

Redeeming your equity loan

What is equity loan redemption?

Equity loan redemption is when you pay back the loan given to help you buy your home.

If you have purchased your home with the aid of a HomeBuy loan you will currently have a loan secured on your property, provided as part of a low cost home ownership initiative. The loan amount will usually be for 25% or 12.5% of the market value of the property; although this can vary depending on when the loan was issued and the type of loan that was granted.

You will have to redeem your loan when you sell your property but you may redeem it sooner.

If you purchased your home with the aid of the expanded open market HomeBuy loan (including key workers), where you have an additional equity loan with your mortgage lender, you must clear the lender's equity loan before you clear the loan with Orbit, or clear both at the same time.

If you are unsure what type of loan you have, please check with your Leasehold Officer.

How much will I pay to redeem my loan?

The redemption figure will be based on the current market value, disregarding any improvements to your home that we have consented to. The assessment of the current market value will be made by a Royal Institute of Chartered Surveyors (RICS) qualified valuer by way of an open market valuation of your property.

You will pay back the % of the current value that the original loan represented on the original purchase price.

Which valuer can I use?

You are responsible for obtaining your own valuation; the report submitted to Orbit must be an open market valuation report.

Before instructing your chosen valuer you must ensure they are RICS qualified and current members, failure to do so may mean that Orbit is unable to agree to your chosen valuer. You can locate a valuer and check they are qualified through the RICS website: www.ricsfirms.com

We would recommend you obtain several quotes and query if the valuer will charge you for extensions should they be required.

The valuer will complete the valuation on the following terms in line with their RICS guidance:

The open market valuation will value the property as 100% leasehold or freehold with vacant possession.

Improvements and/or failure to keep the property in good repair will be disregarded. The service charge (if applicable) will be considered at current levels.

Why are improvements disregarded?

If you have made improvements to your home, for example fitted double glazing and we have consented to these improvements, you may ask the valuer to disregard the value the improvements have added to the open market value of your home. The improvements are disregarded because we did not contribute to the cost of the improvements.

For example, if your home is valued at £150,000 with the double glazing, but would have been valued at £148,000 if the double glazing had not been fitted then the value, disregarding the improvements, of £148,000 will be the figure used to work out the value of the redemption figure.

We will check our files to make sure that the improvements have received our consent.

What do I do once I have received the valuation?

You must arrange to forward us the valuation with the Intention to redeem form attached and the administration fee. Within five working days of receipt we aim to provide you with written confirmation of how much it will cost to redeem your loan.

How long is the valuation valid for?

The valuation is valid for three months. If the redemption has not occurred within three months, then either a revaluation or an extension will be required. Your valuer may charge for this. If the figures alter, then so will the redemption amount.

What happens if I am not happy with the valuation?

If you dispute the value provided by your RICS valuer, you are able to challenge this by providing written reason for your concerns directly with your chosen valuer. You should provide evidence of the sale prices of at least three similar properties in your area. You may then request your valuer reconsiders their opinion. If you are still not satisfied with the outcome you may instruct another RICS qualified valuer to revalue the property at your expense.

Orbit will not be involved in this process and should only be forwarded the report once you are happy to proceed. Please note that an estate agent's valuation is not acceptable; under the terms of the agreement the valuation must be carried out by a RICS qualified surveyor. Whichever valuer you choose you is responsible for their fee.

What happens if I am selling my home at the same time?

If you are selling your home we can arrange for the loan redemption to complete on the same day as the sale of your property.

The price you sell your home for is not limited to the amount of the open market valuation, so if you sell your home for more you benefit from the extra amount. However the opposite applies if you sell your home for less.

How do I start the redemption process?

To start the redemption process, please complete and return the attached 'Intention to Redeem' form, including the valuation and return it with the administration fee payable to Orbit.

Once we are in receipt of the valuation, form and fee we aim to write to you within five working days confirming the redemption figure.

Is there anything else I have to pay?

You will be responsible for our administration fees, the valuation fee, your solicitor's fee and (if applicable) your mortgage arrangement and redemption fees. If you are selling your property at the same time you may also have estate agent and energy performance certificate fees (if applicable). Our fees are outlined in our Administration charges leaflet found on our website www.orbit.org.uk (follow links to Living in Orbit > Homeowners).

Who do I contact if I have any more queries regarding loan redemption?

If you have any further queries please contact your Leasehold Officer on 0800 678 1221.

Alternatively you can e-mail info@orbit.org.uk or visit our website www.orbit.org.uk

Intention to redeem an equity loan

Please complete this form to notify Orbit that you wish to redeem the equity loan on your home and return to:

Orbit Living
PO Box 6406
Coventry
CV3 9NB

Your name(s):

Your address:

Post Code: _____

I/we have an equity loan worth _____ % of the value of my/our home and I/we wish to redeem the loan. I/we have enclosed a cheque for _____ administration fee payable to Orbit Group Limited and understand there is a further administration fee payable via my solicitor on completion.

I/we have instructed the surveyors:

to value the property. Please find the valuation enclosed / the valuation report will follow (*delete as appropriate).

The open market valuation will value the property as 100% leasehold or freehold with vacant possession and will assume the shared ownership lease had not been granted. Improvements and/or failure to keep the property in good repair are to be disregarded.

I/we intend to sell our home at the same time we are redeeming the loan

Or

I/we do not intend to sell our home at the same time we are redeeming the loan.

Improvements carried out to my property:
(please list any improvements and tick the relevant statement)

No improvements have been made that significantly affect the property value

Improvements have been made of which Orbit has previously been advised and I hold consent for

Improvements need retrospective consent (An additional fee will be payable and the improvement process will be followed)

My solicitor is:

Solicitor address:

Post code: _____

Please sign below (If the property is in joint names, both leaseholders must sign):

Signature(s) _____

Date: _____

How to get in touch

For further information please email us at:
info@orbit.org.uk

Or call:
0800 678 1221

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