide a valuation figure, we can arrange one. We'll contact you if this is the case and let you know how much you have to pay.
- In rare cases, we may have concerns about a part of your application, and choose to contact our solicitors for their advice. We'll let you know if we decide to do this and we'll pass on any solicitors costs to you.

What is the mortgagee protection clause (MPC)? (This only applies to shared ownership.)

This is covered in your lease with us, and means that your lender could recover certain losses from us if they ever have to repossess your home. We cannot extend the MPC to cover extra borrowing unless it is for staircasing, transferring equity (for example, if a couple separate and one person 'buys out' the other) or necessary improvements to the structure of the property. **The limits of the MPC may be an issue for some lenders and it's worth checking with them at an early stage of your application.**

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