

## Equity Loan Policy Statement

An equity loan is either:

- For a fixed amount of money
- For a percentage of the value of the property

Both are secured against a home.

Metropolitan Thames Valley Housing (MTVH) equity loan is registered against a property, similar to a mortgage and is called a second charge. This is different to a repayment mortgage because the resident does not repay the loan until either a life event or on redemption date (dependant on scheme).

### Background

Historically MTVH provided Equity Loans under various schemes which are no longer offered but continue to be administered such as MyChoice Homebuy (regulated) and Homebuy where various terms apply.

Now we offer equity loans for customers on agreed regeneration schemes only.

Each regeneration project is generally a formal legal agreement between the local authority and us and will always include a consultation with residents affected by the regeneration. Current project examples include:

- West Hendon & Clapham Park

An Equity Loan is repaid to MTVH by the resident based on the property value at the point in time they wish to redeem and the percentage they originally borrowed, for example:

In 2010 the property was valued at	£200,000.00
The customer borrowed	£100,000.00 (which is 50% of property value)
In 2019 the property is valued at	£400,000.00
The customer will have to repay 50%	£200,000.00 (which matches the original loan percentage borrowed)

### Our responsibilities

We will follow a clear and transparent process for all applications for equity loans.

We will consider all options to ensure consistent and transparent treatment for all residents and as a responsible lender take vulnerability into account.

We will provide residents who remain housed with us the option to live within the same area/community.

Residents considering applying for an equity loan must always seek independent financial advice and we will encourage this.

We will comply with relevant statutory requirements and ensure internal processes are



followed. Failure to do so by the following areas would result in a breach of policy.

- Sales and Acquisitions
- Compliance and Finance Manager
- Corporate Finance
- Aftersales Management
- Marketing