



RE-MORTGAGING & FURTHER ADVANCES

What you need to know



Introduction



When you originally bought your home you may have financed the purchase with the help of a mortgage, and since your purchase your financial situation may have changed and you would like to:

- Re-mortgage your property (to move from your existing lender to another lender, without increasing your borrowing)
- Further Advance (stay with the same lender, but borrow additional money)
- Re-mortgage with further Advance (move from existing lender and increase borrowing at the same time)
- Staircase (increase your share in the property)

We understand that our customers want to take advantage of the mortgage deals that are available, but we have a financial interest in your property, so we ask that you make us aware of any changes to your lender or the increase in how much you are borrowing.

Once you have decided to re-mortgage, you will need help and advice from a Financial Advisor or a Mortgage Provider, we have a list of companies who could help you with this, which we are happy to provide on request.

What you need to provide us

To approve a re-mortgage or further advance we require the following information:

- A copy of your mortgage offer from your proposed new lender
- Written confirmation of the current value of your home from your new lender (this can be a copy of the new lenders valuation report, or it can be detailed on the mortgage offer)
- Written confirmation from your existing lender of the remaining outstanding balance (this is sometimes referred to as a redemption statement)
- A short explanation on why you want to change lender
- Funds to Alliance Homes, to cover the cost of the administration work involved
- If you are taking a further advance with your existing lender or re-mortgaging, you will need to provide us written confirmation on why you are increasing your borrowing, and if it's for home improvements, please give us details on the home improvements you plan to make, including quotes, invoices or receipts for the work being carried out. We will need approval of works planned from our Development team.

Important notes to remember

All home improvements must be approved by Alliance Homes prior to commencement.

Any work that you undertake, you will need to keep copies of quotes and invoices so when you come to sell, the valuer can consider if the work carried out has increased the value of your home. (Please note not all work is considered to increase the value of your home).

If you are staying with the same lender and just changing interest rates, we don't normally need to approve this. If in doubt please contact us.

You are happy to go ahead

Once you have sent all the documentation as set out in 'What you need to provide us', we will process your application and aim to give you a decision within five working days on receipt of all the documentation.

On Shared Ownership properties the lease has a mortgagee protection clause (MPC), most lenders require this clause in order to lend on a Shared Ownership property, as it allows the lender to recover certain losses from us if they have to repossess your home.

We cannot extend the MPC to cover extra borrowing unless it is for staircasing, transferring equity (i.e if a couple separate and one 'buys out' the other) or necessary improvements to the property. To cover this we will be asked to register a notice of charge for the lender and a notice of transfer if there is change to the title.

What are the potential costs?

The costs vary according to the reasons for your re-mortgage and the notices that need to be registered against your property.

- Notice of charge- Payable if you are changing lender
- Notice of Transfer- Payable if someone is added or removed from your mortgage/lease.

Your lender may charge fees for dealing with your mortgage application. You may have legal expenses in certain transactions to consider as well.

In some circumstances we may have concerns about a part of your application, and choose to contact our solicitors for their advice. We will let you know if we decide to do this and advise you of the potential cost which we will have to charge you for.

Staircasing

Ultimately when you bought into shared ownership your goal was to staircase so that eventually you owned your property 100%.

Most leases allow you to buy extra shares a year after you have made your initial purchase. You can do this in increments from as little as 1% (we recommend buying in larger increments as the legal costs involved would be the same as 15%) or buy the remaining shares outright, please check that your lease is not capped at 80%, otherwise this will restrict you from buying 100%.

In order to do this you will need to contact Alliance Homes to get the ball rolling, and you will need to get in contact with your mortgage provider or make enquiries with a new lender, you will need to provide all the details as set out in the Introduction section of this document.



Join our Community

Alliance Homes is a community based social enterprise providing a range of property and services in the West of England.

We are continuing to develop new homes in the areas that we operate in. To find what properties we have currently available or to find out where we are developing visit our web page.

www.alliancehomesgroup.org.uk/find-a-home/buy-a-home/

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Areas we cover

- South Gloucestershire
- Bristol
- Bath & North East Somerset
- North Somerset