

Equity Loan repayment process



Overview

An Equity Loan is a secured loan registered against the property and was designed to help those struggling to save for a deposit for a home to get on to the housing ladder.

If you bought your property with the help of an equity loan from us or a previous provider (now registered as a charge with us), all loans need to be repaid in full when:

- The property is sold
- It's the equity loan's 25th anniversary (MyChoiceHomeBuy loans only)
- It's the expiry of a default notice
- You become bankrupt
- You no longer live in the property
- Your main mortgage loan is redeemed with no replacement product (it may be a condition of your loan charge that L&Q cannot sit as the first/only charge).

Most equity loans can only be repaid in full. However, you can repay your loan in instalments if you're a MyChoiceHomeBuy customer.

Any applicable arrears for interest charges on the account must be cleared before the transaction completes.

What costs are involved?

The cost associated with the equity loan repayment can vary depending on several factors, like the amount of shares you must repay, property type, location, etc. However, the typical costs include:

- **Survey** - you'll need to get a valuation report before you contact us; this is because you pay the current market value for the additional shares
- **Legal fees** - you'll also need to cover your conveyancer fees for dealing with the legal process of staircasing
- **Stamp duty** - if you're purchasing property shares over a certain value, you may also have to pay stamp duty. Your solicitor should confirm if this applies to you
- **Mortgage fees** - whether you decide to remortgage or use your existing mortgage, you'll still need to pay fees. These will vary depending on your provider and the redemption amount of your equity loan
- Our **administration fee** in relation to this transaction.

Equity Loan Repayment, step-by-step process:

Firstly, we recommend you speak to one of our **independent financial consultants (PDF)** to find out if you can afford to repay your full loan amount.



To start this process, you'll need to instruct a surveyor to value your home. The valuer must be independent and qualified through the Royal Institution of Chartered Surveyors (RICS).



Instructing one of L&Q's independent panel surveyors.
We have a panel of **independent surveyors**, qualified by RICS, to choose from.



Instructing your own surveyor
You also have the option to instruct a RICS registered surveyor of your choice.

However, they must meet certain criteria, details of which are in our leaflet about **instructing your own surveyor (PDF)**.



Once the survey has taken place, please email a copy of your RICS valuation report to our Team via **staircasing@lqgroup.org.uk** along with a copy of your original loan agreement, the **Home Improvements application form (PDF)** and the receipts/invoices for the works you carried out (if applicable).



We aim to address any questions you might have about this process and to open a case **within 10 working days** upon receiving the above information.



A member of our team will review the information provided and contact you to request payment of the administration fee.

Please refer to the **Homeowner Admin Fees document** for the full list of admin fees. You are required to make a card payment over the telephone, **0208 189 7465** Option 1, Option 2 to make this payment via Debit/Credit Card.



Once the admin fee payment has been made, we will email you a confirmation letter detailing the redemption amount to pay off the equity loan and a response form.



You must complete the Equity Loan Repayment Confirmation Letter and return it to us via email to confirm how you would like to proceed and your solicitor's details.

You can instruct your own solicitor, or we have a panel of **independent conveyancing solicitors (PDF)** who can help.

If you are a MyChoiceHomeBuy customer, you'll need to confirm if you wish to redeem all or just part of your loan.



If we don't receive a response from you **within 10 working days**, we will send you a reminder.

Once the valuation expires, if we still have not received the Equity Loan Repayment Confirmation form, we will close the file.



Once you return the Equity Loan Repayment Confirmation form, we will check it to make sure it is correct and prepare our instructions to your solicitors.



We'll contact your solicitor with the redemption amount to be paid and our bank details so that, on completion, they can transfer the equity loan monies to us.

We'll also liaise with your solicitor about any other relevant documents or ongoing interest payments (for MyChoiceHomeBuy customers redeeming only part of the loan).



Complete the Equity Loan Repayment transaction.

If you are a MyChoiceHomeBuy customer who has partly repaid their equity loan, you should receive a **Memorandum of Staircasing**. This is signed by you and us.

If you repay your loan in full, your solicitor must transfer the equity loan monies to us. In return, we issue a **DS1 form**, which is the legal form which cancels the legal charge. Your solicitor will then have to register this form at Land Registry.



Once completion takes place, our Homeownership Completions Team will close your account **within the next 14 days.**



We strongly encourage you to save a copy of your Memorandum of Staircasing and any paperwork you received during this process in a safe place. You may need it if you decide to sell the property or if you wish to redeem the rest of your equity loan at a later time.

L&Q