



Customer Information Pack

Transaction - Loan Redemption Scheme - Help to Buy

This pack contains important information on the process for redeeming your Help to Buy loan either in part or in full.

The Homes and Communities Agency (known as Homes England) has appointed Target Servicing Ltd as its Mortgage Administrator to manage the redemption process and other post-sales administrative processes relating to its equity loan portfolio.



As you progress please return any required documentation and direct any queries regarding your loan redemption to Target using the contact details provided below:

Post: Target HCA, PO Box 911, Newport NP20 9PA
 Email: Target.HCA@targetgroup.com
 Phone: 0345 848 0235

The Customer Services phone line at Target is open 9am to 5pm Monday to Friday (excluding UK public holidays).

If you require this information in another format, we can provide Braille, Large Print, and Audio versions of this document. Please contact us using the phone number above to request one of these options.

If you are looking to redeem your equity loan via a house sale you must be aware that any arrears on your account must be cleared as part of the process prior to completion taking place. If you are unable to clear all of the arrears on your account by completion you may be able to sign an interest payment shortfall agreement to continue to settle the arrears balance. More details about this are available towards the end of this information pack.

If you are looking to redeem either in part or full but remaining in your property (staircasing) you must clear any interest payment arrears prior to starting the process.

#	Process Steps for Redeeming you loan in full
	<i>Before you proceed with any changes to your loan, it is important that you understand the effects of that change. We recommend that you consider seeking independent legal and/or financial advice.</i>
1	<p>Obtain a Valuation</p> <p>In order to produce a redemption figure for redeeming your loan, we will need a valuation for your property that has been conducted by a RICS (Royal Institute of Chartered Surveyors) Certified Surveyor.</p> <p>We do not endorse any particular companies; however the web link below may assist you in identifying a RICS Certified Surveyor: www.rics.org/uk</p> <p>Once a RICS Valuation Report has been generated, please send the report to Target.</p> <p>Please note: The RICS valuation will only be valid for 3 months. If your loan redemption is not completed within 3 months of this date, you will need to provide Target with a Desktop Valuation, re-confirming your property value. You must complete your transaction within a maximum of 6 months of the original valuation.</p> <p>The full valuation requirement list is stated later in this document; please provide your surveyor with a copy.</p> <p>Once you have successfully submitted a valid valuation report you will received an estimated repayment quote. This will include details of any arrears and your daily interest payment rate to allow your solicitor to calculate an accurate final repayment sum.</p> <p>Please note – where you are repaying the loan and remaining in the property the repayment figure is set using the determined market value, you must also clear any arrears on the account prior to obtaining approval to start the process. You will be required to pay any interest payments due from the last payment made to the agree completion date.</p>

	<p>In the case of a house sale the repayment sum is based on the market valuation or the sales price (the higher of the two). You must be able to clear any arrears on the account by the defined completion date or liaise with us directly to arrange payment. You will be required to pay any interest payments due from the last payment made to the agree completion date.</p> <p>If your property is affected by novel issues in relation to its valuation e.g. its external cladding, we reserve the right, in accordance with the terms of the equity loan, to agree the RICS Valuer you intend to use, with you, <u>before</u> you instruct them.</p>
2	<p>Instruct a solicitor</p> <p>You must instruct a solicitor to undertake the required legal conveyancing.</p> <p>We do not endorse any particular firms; however, the web link below may assist you in selecting a Solicitor: www.lawsociety.org.uk</p>
3	<p>Initiate the Redemption Process</p> <p>Complete the Loan Redemption Form at the end of this document. Return the form to Target and pay the administration fee. The amount of the fee will depend on the type of loan you have so please refer to the fee information which can be found at the end of this pack.</p> <p>Please note the redemption administration fee is to cover our Mortgage Administrator's costs only. You will also incur fees from your solicitor and possibly your first charge lender for this transaction.</p> <p>If you would like to make a bank transfer, please use the following bank details:</p> <p>Account Name: Elderbridge re:HCA Sort Code: 40-05-30 Account Number: 14290879 Reference: Please use your Target HCA Customer Reference or Surname and Postcode</p> <p>Note that there is a form for a redemption via house sale (form A) or a redemption without house sale (form B)</p> <p>House sale - It is <u>your responsibility</u> to clear any outstanding interest payments prior to completion, completion will not be granted until this is done or an interest payment shortfall agreement is in place.</p> <p>Staircasing – prior to beginning the process, all arrears must be cleared.</p>
4	<p>Redemption letter</p> <p>On receipt of your loan redemption form, fee and valuation we will produce a redemption letter. This will be sent to both yourself and your solicitor. Your solicitor will also receive a guidance pack and a copy of the required form of legal undertaking to be submitted at least 15 business days prior to completion.</p> <p>The redemption letter will include your estimated repayment figure based on the valuation (please see the explanation below of how the redemption figure is reached for a sale and staircasing scenario)</p>

	<p>If you are redeeming through a house sale the letter will also include any arrears to be cleared and an indication of your interest payment daily rate to enable your solicitor to calculate any interest due from your last payment to your expected completion date. Full details will be issued to your solicitor in the guidance pack; however you must be aware of the requirement for a legal undertaking to be submitted to target 15 business days prior to any set completion date.</p>	
	<p><i>Redemption without Sale</i></p> <p>In this case, the market value used to calculated your Redemption Figure will be figure provided in the RICS Valuation Report for your property</p>	<p><i>Redemption with Sale</i></p> <p>In this case, the market value used to calculated your Redemption Figure will be the figure provided in the RICS Valuation Report or the Sales Price (the higher of the two)</p>
<p>5</p>	<p>Ready to Complete – Undertaking</p> <p>At least 15 working days prior to the expected completion date, your solicitor must provide a legal undertaking to us by email.</p> <p>If the completion date stated on the legal undertaking does not take place and is delayed by more than one week a new solicitor undertaking is required and new redemption figure confirmed.</p> <p>Where there are not sufficient funds to settle the interest payment you must engage with us directly and either agree a payment to cover the shortfall or enter into an interest payment shortfall agreement. We will not grant authority to complete until all monies due to the agency have either been settled or agreement reached on clearing the sum after completion.</p>	
<p>6</p>	<p>Authority to Complete (ATC)</p> <p>Within 5 days of receipt of the undertaking (or on completion of confirming any additional payment arrangements) we will issue the Authority to Complete. You can then complete your transaction.</p>	
<p>7</p>	<p>Completion</p> <p>Your solicitor is responsible for sending through the correct redemption monies to us. On receipt of cash the amount will be validated against the figures stated on the Authority to Complete, if the amount received matches the ATC one of the following actions will take place</p> <ol style="list-style-type: none"> 1. In the case of stair-casing (redeeming without a house sale, a memorandum of stair-casing will be issued confirming the remaining equity mortgage percentage; 2. in the case of repayment from a house sale, an e-DS1 will be issued to Land Registry to release the Homes and Communities Agency's charge and confirmation of such will be issued by Target. 	

Valuation Requirements

You will need to provide a valuation report. You will need to instruct an independent surveyor and pay for their services. You should instruct a Royal Institute of Chartered Surveyors (RICS) valuation surveyor to value the property.

To help you locate a RICS surveyor, please use this link: www.rics.org/uk

When instructing the RICS valuation surveyor please ensure you inform them that:

The Valuer must be registered with the recognised qualification of RICS.

The Valuer must be independent to an estate agent.

The report must be on headed paper, signed by the RICS surveyor and addressed to Target HCA.

The Valuer MUST provide at least 3 comparable properties and sale prices.

The comparables provided must be like for like in terms of property type, size, and age and within a 2 mile radius to the property that is being inspected.

The Valuer must not be related or known to you.

The Valuer must inspect the interior of the property and provide a full valuation report.

Valuations carried out for bank or mortgage purposes are not acceptable

A copy of the valuation report must be supplied to Target; the inspection date must be shown on the report.

If the valuation report does not meet the above guidelines, you will be required to liaise with the RICS valuation surveyor for rectification; any additional costs incurred for this will be your responsibility.

Please note: the RICS valuation will only be valid for 3 months. If the transaction does not complete within this time you will need to provide another valuation at your own cost. This further valuation can be a Desktop Valuation from the surveyor who originally inspected your property. It must be conducted and sent to Target within 2 weeks of the original valuation expiring and will only be valid for a further 3 months.

The criteria for this Desktop Valuation are:

The Valuer must refer back to the original report and confirm the updated report is a Desktop Valuation.

The Valuer must be the original surveyor from the first inspection. They do not need to re-inspect the property, but they must make reference to this original report.

The Valuer must provide at least 6 comparable properties and sale prices within the last year if the property has increased or decreased in value. If 6 are not available, your surveyor must state this clearly. Comparable properties used must be a similar house type

The report must have a new date on it and be signed by the Valuer.

The report must be on headed paper and provided in a PDF format or a non-editable document.

Desktop valuations will be allowed after the original valuation has expired for up to a further three months . If the desktop report expires and a total of six month has been reached and you are yet to complete the transaction you will need to re-inspect your property and a new RICS valuation report provided.

If it is considered that the valuation does not accurately reflect the market value, Target will contact you and may also wish to speak to your RICS valuation surveyor. This may result in a revised market valuation. Target have the discretion where completion is imminent to approve one further month in exceptional circumstances.



Interest and Fees

If you are paying monthly Interest and/or a Management Fees, please continue to maintain your payments. Any outstanding payments due must be settled in full before a sale can complete or in the case of redeeming without a sale prior to approval of the transaction.

Fees can be paid by contacting us on 0345 848 0235 quoting your account number and the administration process you would like to proceed with. Please have your Credit/Debit card to hand as we will need full details to process your payment.

Further Information

Redeem: Repaying your loan when selling your property

Full Redemption

If you sell the property against which your loan is secured, you will need to repay your loan in full. This is also known as loan redemption.

The repayment amount you will be required to pay is calculated as a proportion (percentage) of either the current market value or the agreed sale price of your home (whichever is higher).

For example, if your loan at outset was 30% of the purchase price, with no part redemptions (staircasing) having taken place, the amount you will have to pay back will be 30% of either the current market value or the agreed sale price of your property (whichever is higher)

What happens if the market value is not enough to repay the loan?

If the market value of your property has fallen, you may find at the time of redemption you are unable to repay the loan in full.

Provided the market valuation you supplied is approved and you have met all the terms of your loan the Lender, will accept a reduced repayment. The amount is calculated by subtracting the outstanding balance on your main mortgage (excluding early redemption penalties) from the sale price or the market value of your property (whichever is higher). We will liaise directly with your solicitor to ensure the correct amount is repaid.

If there are any arrears of interest payments and/or management fees on your mortgage account you must clear these by completion (for a house sale, before approval to continue for a staircasing). For where there are insufficient funds from the sale of your home you can either make an additional payment to settle the outstanding balance or we will engage with you relating to a monthly interest shortfall agreement. You will still be required to repay the arrears in full.

Redeem: Repaying your loan without selling your property

There are slight differences, depending on whether you are repaying your loan in full or part and whether or not you are securing another loan on the property to make the repayment.

The term used for a part repayment of your loan is **Staircasing**.

Staircasing Full:

You cannot staircase if there are any arrears of interest payments and/or management fees on your mortgage account. Any arrears must be cleared, before a staircase transaction can proceed. You will need to have a valuation carried out on your home (see valuation details in this document) your redemption figures is based on the equity loan percentage of the determined market value.

Staircasing Partial:

You cannot staircase in part if there are any arrears of interest payments and/or management fees on your mortgage account. Any arrears must be cleared, before a staircase transaction can proceed.

You will need to have a valuation carried out on your home (see valuation details in this document) your redemption figures is based on the staircasing percentage for example 10% of the determined market value.



Form A - Loan Redemption Form with House Sale

My solicitor's contact details are:

Solicitor's Company Name	
Solicitor's Address	
Telephone Number	
E-mail Address	
Solicitor's Contact Name	

Your details:

Homeowner Name(s)	
Property Address	
Correspondence Address (if different from the Property Address)	
Telephone Number	
E-mail Address	
Solicitor's Contact Name	

Signed: _____

Name: _____

Date: _____

We recommend you always ask your solicitor for an estimate of the fees that they will charge you to process your loan redemption



Form B - Loan Redemption Form No House sale (staircasing)

Please confirm the following

Full redemption

Partial Redemption

Are you using mortgage finance to fund the transaction?

Yes

No

My solicitor's contact details are:

Solicitor's Company Name	
Solicitor's Address	
Telephone Number	
E-mail Address	
Solicitor's Contact Name	

Your details:

Homeowner Name(s)	
Property Address	
Correspondence Address (if different from the Property Address)	
Telephone Number	
E-mail Address	
Solicitor's Contact Name	

Signed: _____

Name: _____

Date: _____

We recommend you always ask your solicitor and lender for an estimate of the fees that they will charge you to process your loan redemption



Backed by HM Government

Tariff of Charges

Loan Type	Redemption	Staircase	Deed of Postponement (Re-mortgage)	Subletting	Move Away From Base	Home Improvements	Management Fees	Transfer of Equity (Change of Ownership)
HomeBuy Direct	£250	£250	£115	£75	Not Applicable	£75	Not Applicable	£75
FirstBuy	£250	£250	£115	£75	Not Applicable	£75	Not Applicable	£75
First Time Buyers Initiative (FTBI)	£200	£200	£50	£50	Not Applicable	£50	Not Applicable	£50
Armed Forces Home Ownership Scheme (AFHOS)	£200	£200	£50	Not Applicable	£30	£50	Not Applicable	£50
Help to Buy	£200	£200	£115	£50	Not Applicable	£50	£1 per month	£50
London Wide Initiative (LWI)	£200	£200	£50	£50	Not Applicable	£50	Not Applicable	£50