



Homes England

Date: 3 June 2024

Our Ref: RFI4717

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

[REDACTED]
By Email Only

Dear [REDACTED]

RE: Request for Information – RFI4717

Thank you for your request for information which was processed in accordance with the Freedom of Information Act 2000 (FOIA).

You requested the following information:

Please can you provide me with internal guidance in relation to the transfer of equity and remortgage process for a Help to Buy equity loan.

Specifically, I am interested in information about early repayment charges (ERC) with an existing lender when remortgaging. This might be guidance or criteria that must be met that staff must follow when processing applications...

Response

We can confirm that we do hold some of the requested information. We will answer your questions in turn below.

Please can you provide me with internal guidance in relation to the transfer of equity and remortgage process for a Help to Buy equity loan.

We can confirm that we do hold the information you have requested. Please see attached Annex A, which contains a copy of the guidance we hold that falls within the scope of your request. Please note, we rely on Section 40(2) and Section 43(2) of the FOIA to withhold some of the information from disclosure.





Homes England

Date: 3 June 2024

Our Ref: RFI4717

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

For clarity, please be aware that these policies are extracts from the Help to Buy 2013 to 2021 scheme and not the recent 2021 to 2023 scheme. They therefore make references to documents and forms which have since been superseded.

Section 40 – Personal information

We have redacted information on the grounds that it constitutes third party personal data and therefore engages section 40(2) of the FOIA.

To disclose personal data, such as names, contact details, addresses, email addresses and personal opinions could lead to the identification of third parties and would breach one or more of the data protection principles.

Section 40 is an absolute exemption which means that we do not need to consider the public interest in disclosure. Once it is established that the information is personal data of a third party and release would breach one or more of the data protection principles, then the exemption is engaged.

The full text in the legislation can be found on the following link:

<https://www.legislation.gov.uk/ukpga/2000/36/section/40>

Section 43 - Commercial interests

Under section 43(2) Homes England is not obliged to disclose information that would, or would be likely to, prejudice the commercial interests of any party.

The information requested relating to the internal policies engages section 43(2) of the FOIA as it is commercial in nature and its release would be likely to prejudice the commercial interests of Homes England and other interested parties to the information.

Homes England has identified that the information requested, if released, would be likely to prejudice the effective operation of the Help to Buy (HTB) Scheme.

Section 43 is a qualified exemption. This means that once we have decided that the exemption is engaged, Homes England must carry out a public interest test to assess whether or not it is in the wider public interest for the information to be disclosed.





Homes England

Date: 3 June 2024

Our Ref: RFI4717

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

Arguments in favour of disclosure:

- Homes England acknowledges there is a general public interest in promoting accountability, transparency, public understanding and involvement in how Homes England undertakes its work and how it spends public money.

Arguments in favour of withholding:

- Disclosing details of Homes England's internal processes and information not already in the public domain, may affect our relationship with customers of the HTB scheme and affect Homes England's reputation in the market. This would be likely to result in a substantial impact on potential financial outcomes and delivery of the scheme. Furthermore, this would impact the ability of Government officials to make effective, informed decisions regarding allocation of public funds;
- These policies set out performance criteria in relation to ongoing Help to Buy customers, delivery and operational obligations, performance criteria, and information relating to payments/repayments. It is imperative that the Agency be able to work to achieve the obligations set out in the policy without undue influence from third parties that could disrupt the scheme, contracting process, or prejudice other funding sources that could put the overall scheme at risk. This would affect value for public money and prejudice new homes which would not be in line with the strategic objectives set out by government that Homes England is tasked with achieving as per our strategic plan;
- Release of the information could lead to lobbying that could impact the impartiality of the decision maker (or give rise to concerns on the part of others that impartiality could be adversely affected). It is essential that decision makers must make decisions based on the information provided via the bidding process and also be seen to do so;
- The policies set out requirements on Homes England and third parties and failure to meet the agreed details could result in a material breach of contract. This would have significant cost implications on both the mortgage administrator and Homes England. This would directly nullify public funds already spent and would be likely to inflate the cost of future spend on not only this scheme but other funding scheme;
- The policies contain provisions in relation to the mortgage administrators obligations and release of the information would breach these undertakings. This would be likely to cause significant detriment to Homes England in our relationship with a partner. As the Government's housing accelerator Homes England has to support relationships with partners in order to achieve our strategic objectives and support home delivery with best value for public money.
- Homes England has been unable to identify a wider public interest in disclosing the information requested.





Homes England

Date: 3 June 2024

Our Ref: RFI4717

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

Having considered the arguments for and against disclosure of the information, we have concluded that at this time, the balance of the public interest favours non-disclosure.

The full text of the legislation can be found on the following link:

<https://www.legislation.gov.uk/ukpga/2000/36/section/43>

Specifically, I am interested in information about early repayment charges (ERC) with an existing lender when remortgaging. This might be guidance or criteria that must be met that staff must follow when processing applications...

We can confirm that Homes England does not hold the information detailed in your request.

To conclude that the information is not held, we have searched with our Help to Buy team who would have the requested information if held.

The FOIA does not oblige a public authority to create information to answer a request if the requested information is not held. The duty under section 1(1) is only to provide the recorded information held.

The full text of section 1 in the legislation can be found here:

<https://www.legislation.gov.uk/ukpga/2000/36/section/1>

Advice and Assistance

We have a duty to provide advice and assistance in accordance with Section 16 of the FOIA. To comply with this duty, we are able to confirm this is not information we would hold or can provide details on. Homes England does not intervene in the relationship between the first charge lender and their borrower.

Right to Appeal

If you are not happy with the information that has been provided or the way in which your request has been handled, you may request an internal review. You can request an internal review by writing to Homes England via the details below, quoting the reference number at the top of this letter.

Email: infogov@homesengland.gov.uk





Homes England

Date: 3 June 2024

Our Ref: RFI4717

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

Information Governance Team

Homes England

Windsor House

6th Floor

42-50 Victoria Street

London

SW1H 0TL

United Kingdom

Your request for review must be made in writing, explain why you wish to appeal, and be received within 40 working days of the date of this response. Failure to meet this criteria may lead to your request being refused.

Upon receipt, your request for review will be passed to an independent party not involved in your original request. We aim to issue a response within 20 working days.

You may also complain to the Information Commissioner's Office (ICO) however, the Information Commissioner does usually expect the internal review procedure to be exhausted in the first instance.

The Information Commissioner's details can be found via the following link:

<https://ico.org.uk/>

Please note that the contents of your request and this response are also subject to the Freedom of Information Act 2000. Homes England may be required to disclose your request and our response accordingly.

Yours sincerely,

The Information Governance Team

For Homes England





Policy 7 – Re-mortgage (no additional borrowing)

1. Introduction

- 1.1 This Policy explains Homes England's approach in circumstances where the Borrower wishes to re-mortgage their First Charge Mortgage **and** is not taking on additional borrowing by doing so (not increasing the capital balance of the First Charge loan secured against their property).
- 1.2 For the purposes of this Policy, the term 're-mortgage' excludes internal product and rate switches provided by the original First Charge lender, and only applies to a re-mortgage involving a switch from the original First Charge lender to a new lender. Where the existing lender is administering an internal product change or rate switch there will be no interaction with Homes England in relation to the Equity Mortgage.
- 1.3 Policy 8 (Re-mortgage with additional borrowing) deals with circumstances in which the Borrower wishes to re-mortgage their First Charge to borrow additional money.
- 1.4 s. 43
- 1.5 This Policy should be read alongside Policy 12 (Term Extensions), which applies to the Borrower's First Charge Mortgage (including any replacement First Charge Mortgage approved by Homes England pursuant to the terms of the Equity Mortgage).

2. Equity Mortgage

- 2.1 The Equity Mortgage confirms under clause 5.3 and 10.1 that a Borrower will require the prior approval of Homes England to re-mortgage their First Charge loan.

Clause 5.3

"5. *The occurrence of any of the following events shall trigger repayment under the provisions of Clause 4.1 of this Mortgage:*

... 5.3 *Upon repayment in full of the First Charge unless at the same time the Borrower takes out another First Charge in accordance with Clause 10...*"

Policy 7 – First Charge mortgage and re-mortgage

Clause 10

"10 Provisos

10.1 This Mortgage shall have priority immediately after one (1) prior legal charge (including any further advances issued in accordance with that legal charge for the purposes below) securing an amount advanced to the Borrower by a lending institution which is a Qualifying Lender for the purposes of enabling the Borrower to

...

10.1.4 refinance an existing loan made in accordance with this clause 10.1;

provided that such legal mortgage (or any further advances) is approved in advance in writing by the Lender and the capital sum advanced under such legal mortgage (or as a further advance as applicable) does not exceed, where clause... 10.1.4 applies, the amount originally borrowed under the existing loan (plus any further advances) as approved in accordance with this Clause 10.1."

2.2 s. 43

2.3 When the Borrower re-mortgages their First Charge loan in accordance with this policy, the Equity Mortgage continues in full force and effect (and is unaffected by the re-mortgaging).

3. Policy

General

3.1 Borrowers will be permitted to re-mortgage their First Charge under this Policy in the following circumstances:

3.1.1 the capital balance of the First Charge is not being increased by the remortgage (this being the amount owed by the Borrower, less any accrued interest and charges, to the First Charge Mortgage lender **at the point of the proposed remortgage**);

3.1.2 any product fees or other costs or charges which are levied by the First Charge Mortgage lender in respect of the re-mortgage **and** which is it proposed are to be added to the capital balance of the First Charge Mortgage do not exceed £2,000 (applications for the addition of higher value fees and charges will be subject to consideration but require specific approval; any proposed roll-up of arrears owed under the First Charge into the proposed re-mortgage is excluded from this policy entirely and instead should be dealt with in line with Policy 8);

Policy 7 – First Charge mortgage and re-mortgage

3.1.3 where the Borrower is in arrears or otherwise under the Equity Mortgage:

- (a) any arrears owed by the Borrower to Homes England have been settled in full; or
- (b) the Borrower has agreed an affordable repayment plan with the Mortgage Administrator (**MA**) (and in line with industry standards) to clear their arrears with Homes England; and

3.1.4 the process at section 4 below has been complied with.

3.2 All applications which exceed the threshold in paragraph 3.1.2, but otherwise meet the remaining criteria in paragraph 3.1, will be referred to Homes England for review.

Negative Equity

It is well documented that new-build homes often experience some depreciation in value during the first few years of ownership. Coupled with the facts that Borrowers who use the Equity Mortgage may be doing so with a deposit of just 5 - 10% of the purchase price and the unpredictability of the housing market, in some cases of re-mortgaging a Borrower may be in negative equity.

Homes England's Policy is not to withhold its consent to re-mortgaging solely on the basis that of an indication that the Borrower is or may be in negative equity. Taking Homes England's equity stake into account can give First Charge lenders greater comfort in allowing Borrowers who may technically be in negative equity to re-mortgage.

s. 43

Re-mortgaging with no additional borrowing where the Borrower is in negative equity (in the absence of any breaches of the Borrower covenants in the Equity Mortgage) will be permissible and will not be considered an exception to this policy.

4. Standard First Charge re-mortgage process

- 4.1 A Borrower can make a request to re-mortgage to the Mortgage Administrator (excluding additional borrowing) via email, phone, or by letter.
- 4.2 Within 5 days of receiving a request a Customer Information Pack should be issued to the Borrower by the Mortgage Administrator (**MA**). The Customer Information Pack is also available online.
- 4.3 The Customer Information pack includes a blanket approval to allow re-mortgaging subject to all required validations and the Form A approval being received by the Borrower.

Policy 7 – First Charge mortgage and re-mortgage

- 4.4 If the account is in arrears, the arrears team conduct an assessment of the account and ensure a manageable payment plan is in place (in accordance with 3.1.3 (b) above) prior to process initiation. s. 43
- 4.5 To initiate the re-mortgage process with no additional borrowing the Borrower must submit the following to the MA:
- 4.5.1 A redemption figure no more than 12 business days old from the existing First Charge Mortgage lender; and
 - 4.5.2 a completed 'request to re-mortgage' form;
 - 4.5.3 the Borrower must also pay the re-mortgage Administration Fee to the MA.
- 4.6 Within 5 business days, and only on receipt of all items identified in paragraph 4.5 above, the MA will:
- 4.6.1 record the capital repayment sum;
 - 4.6.2 record the Borrower's solicitors' details;
 - 4.6.3 flag the property in the system if the re-mortgage on the existing capital sum places the property in negative equity;
 - 4.6.4 issue Form A to the Borrower and the Borrower's solicitor confirming the maximum capital amount and providing authority to proceed, this includes the next steps and required documents.
- 4.7 On receipt of the Form A authority to proceed, the Borrower can submit their re-mortgage application directly or via an independent financial advisor. The Form A authority to proceed is valid for six months (commencing with the date of issue).
- 4.8 The Borrower's solicitor must then submit a copy of the new First Charge Mortgage offer and the Deed of Postponement (**DoP**) for signature by Homes England.
- 4.9 The MA checks the mortgage offer and DoP to ensure the:
- 4.9.1 capital sum of the re-mortgaged First Charge Mortgage matches or is less than the maximum figure documented on the Authority to Proceed;
 - 4.9.2 MA updates their system with the:
 - (a) term of the re-mortgaged First Charge;
 - (b) capital sum; and
 - (c) interest rate.
- 4.10 The MA sends a final acceptance of re-mortgage letter to the Borrower and the Borrower's solicitor.

Policy 7 – First Charge mortgage and re-mortgage

- 4.11 The MA sends the DoP to Homes England, which is returned directly to the Borrower's solicitor and uploaded by Homes England in the shared file store to enable the MA to copy to the Borrower's account.
- 4.12 If at any point a Borrower does not continue with a re-mortgage the existing first charge and Equity Mortgage continue unaffected and there is no prejudice to Homes England's security.

5. Re-mortgage Fees

- 5.1 Borrowers will have to cover the administrative costs of re-mortgaging their First Charge Mortgage. The Administration Fee for doing so is set out in Tariff of Charges published [here](#). The fee only applies to re-mortgaging to a new First Charge Lender.
- 5.2 The Administration Fee may be amended or adjusted from time to time, to reflect the costs incurred in processing the re-mortgage.
- 5.3 This fee is for the Mortgage Administrator's administration and the borrower may be subject to other third party costs, solicitors and valuers fees, first charge lender fees and or/mortgage broker fees.



Policy 8 – Re-mortgage (with additional borrowing)/ Further Advances

1. Introduction

- 1.1 This Policy explains Homes England's approach in circumstances where the Borrower wishes to re-mortgage their First Charge Mortgage **and** is taking on additional borrowing by doing so (increasing the capital balance of the First Charge loan secured against their property).
- 1.2 Policy 7 (Re-mortgage with no additional borrowing) deals with circumstances in which the Borrower wishes to re-mortgage their First Charge and will not be taking on additional borrowing.
- 1.3 This Policy should be read alongside Policy 12 (Term Extensions), which applies to the Borrower's First Charge Mortgage (including any replacement First Charge Mortgage approved by Homes England pursuant to the terms of the Equity Mortgage).

2. Equity Mortgage

- 2.1 Clause 10.1 of the Equity Mortgage confirms that a Borrower will require Homes England's (the Lender's) approval to re-mortgage their first charge loan:

"10 Provisos

10.1 *This Mortgage shall have priority immediately after one (1) prior legal charge (including any further advances issued in accordance with that legal charge for the purposes below) securing an amount advanced to the Borrower by a lending institution which is a Qualifying Lender for the purposes of enabling the Borrower to*

10.1.1 acquire the Property; or

10.1.2 fund improvements in the Property which have been approved by the Lender; or

10.1.3 redeem a sum pursuant to Clause 7 or 8; or

10.1.4 refinance an existing loan made in accordance with this clause 10.1;

provided that such legal mortgage (or any further advances) is approved in advance in writing by the Lender and the capital sum advanced under such legal mortgage (or as a further advance as applicable) does not exceed, where clause 10.1.1 applies, the sum



equal to the Initial Market Value less the Contribution and any deposit paid by the Borrower or where clause 10.1.2 applies, the amount payable in respect of such improvements or where clause 10.1.3 applies, the sum required to redeem a sum pursuant to Clause 7 or 8 or where 10.1.4 applies, the amount originally borrowed under the existing loan (plus any further advances) as approved in accordance with this Clause 10.1.

- 2.2 In practice this means that the circumstances when Homes England (acting via the Mortgage Administrator) may provide consent to re-mortgaging with additional borrowing are:
- 2.2.1 **to fund a Staircasing payment (part redemption only (see policy 5))** - The Borrower wishes to extend their first charge mortgage to enable them to repay or reduce Homes England's Equity Mortgage contribution percentage;
 - 2.2.2 **to fund improvements in the property as per clause 10.1.2 of the Equity Mortgage (a Structural Home Alteration on medical grounds (see Policy 5))** – The Borrower wishes to extend their First Charge to enable them to undertake structural home alterations on medical grounds; or
 - 2.2.3 **to fund a Transfer of Equity (see policy 11)** – In the case of joint Borrowers, one borrower wishes to extend the First Charge to enable them to purchase the other Borrower's interest in the property.
- 2.3 Notwithstanding the terms of clause 10.1 (and 10.1.3) of the Equity Mortgage, in respect of Staircasing this Policy applies to additional borrowing for part-redemption only. It does not apply to additional borrowing for the purposes of full redemption of the Equity Mortgage (such circumstances are covered by Policy 4).
- 2.4 Re-mortgaging where the borrower is taking on additional borrowing to clear leasehold arrears will be permitted on request.
- 2.5 Re-mortgaging where the borrower is taking on additional borrowing to clear arrears with the First Charge lender may be permitted, but is subject to an exceptions policy.
- 2.6 Where one of the above circumstances applies, the Borrower must initiate the relevant procedure to seek approval to re-mortgage (see section 4 of this Policy below).
- 2.7 Re-mortgaging in the context of Transfers of Equity is dealt with in Policy 11.

3. Policy

- 3.1 Homes England can consent to mortgaging where:



- 3.1.1 the reason for the additional borrowing falls within the scope of paragraph 2.2.1, 2.2.2 or 2.2.3 above and the relevant process for the Staircasing, Structural Alterations or Transfer of Equity has been completed;
- 3.1.2 where the Borrower is in arrears under the Equity Mortgage:
- (a) any arrears owed by the Borrower to Homes England have been settled in full; or
 - (b) the Borrower has agreed and affordable repayment plan with the Mortgage Administrator (**MA**) (and in line with industry standards) to clear their arrears with Homes England; and
- 3.1.3 the Loan to Value limits (set out at paragraph 3.3 below) have been complied with; and
- 3.1.4 the process at section 4 below has been complied with.

Loan to Value Limits

- 3.2 At the time of re-mortgaging it is a requirement that the First Charge lender's valuation of the property is provided to the Mortgage Administrator (**MA**). The re-mortgage will only be permitted where the First Charge Mortgage from a bank is for up to a maximum contribution (i.e. up to the following percentages):
- 3.2.1 75% of the property value; or
- 3.2.2 for properties within the London Area only, (where the Equity Mortgage can exceed 20% of the property value), the limits set out in the below table:

Homes England Equity Mortgage ("Lender Contribution") as a percentage of property value. *	Maximum First Charge Lender Loan to Value of proposed re-mortgage
30%	65%
40%	55%

* In the case of Staircasing, the maximum First Charge Mortgage LTV shall be determined by reference to the Homes England Lender Contribution following the proposed re-mortgage and Staircasing.

- 3.3 The Loan to Value (**LTV**) limits referred to in paragraph 3.2 are to ensure that the programme parameters continue to be met and more importantly that Homes England and the First Charge lenders are seen to be acting as responsible lenders by not permitting over commitment and exposure of the Borrower.

Valuation

- 3.4 The valuation that Homes England will require depends on the purpose of the customer's re-mortgage;:



3.4.1 where it is for the purposes of staircasing:

a valuation of the property by a Homes England approved (RICS) valuer (in line with Policy 5);

3.4.2 in all other cases, only written confirmation from the incoming First Charge lender of their valuation of the property for LTV purposes will be required. This can be provided by letter or in the binding mortgage offer (and can be based on an automated valuation report).

3.5 The valuation must be noted on the MA system.

s. 43

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4. Re-mortgage with additional borrowing process

4.1 A Borrower can make a request to re-mortgage with additional borrowing via email, phone, or by letter.

4.2 Prior to process initiation if the account is in arrears the Borrower is passed to the arrears team to conduct an assessment of the account and ensure a manageable payment plan is in place (taking into account the increased first charge payment and in line with 3.1.2(b) above) or the arrears are settled in full.

4.3 Within 5 days of receiving a request a customer information pack should be issued to the Borrower by the MA.

4.4 The Borrower can also download the Customer Information pack from the MA's website.

4.5 To initiate the additional borrowing process the Borrower must submit;

4.5.1 A redemption figure no more than 12 days old from their First Charge Mortgage lender; and

4.5.2 Request to re-mortgage with additional borrowing Form A;

4.5.3 Receipt of:



- (a) the First Charge lender's valuation of the property for the purpose of the First Charge lender's calculation of LTV, where the Borrower is re-mortgaging for the purpose of a Transfer of Equity or a Structural Home Alteration; or
 - (b) A RICS valuation report where the Borrower is Staircasing.
- 4.5.4 Borrowers will have to cover the administrative costs of their applications where this includes Consent for Mortgage Finance (re-mortgage) to Fund Transfer of Equity, Staircasing or Home Improvements, however only 1 fee is payable which will be the higher of the 2). The Administration Fee is set out in the Tariff of charges published here.
- 4.6 Only on receipt of all items identified in paragraph 4.5 above the MA will within 5 business days:
- 4.6.1 Record the new requested capital repayment sum;
 - 4.6.2 Record the solicitors details;
 - 4.6.3 If the new additional capital sum does not take the Borrower over a maximum LTV (in line with paragraph 3.2 above), the MA will issue a form A to the Borrower and the Borrower's solicitor confirming the maximum capital amount and providing authority to proceed, this includes the next steps and required documents.
 - 4.6.4 Where there is a re-mortgage pursuant to the Transfer of Equity policy a further affordability check will be undertaken by the MA in line with the provisions of our Policy 11. Where applicants fail this assessment a further check will be carried out to ensure the Borrower is being treated fairly and any vulnerability has also been considered;
 - 4.6.5 If the additional borrowing sum places the property in negative equity a form B declining the request for further borrowing is issued.
 - 4.6.6 If the additional borrowing increased the loan to value rate above the permitted amount then a refusal Form C will be issued.
- 4.7 On receipt of the Form A authority to proceed, the Borrower can submit their re-mortgage application directly or via an independent financial advisor. The Form A authority to proceed is valid for six months (commencing with the date of issue).



- 4.8 On receipt of the new First Charge Mortgage offer, the Borrower's nominated solicitor submits to the MA along with a populated Deed of Postponement (DoP).
- 4.9 The MA checks the First Charge Mortgage offer and the DoP to ensure that the:
- 4.9.1 capital sum of the re-mortgaged First Charge matches or is less than the maximum figure documented on the Authority to Proceed; and
 - 4.9.2 MA updates their system with the:
 - (a) term of the re-mortgaged First Charge;
 - (b) capital sum; and
 - (c) interest rate.
- 4.10 The MA sends a final acceptance of re-mortgage letter to the Borrower and the Borrower's solicitor.
- 4.11 The MA sends the DoP to Homes England, which is returned directly to the Borrower's solicitor and uploaded by Homes England in the shared file store to enable the MA to copy to the Borrower's account.
- 4.12 If at any point a Borrower does not continue with a re-mortgage the existing first charge and Equity Mortgage continue unaffected and there is no prejudice to Homes England's security.

5. Re-mortgage Fees

- 5.1.1 Borrowers will have to cover the administrative costs of their applications where this includes Consent for Mortgage Finance (re-mortgage) to Fund Transfer of Equity, Staircasing or Home Improvements, however only 1 fee is payable which will be the higher of the 2). The Administration Fee is set out in the Tariff of charges published [here](#).
- 5.2 The borrower may be subject to other third party costs, solicitors and valuers fees, First Charge lender fees and or/mortgage broker fees.



Transfer of Equity Policy

1. This policy sets out how we will manage requests and notifications for a Transfer of Equity from customers, their agents and third parties. The policy applies to all properties subject to a Help to Buy Equity Loan.

Background

2. Where we hold a charge related to the ownership of land and there is any change of ownership of the land or any change to charges secured over that land, then we require to be advised. Typically, customers have an obligation as part of their contractual relationship with us to provide these details. A glossary of definitions relating to terms used in this policy is set out in Annex 1.
3. Any deviation from the terms of this policy must be approved by the policy owner (in consultation with relevant functional areas where appropriate). The reasons for that approval must be recorded and must be demonstrated through evidence, to be fair, proportionate and not expose us to unreasonable risk.

Policy statement

4. Our policy is that:
 - We expect customers to formally (in writing), advise us of, and seek permission for a Transfer of Equity wherever the customer intends to:
 - transfer a jointly owned property into sole ownership or,
 - where a property in sole ownership is to become jointly owned or
 - where a third party, not currently a customer, will replace an existing customer.
 - Any party to the Transfer of Equity who will become a customer is required to complete an affordability assessment.
 - We will require any party, who will become a customer by way of a Transfer of Equity, to complete an eligibility assessment and to meet all of the eligibility criteria required by the Equity Loan. We may refuse an application where a party does not meet the criteria for the Equity Loan product used to purchase the property
 - The approval or refusal of a Transfer of Equity request is entirely at our discretion.

Further detail

5. We require one of the original customers to remain as an owner of the land for the entire term of the Equity Loan. In addition, we expect the parties to the Equity Loan to be the same as those on the first charge.
6. We require to be advised of and have sight of the draft Transfer of Equity deed on land over which we have secured a charge.
7. Any new customer will be required to enter into a deed of accession with Homes England to comply with the terms of the Equity Mortgage.
8. Any customer which is being removed from the property must enter into a deed of release with Homes England to confirm they are no longer a borrower.
9. We will usually only consider providing consent to a Transfer of Equity on two occasions during the lifetime of the Equity Loan.
10. Where financial details provided by an individual party are assessed for affordability and do not meet the criteria, we will reserve the right to refuse to allow the Transfer of Equity to be completed.



11. We will provide illustrative details on the terms and conditions of the Equity Loan (typically via a mortgage administration agent) to the customer before the completion of the Transfer of Equity.
12. Where a customer, through the process of a Transfer of Equity (and contemporaneous remortgage) extends the term of their first charge, we will align ourselves with the extension of that term subject to the conditions of the Term Extension policy.
13. Any costs that we incur in facilitating the administration of a Transfer of Equity relating to the Equity Loan will be met by the customer.

Period of review

14. Our review programme is driven by service improvement initiatives, changes to legislation, regulation, evolving good practice or feedback from customers and other key stakeholders. Typically, we review policies on a three-yearly cycle.

Related policies

- Remortgages
- Term Extension

Version number	1.0
Policy approved by	Help to Buy Executive Team
Policy approval date	September 2020
Policy effective from	November 2020
Policy review date	September 2023
Policy author	s. 40(2), Senior Manager Operations Policy
Policy owner	s. 40(2) Head of Equality Loan Administration

Version history		
Version number	Review trigger	Brief description of main changes
1.0	Policy review	<ul style="list-style-type: none"> • Policy put into new template • Clarification of terms • Separation of policy statements from procedural directions.



Annex 1: Definitions

Term	Description
Agents	For the purpose of this document an agent is defined as being a solicitor, property lawyer, conveyancer or legal executive who has been retained by the customer to complete the legal requirements of securing a Transfer of Equity
Charge	A charge (first or second) is the security a customer gives to their lender and Homes England for the mortgage and Equity Loan they have used to purchase their property. The charge is registered against the property meaning that there can be no disposition of land (e.g. sale, remortgage or Transfer of Equity) without the consent of those who have the benefit of the charge.
Customer	For the purposes of this document a customer is the registered owner(s) of a property which they have purchased with the benefit of a Help to Buy Equity Loan. We will have secured this as a second charge.
Eligibility Assessment	Each equity loan product whether current or legacy (e.g. Help to Buy, Rent to Homebuy etc.) have eligibility criteria. Applications for Transfers of Equity will be measured against the relevant eligibility criteria for the product.
Help to Buy Equity Loan	A loan, up to 20% (40% within specific areas of London) of the value of the property which is provided to the customer to enable them to buy their home. It is secured as a second charge.
Transfer of Equity	A Transfer of Equity occurs when a jointly owned property is transferred to a single one of those owners, or when a single owner adds one or more people to the ownership of the property.