



CUSTOMER FAQs

September 2021

Who is eligible for an Ahauz equity loan?

You are eligible for an Ahauz equity loan, as long as:

- The property you intend to buy will be occupied by you as your main residence
- You pass our affordability and credit checks
- You will be contributing at least 5% of the property value as a deposit

How much will Ahauz lend me?

Ahauz will lend you between £15,000 and £100,000

What property can I buy?

The property must:

- Be in England or Wales
- Be valued at more than £150,000
- Be occupied as your main residence

The property cannot be:

- A new build, B2L, RTBs, HMOs, ex-LA flats, flats above commercial or shared-ownership properties

How does an Ahauz equity loan work?

Using an Ahauz equity loan means that you will have two mortgages on your property. Alongside your deposit, you will have your main standard mortgage (also known as a first charge mortgage) and your Ahauz equity loan (also known as a second-charge mortgage).

Our equity loan term will match the length of your first charge mortgage term

What are the requirements for my first charge mortgage?

Your first charge mortgage must:

- Have a loan-to-value ratio of 70% or higher
- Be a repayment mortgage (the first charge mortgage cannot be an interest-only mortgage)

What do I need to pay?

- Depending on the product you take, a product fee might be payable to us before completion of your property purchase
- Our loan is interest-only, this means you will be paying us interest every month. Your monthly payments to Ahauz do not pay off any of the loan itself, though, you can choose to pay all or part of it off at any time
- When you repay your equity loan in part or in full, the amount you pay is worked out as the balance you are seeking to repay plus a share of the increase or decrease in the value of the property

Can you give me an example of how Ahauz shares in the change of value of the property?

Assumptions in this example:

- Value of a property at the start of the term: £200,000
- Amount of the equity loan granted by Ahauz: £30,000 (15% of the property value)

If the value of the property increases by £10,000 during the term, the total amount to be repaid by you would be the following:

- The £30,000 borrowed in full
- **Plus** £1,500, the share of the increase in the value of the property calculated as 15% of the £10,000 increase in the property's value during the term

If the value of the property decreases by £10,000 during the term, the total amount to be repaid by you would be the following:

- The £30,000 borrowed in full
- **Minus** £1,500, the share of the decrease in the value of the property calculated as 15% of the £10,000 decrease in the property's value during the term

Once I've applied, what further information do you need from me?

We will need the following information on the property you intend to buy:

- A valuation by a RICS qualified surveyor (the Royal Institution of Chartered Surveyors, or RICS, is the governing body for surveyors) or a copy of your first charge mortgage offer
- Your solicitor's legal report on the property's title
- We might have a few extra questions along the way, but these should be easily answered by your solicitor

When can I repay you?

Whenever you want. There are no Early Repayment Charges (ERC's) on the product

What happens when I want to repay you?

You can pay us back at any point during the term of the loan. Here's how it works:

- First you will need to arrange a valuation by a RICS qualified surveyor and provide us with the valuation report
- We have a process in place in case we don't agree on the valuation (this is detailed in full in our Mortgage Terms and Conditions)
- The amount you will need to repay including our share of the increase or decrease in the value of the property will be calculated based on the greater of the valuation or sale price (if you are repaying following the sale of the property)
- Once you have repaid, we will provide you with a statement indicating the loan has been fully paid and our charge on the property will be removed

Can I pay back part of the amount owed?

Yes, you can pay back any portion of the original amount we lent you. The outstanding balance will be reduced by the proportion of the loan you pay off. For example, if you want to repay 20% of the total amount owed then:

- Firstly, you will need to arrange a valuation. The share of the increase or decrease in the property value corresponding to the 20% you want to repay will be calculated based on that valuation
- You will then pay us 20% of the amount lent to you, plus the corresponding share of the increase or decrease in the value of the property
- After your payment, the amount that you owe us and the monthly interest you pay will be recalculated immediately, benefiting you straightaway

Will Ahauz own part of the property?

No, you retain 100% ownership of the property

What about other costs for the property?

It's your property and therefore you are responsible for all the costs, including, but not limited to:

- Your first charge mortgage payments
- Any improvements or repairs necessary
- Surveyors' fees
- Estate agent's fees
- Buildings insurance (you must have a satisfactory policy in place at all times)
- Water, electricity, internet, gas, council tax, etc.

Am I allowed to make improvements to the property?

- You must notify Ahauz of any structural renovations you plan, e.g. extensions
- All renovations must have the necessary planning permission and building's regulations
- You will be responsible for all costs associated with the renovation
- At the point of repayment, we will exclude the cost of any additions or improvements (other than decorative improvements) from the value of the property to calculate the share of the increase or decrease in the value of the property
- In the example above, if the property increases in value by £10,000 but you spent £4,000 in the renovation, the share in the increase in value of the property will be calculated based on a value increase of £6,000

What if things go wrong?

We understand that your situation may change, and things can go wrong. We are always here to help. If you find you are not able to make your monthly payments, please contact us and we will work with you to find a solution



Ahauz.com

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