

# Factsheet – Lump sum loan repayments and loan redemptions

Fact Sheet | September 2011

This factsheet is intended for information purposes only. Its contents are not to be used as legal, financial or tax advice. The tax treatment and tax benefits are based on our understanding of current tax and other legislation, and depend on a customer's individual circumstances. They may be subject to change in the future.

## Investors who have a loan on their SIPP property may opt to repay a lump sum or redeem the loan early. The following sets out how this can be achieved.

In order to proceed with a lump sum loan repayment or loan redemption, we require written instructions by way of a letter sent to our main office address and marked for the attention of the Property Team, or an e-mail to: [managingproperty@suffolklife.co.uk](mailto:managingproperty@suffolklife.co.uk). The instructions can be provided either by yourself or your adviser.

Once this instruction is received we will contact the bank for confirmation that there will be no penalties for repaying a lump sum off the loan or redeeming the loan. If the bank confirms that there are pre-payment charges or early redemption charges, we will refer this to you or your adviser before proceeding with the repayment.

### Timescale

We aim to deal with your request within 10 working days if you are making a lump sum payment off the loan and 5 working days if you want to redeem the loan in full.

### Fees and charges

Our fee for arranging the repayment is time based, usually around £75-£100 per repayment. If you are a sole investor the fee may be less. There is also an additional charge, usually up to £100 if the loan is redeemed in full. This is for our additional work in dealing with the release of the legal charge at HM Land Registry and Companies House. The above fees are split equally between all investors taking part in the repayment.

Please note that if a loan is split between a group of investors and some investors decide to repay their share early, they will still be liable for their share of the additional fee for the release of the legal charge at HM Land Registry and Companies House upon full redemption of the loan.

Most repayments are made by BACS transfer which is free of charge. In cases where the loan is redeemed, the funds need to be sent by CHAPS to allow receipt on the same day. The CHAPS fee will be split equally between all investors taking part in the repayment.

Please refer to the relevant schedule of fees for details of the CHAPS fee payable and whether fees are subject to VAT.

### Lump sum loan repayments and redemptions on loans shared by a group of investors

Where a loan is shared between a group of investors we will need to arrange with the bank to reduce the regular loan repayments following a lump sum reduction of the loan if:

- the reduction is made by only some members of the syndicate; or
- the repayment is made not in accordance with the loan share (for example, the loan is shared 50/50 between two investors but the repayment is made in a different split) .

Please note that in these cases we will not agree to proceed with the repayment if the bank is not willing to reduce the regular loan repayments afterwards. This is because if we have to carry on repaying at the same rate, the plans that have not made any reduction would find that their SIPPs have to pay more on each regular repayment

If all members of the syndicate make a lump sum loan repayment in accordance with their mortgage share then the regular loan repayment may remain unchanged.

## Lump sum loan repayments and redemptions on properties owned jointly by Suffolk Life via a nominee structure

In addition to the written instructions stating the amount you wish to repay, we will require the Trust Account details consisting of the account name, number, sort code and reference. We will then arrange to transfer the funds to the Trust Account. It will be the nominee's responsibility to arrange to pay the monies off the loan and provide us with the accounting information. Once this is completed and relevant information is sent for our file, we will arrange to update the liability percentages in the Declaration of Trust.

There is no Suffolk Life fee in this instance, as it is the nominee's responsibility to arrange the repayment. If the funds are paid into the Trust Account by BACS there will be no fee for the transfer. If you wish that we transfer the funds by CHAPS there will be a fee in accordance with the relevant schedule of fees. This fee is split equally between all investors who wish to make a repayment at the same time.