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Guide to Redeeming Your Help to Buy Loan

Thank you for instructing us to act for you in redeeming your Help to Buy Loan. The process for doing so is relatively straightforward, but does require action on your part at the outset. This guide is to assist you in these steps and to let you know of the steps required of us once we take over.

Help to Buy will not correspond with us until you have formally applied to them to redeem your loan. The website detailing the requirements is here <https://www.gov.uk/guidance/how-to-repay-your-equity-loan-using-your-own-money>, but we elaborate below for ease.

1. Work out how you are funding the repayment

Generally, you will be funding the redemption either from your own funds or by way of a remortgage. You should ensure you know which before proceeding further. The redemption amount will be a percentage of the value of the property, depending on the percentage of the equity your original loan was.

If you are paying from your own funds, you should ensure that you have the funds available before obtaining the valuation report that Help to Buy require. If using mortgage funding, you should wait until the mortgage offer has been issued. The validity of the mortgage offer will be far longer than the validity of the Help to Buy Valuation.

You should also check that the property has been formally registered at the Land Registry at this stage, and we are happy to assist you with this. This is particularly important if you purchased the property since 2020, as Land Registry backlogs have been sizable since then.

2. Commission a Valuation Report

Help to Buy will require an up to date valuation of the property in order to calculate the amount you need to pay to redeem the Loan. This will be at your expense and must be performed by a surveyor certified by RICS

The report must be:

- signed and dated by the RICS certified surveyor who did the survey.
- on headed paper addressed to Homes England
- supplied as a PDF file or a digital document that you cannot edit
- Compliant with Help to Buy's requirements

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The report will only be valid for a period of three months from the date of the valuation. If you do not redeem the Loan within this time, then you will need to obtain a fresh valuation before we can repay the Loan.

3. Pay Help to Buy's Administration Fee

Help to Buy require payment of a fee, currently £200, in order to process your request for redemption. This is payable upfront and details of how to pay can be found on the above website.

4. Submit the Help to Buy Application Form

You must then apply for a redemption statement from Help to Buy using their application form. This can be found on the Government website above and can be emailed to them. The form is self explanatory and in submitting it you are giving authority to Help to Buy to correspond with us going forward.

We recommend you call Help to Buy a few days after submitting the form. They are generally quite slow to process these applications, but if prompted they will act readily.

5. The Redemption Statement

Assuming all is satisfactory to Help to Buy, they will then issue the redemption statement to both you and us. This will detail the amount they require from you in order to remove their charge. We can correspond with Help to Buy from this point.

We will then ask you for a preferred completion date and arrange for you to transfer any necessary funds to us.

6. The Authority to Complete from Help to Buy

As part of the Help to Buy conditions, we must obtain the consent of Help to Buy before we can actually pay the Loan. This involved the submission of a lengthy form in which we make certain promises to Help to Buy. They require 2 weeks to process this, and to provide us with their consent for us to repay the Loan.

We cannot complete the redemption without this and is only effective on the specific completion date requested.

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7. Completion

Once we have the Authority to Complete from Help to Buy, we shall make a CHAPS payment for the redemption amount to them on the designated completion day. We must have your funds in place no later than the working day before the completion day.

8. Removal of the Help to Buy Charge

The Help to Buy Loan is protected by a Legal Charge, or mortgage, over your property. Once the Loan is repaid, this charge should be removed. We shall submit the necessary paperwork to Help to Buy in order for them to do so and will let you have an updated copy of your Legal title to show this. This can take a couple of months.

At this point, the process is completed.