



Metropolitan  
Thames Valley

# Repaying your equity loan

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## Are you considering repaying your equity loan?

### There may be a few reasons to do this:

- The amount you repay is linked to the value of your property at the time - it goes up or down with property prices. If property prices increase over time, the amount to be repaid on your loan could be higher. So by paying off your loan now, you could avoid paying a higher amount in the future. You should note that property prices may also go down, and the loan value may also be lower.
- If you have a MyChoiceHomebuy (MCHB) loan, you will be paying interest on your loan every month. Redeeming all or part of the MCHB loan will reduce some or all of your loan payments to MTVH.
- You can enjoy more flexibility - with the loan repaid, you are no longer subject to our restrictions e.g. sub-letting. You should check with your first charge lender about their restrictions as well.

Please note that this guide is not intended to address your individual financial needs. Before you decide to repay your loan you may want to talk to an independent financial adviser who will look at your circumstances and whether it may be appropriate to make an early repayment, as we are not able to do that.

MTVH is the trading name for Metropolitan Housing Trust.

# Repayment options

# MCHB equity loan repayments

You can repay your equity loan at any time before you sell, or when you sell your property. If you have a MCHB loan with a monthly interest payment, there are additional repayment criteria – please see the MCHB section in this guide.

Repaying the loan can be done in either of two ways:

- By selling the property and paying back the equity loan upon completion of the sale. The repayment amount will be based on the current market value or the sale price, whichever is higher.
- By raising funds, e.g. re-mortgaging, to cover the additional cost you will need to repay the equity loan. In this instance the repayment amount is based on the current market value.

Please note that you cannot repay your loan if you are in arrears with your monthly interest payments (only applicable on the MCHB equity loans).

## How is the repayment amount calculated?

Your repayment amount will be based on the value of your home when you repay the loan – not on its value when you bought it. If you are selling your home, the repayment amount will be based on either the current market value or the sale price – whichever is higher.

If your home has gone up in value since you bought it, your repayment amount will be higher than the amount you borrowed.

### Here's an example:

#### If you are repaying without selling:

The original value of your home: **£190,000**  
The original loan: **25% of £190,000 = £47,500**  
The up-to-date RICS valuation: **£250,000**  
Amount to repay: **25% of £250,000 = £62,500**

#### If you are selling:

The original value of your home: **£190,000**  
The original loan: **25% of £190,000 = £47,500**  
The up-to-date RICS valuation: **£250,000**  
The sale price: **£260,000**  
Amount to repay based on the higher sale price: **25% of £260,000 = £65,000**

Please check your legal agreement for the exact percentage and full terms and conditions of repayment.

## The MCHB repayment amount is calculated in the same way as the other loans. There are additional repayment criteria & options.

You are able to repay your loan when you decide to sell your property, at any time that you wish before you sell, or the 25th anniversary of your loan.

If you purchased your property through the MCHB equity scheme then you are able to pay off the loan in smaller tranches. The minimum amount that you are able to repay is 10%, and the maximum that you can repay up to (without repaying the full loan) is 90%. If you wish to pay more than the 90% limit, you must pay off the remainder of the loan in full.

If you are intending to repay part of the loan with the help of additional borrowing, you will also need MTVH approval for re-mortgaging, and a signed Deed of Postponement (DOP). Please contact us for the Re-mortgaging & additional borrowing guide.

If you bought your home with the assistance of MCHB you cannot redeem your loan if you are in arrears with your monthly interest payments.

# Steps to repay your loan



## Step 1

If you are repaying the loan without selling, you will need to instruct a RICS qualified surveyor to carry out a valuation on your home. Once you receive the valuation report, please send this to us with the enclosed Equity Loans Confirmation Form. If you are selling your home, once your home is under offer we will then need to receive the Equity Loans Confirmation Form with a RICS valuation report supporting the sale price.

We have a panel of RICS surveyors you can use and these are provided at the end of the guide. You are not obliged to use them and they are independent from MTVH.



## Step 2

Once we have your RICS Valuation report and completed Equity loans confirmation form, we will work out how much you need to repay us. The valuation report must meet our criteria and we need to check that it accurately reflects the value of your property.

Please read our Valuation guidelines below before instructing a valuation.



## Step 3

A redemption statement will be sent directly to your solicitor along with our requirements. The redemption statement provided includes all the information required by your solicitor leading up to completion. You will receive a copy of the redemption statement sent to your solicitor.

They will be required to sign the Solicitors Declaration Form acknowledging they agree to our requirements. Please note that without the signed declaration form, the redemption will be delayed. From this point on, your solicitor will liaise with us and confirm when the payment has been made.

# Valuation guidelines

You may instruct your own surveyor or you can select a surveyor from a panel of RICS accredited surveyors (See details at the end of the pack).

Please note that the panel of RICS surveyors is provided as a point of guidance and is NOT endorsed by MTVH.

When instructing the surveyor please ensure that the below requirements are met:



**1** The Surveyor must be RICS accredited



**2** The Surveyor must be independent of an estate agent



**3** The valuation report must be on headed paper and signed by the RICS surveyor

If the valuation report does not meet the above guidelines, you will be required to liaise with the surveyor to correct the report – any additional costs incurred from this will be your responsibility. Rejected valuations will be sent back to you. You will be required to amend as necessary and send it back to us. When the correct documentation is received, it will be processed according to our normal turnaround times.

Our valuation criteria is as follows:

- The surveyor must provide at least three comparable properties and sale prices within the last six months (the date of sale must be stated). The three comparable properties must be included in the valuation report. The comparables must have the door number and one part of the postcode if the full postcode cannot be obtained. Comparables can be within a five mile radius of the subject property.
- The surveyor must not be related or known to you;
- The surveyor must inspect the interior of the property and provide a full valuation report;
- Valuations carried out by an estate agent, for bank or mortgage purposes or a general search are not acceptable;
- The date of inspection and the date of the report should be included within the document;
- The report needs to be submitted in a PDF or non-editable document format;
- Valuations are valid for three months;
- Failure to adhere to the above will result in the valuation being rejected.

# Desktop valuations

If you do not manage to complete your transaction within the three month validity period, you can get a desktop valuation from the surveyor who originally inspected your property. This must be sent to us within two weeks of the original valuation expiring and will be valid for a further three months. Please note desktop valuations will be provided at the discretion of the surveyor.

Please ensure that the desktop valuation meets the below criteria:

- The surveyor must be the original surveyor from the first inspection. Although they do not need to re-inspect the property, they must make reference to the original report;
- The valuation report must have a new date on it;
- The surveyor must sign the report;
- The valuation report must be on headed paper;
- The report needs to be provided in a PDF or a non-editable document format.
- We are only ever able to accept one desktop valuation. If the desktop report expires before the transaction completes we will require the property to be re-inspected and a new RICS valuation report to be provided.

# Costs of repaying the loan

The following are some of the costs you should consider before proceeding:

- The cost of obtaining a RICS valuation which start from around **£250**.
- You will be required to pay us an administration fee on completion of **£175**.
- There could be other costs relating to your mortgage that you could be responsible for and we advise you to check these with your lender and solicitor.
- You will have to pay for your own solicitor's costs and other associated legal costs.

# Home improvements

**If you wish to alter the property structurally, you may do so provided we give consent and all statutory consents are obtained by you (e.g. planning permission). If eligible, you will be able to keep 100% of any increase in your property's value that has resulted from structural improvements. This amount will be deducted from the amount owed to us. Please contact us for the Home Improvement Guideline.**

Please note that MTVH will not take into consideration any money spent on cosmetic works, such as a new decoration/bathroom/kitchen etc. **ONLY STRUCTURAL WORKS WILL BE CONSIDERED.** When you decide to redeem the equity loan you will need to provide the surveyor with a copy of the Home Improvements approval letter sent to you by MTVH detailing what can be taken into consideration. The surveyor will then provide two valuations:

- The current market value of the property;
- The value of the property excluding the value uplift as a result of any work pre-approved by MTVH.
- The amount you have to repay will be calculated on the value, excluding any uplift in value as a result of the approved works taking place.

**Please contact us for the relevant information pack if you wish to commence the following transaction:**

- Lease extension
- Home improvements
- Transfer of equity (adding or removing someone's name)
- Re-mortgage/additional borrowing (you may also re-mortgage to redeem your MCHB loan in part or full)

Please email us on the contact details below, if you would like any further information or assistance.

**equity.loans@mtvh.co.uk 020 8607 0550**

# Important information

- Your home may be repossessed if you do not keep up repayments on a mortgage or any other debt secured on it.
- Check that this mortgage meets your needs if you want to move or sell your home or if you want your family to inherit it. If you are in any doubt, seek independent advice.
- You should check if you can afford to repay the loan, especially if you are intending to re-mortgage or increase your borrowing from your first charge lender. By borrowing more from your first charge lender, your mortgage payments could increase. You should seek advice from your lender or an independent financial advisor.
- There will be additional fees that you will be expected to pay should you decide to repay all or part of your Metropolitan Housing Trust equity loan. This includes an administration fee of £175 to Metropolitan Housing Trust, the fee to the surveyor to value your property, any costs associated with obtaining mortgage funds, and if you instruct solicitors you will be required to pay their fees and any additional costs they incur.
- You should note there is no requirement for you to repay all or part of your loan until you decide to sell your property, or at any time that you wish before you sell.

**For MCHB equity loan holders only – in addition to above:**

- The MCHB equity loan is due for repayment on the 25th anniversary of your loan.
- If you decide to make smaller payments (minimum of 10%), you cannot have less than a 10% loan on your home. You would be required to pay the remainder in full.

Metropolitan Thames Valley (MTVH) is the trading name for Thames Valley Housing Association Limited (TVH) and Metropolitan Housing Trust Limited (MHT). TVH and MHT are registered societies for the benefit of the community, and are regulated by the Social Housing Regulator. MHT is authorised and regulated by the Financial Conduct Authority in respect of its financial services activity (Reference 723654). MHT is an exempt charity and a subsidiary of TVH. TVH's registered office is Premier House, 52 London Road, Twickenham TW1 3RP. MHT's registered office is The Grange, 100 High Street, London N14 6PW.

Thames Valley Housing Association Limited is a registered society for the benefit of the community (No. 17375R) and a registered provider of social housing. Its registered office is at Premier House, 52 London Road, Twickenham TW1 3RP.

Metropolitan Housing Trust Limited is a registered society for the benefit of the community (No. 16337R), an exempt charity and a registered provider of social housing. Its registered office is at 100 High Street, London N14 6PW. Metropolitan Housing Trust Limited is also authorised and regulated by Financial Conduct Authority in respect of its financial services activity (FCA Reference 723654). MHT is a subsidiary of TVHA.

Information correct at the time of publishing September 2021.

## Panel of RICS surveyors

The surveyors on the panel are independent to Metropolitan Thames Valley Housing. You are free to choose a surveyor of your own choice. Please ensure the valuation meets the criteria set out in the valuation guideline.

### MAP Surveyors

T: 01322 223 331  
E: admin@mapsurveyors.co.uk  
W: www.mapsurveyors.co.uk

### Copeland Yussuf Chartered Surveyors

T: 020 3005 8660  
E: general@copelandyussuf.com  
W: www.copelandyussuf.com

### Aspect Surveyors

T: 020 8446 4808  
E: info@aspectsurveyorslimited.com  
W: www.aspectsurveyorslimited.com

### Bartley West Chartered Surveyors

T: 02380 861 123  
E: info@bartleywest.co.uk  
W: www.bartleywest.co.uk

### Frazers Surveyors

T: 01483 730 909  
E: Woking@Frazers.co.uk  
W: www.frazers.co.uk

## Panel of solicitors

The solicitors on the panel are independent to Metropolitan Thames Valley Housing. We strongly recommend you appoint a solicitor with knowledge of affordable housing conveyancing. Below are a list of solicitors with experience in this field, but you are of course free to choose your own solicitors.

### Tinklin Springall Solicitors

Devonshire House  
Elmfield Road  
Bromley, BR1 1TF  
T: 020 8402 6222  
E: rft@tinklinspringall.co.uk  
W: www.tsconveyancingbromley.co.uk

### Rowberry Morris

15 Clarence Street  
Staines  
Middlesex  
TW18 4SU  
T: 01784 457 655  
E: info-staines@rowberrymorris.co.uk  
W: www.rowberrymorris.co.uk

### Cavendish Legal Group

188-190 Hoe Street  
Walthamstow  
London  
E17 4QH  
T: 0208 509 6802  
E: enquiries@clglaw.co.uk  
W: www.clglaw.co.uk

### Direction Law

31 Watling Street  
Canterbury  
Kent  
CT1 2UD  
T: 01227 812 713  
E: canterbury@directionlaw.co.uk  
W: www.directionlaw.co.uk