

# Your guide to remortgaging

L&Q

**This leaflet applies only to shared ownership customers (part buy, part rent) and customers who obtained an equity loan through L&Q.**

The information in this guide covers:

1. Remortgaging your home with an existing lender (with no borrowing)
2. Remortgaging your home with a new lender (with no borrowing)
3. Remortgaging your home with a new lender and carrying out additional borrowing (further advance)
4. Staying with your existing lender and applying for additional borrowing (further advance)

Please refer to the sections in this leaflet which are relevant to your circumstances.

Your mortgage lender will require our consent to remortgage or to borrow additional funds on your home. If you are a shared owner, the lender will require our written approval on letter headed paper or a signed mortgage undertaking. If you are an equity loan customer, then lenders will require us to sign a Deed of Postponement.

These documents will provide our formal consent. We will be happy to return them once we have received all the relevant documents from you and we are in a position to approve your request. It is important you follow the guidelines in this leaflet so that we can help you through the process quickly and efficiently.

We cannot assess your application until we receive all the required documents. We will supply you with a remortgage/additional borrowing checklist. You must complete this and send to us, along with all your documents, so we can assess your application.

If you are asking us to approve additional borrowing, please refer to the relevant section in this leaflet. There are strict rules regarding approving these applications so they must be completed correctly.

All customers are required to pay our administration fee. We will contact you to collect this fee once your application is ready to be assessed. The fee can be paid on the phone, by visa or debit card.

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## 1. Remortgage with your existing lender (with no additional borrowing)

If you are staying with the same lender and changing your mortgage product, with no extra borrowing, then usually your mortgage lender will not require our consent. However, we would advise you to speak to your lender to check this is the case. If they need our approval then you will need to follow section 2 of this guide.

## 2. Remortgage with a new lender (with no extra borrowing)

If you are looking to remortgage with a new lender, you will need to provide us with the following:

- A copy of your new mortgage offer, or key facts illustration
  - Within this offer it must state the current full market value of your home (usually found on page two of your new offer)
  - In the terms and conditions of your offer it must state that your lender is aware that you are either a shared owner or an equity loans customer. If your mortgage lender will not add this into the terms and conditions, then you must get an additional letter or email confirmation from your mortgage lender. This letter must confirm they are aware you are a shared owner or equity loans customer.
- An up-to-date redemption statement from your current lender
  - This is a statement, which shows the current balance of your mortgage.

Please remember, if you are requesting a straight forward remortgage, the amount of mortgage on your new offer should reflect the amount that is stated in your current redemption statement.

L&Q will only agree to extra fees added to your mortgage up to a maximum of £1,000.

## 3. Remortgaging with a new lender and carrying out additional borrowing (further advance)

If you are looking to remortgage with a new lender and carry out additional borrowing on your mortgage you will need to email us the same documents as stated within section 2, along with a completed home improvement application form. This should be included with the enquiry pack. It will ask you to confirm the works you intend to carry out and you will be asked to provide quotes/estimates for the proposed works.

L&Q will only review further advance applications for the following reasons:

- Home improvements
- Essential repairs that are not covered by your building insurance
- To allow a legal transfer of ownership
- To allow shared owners to buy more shares in their home (if you are purchasing 100% shares it is likely you will not require L&Q's consent).

**L&Q will not allow additional borrowing for debt consolidation under any circumstances.**

Any additional borrowing is limited to the increase in value of the share you own. This is based on the open market value at the time you apply for your further advance.

## 4. Staying with your existing lender and applying for additional borrowing (further advance)

If you are applying for additional borrowing then you need to send us the documents referred to in section 2 and 3 of this guide.

For example:

Original valuation at purchase: £200,000

You own 50% (equity share purchased) = £100,000

Current valuation = £300,000

50% (equity share now worth) = £150,000

Maximum borrowing permitted: £120,000

Based on the above example, the maximum borrowing (outstanding capital and additional borrowing) cannot be more than £120,000. Please note that each owners equity share will vary. Depending on your reason for applying for additional borrowing, please refer to the relevant section that applies to you.

### **I wish to carry out additional borrowing for approved home improvements/essential repairs to my home.**

Home improvements or essential repairs will require our consent under the terms of your lease/legal charge.

Call us on **020 8189 7465** option 2, option 2 or email [homeimprovements@lqgroup.org.uk](mailto:homeimprovements@lqgroup.org.uk)

We will provide you with a home improvement application form as part of the additional borrowing process. We will forward this onto the Home Improvements team for review and approval.

Please also refer to our home improvements leaflet for further guidance on what is classed as a home improvement. This will tell you whether your improvement can be included as part of your request for additional borrowing.

There may be additional fees associated with reviewing home improvements, in addition to the standard remortgaging fee.

Once you have completed all the work to your home, you will need to provide copies of the paid invoices or receipts, guarantees and test certificates within three months of the money being released (unless otherwise agreed with us). We also reserve the right to inspect the work during and on completion. If you fail to provide this evidence, we may take legal action against you.

Your home improvements will need to be registered with us. The added value of these improvements will be considered when repaying your equity loan or buying more shares in your home.

It is a condition of your equity loan or lease that your home is kept in good condition. Any essential repairs will not be taken into consideration when you repay your equity loan or staircase to buy more shares.

Home improvements such as an extension, a new bathroom or kitchen may be considered as a home improvement. When you get your home valued by a qualified surveyor, they will tell us whether your home improvements have added any extra value to your home. For example, you could spend £30,000 improving your home but this may not be reflected as a £30,000 increase in value.

### **Additional borrowing for transfer of equity**

If you are borrowing additional funds to buy out a joint owner, please let us know so we can provide you with our requirements. There are a number of additional documents and information we will need to complete a transfer of ownership.

For shared owners, you will need to complete a transfer of ownership application form. We need to carry out financial and eligibility checks if a person wants to become a joint owner with you. If you are adding on a new owner and you can afford to jointly buy the remaining shares, then you should go ahead with the staircasing process.

As you are a shared owner, your lease will need to be changed to reflect the change of ownership. You will be responsible for paying all the legal costs associated with this process. We will tell you about these costs once you ask about the transfer process.

If you are the only owner of your shared ownership home, you cannot transfer your home to another person and leave the process yourself. Please call us for more information about this.

Once you have met the requirements for your transfer of ownership, you will need to supply us with the documents listed in section three of this guide.

## 5. Your questions answered

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

This is covered in your lease with us. It 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 is worth checking with them at an early stage of your application.

### Q. Can I include my remortgage fee as part of my further remortgage?

We are happy to agree fees up to a maximum total of £1,000 to be included as part of your remortgage. We will not agree any sum over this amount under any circumstances.

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

You can borrow up to 80% of the current increased value of the share that you own. See our example in section 4 of this guide.

### Q. How quickly can my application be processed?

We cannot process your application until we've received all the required documents. We suggest you email all the documents at the same time. Please always put a delivery or read receipt on your email. You can then be sure the documents have been received by us.

#### Contact us:

##### Address:

L&Q - Home Ownership Team  
Cray House  
3 Maidstone Road  
Sidcup  
Kent  
DA14 5HU

##### Phone:

020 8189 7465 option 1 and option 3

##### Email:

Remortgaging&fa@lqgroup.org.uk

L&Q is an exempt charity

The L&Q logo is displayed in a bold, black, sans-serif font. The letters 'L' and 'Q' are significantly larger than the ampersand '&' which is positioned between them. The logo is set against a solid yellow rectangular background.