

## **SOUTH WEST LONDON HOUSING PARTNERSHIP**

### **EMPTY PROPERTY LOAN ASSISTANCE: INFORMATION FOR APPLICANTS**

#### **Introduction**

If you are thinking of making an application to the Council for a low interest loan for your empty property please read these notes carefully. These are not part of the terms and conditions of the loan but aim to offer an easy to read explanation of them in order to help you understand them. They do not constitute legal advice. You are strongly advised to seek your own independent legal advice before you agree to sign a loan agreement and legal charge document.

#### **What is the Loan For?**

You may be eligible to apply for a loan from the Council to help meet the cost of major works or repairs to your empty property. The property must have been empty for at least 6 months. The scope of the work will be decided by your Council and will be based upon the work that is necessary to bring the property up to the 'Decent Homes Plus' standard which includes:-

- 250mm minimum loft insulation
- Gas boiler, where main source of heating, to be SEDBUK 'A' rating.
- Programmer and TRVs to be fitted.
- Where cavity walls exist they are to be insulated.
- All permanent light fittings to have low energy bulbs.
- Where windows need replacement, the new windows to be of wooden construction and double glazed. (Richmond, Lambeth and Wandsworth; other boroughs will allow either). water meter.
- Dual volume flush WCs.
- Water butt provided where a garden exists.
- Mains wired smoke detectors; one for each floor level.
- A carbon monoxide alarm.
- Gas safety and electrical certificates to be provided at conclusion of works.

### **How Much will the Loan Be?**

The maximum amount of loan that the Council can offer is £44,000 for dwellings of up to two bedrooms, £54,000 for dwellings of three bedrooms or more and £30,000 (maximum 50% loan funding and 50% private funding basis) per bedroom for properties in conservation areas i.e. an area designated by the Council as having special architectural or historic interest. The actual amount of the loan will be based upon the eligible expense. The eligible expense is the value of the work approved by the Council based on the estimates you provide.

### **Are there any Restrictions on the Amount of the Loan?**

Yes, the amount of loan may be restricted by the amount of equity available in the property and should not exceed 50% of the free equity. Also, the Combined Loan to Value should not exceed 70%. The available equity equals the value of the property less any other loans or charges that have been secured against it. If there is any doubt there is enough equity available in the property to cover the value of the loan we may request that a valuation is carried out by inspection of the property. The cost of the Valuer's report will be added to the loan should it proceed. We will then use the valuation to decide if we can continue to offer you a loan and the amount of the loan.

### **How Do I Apply for the Loan?**

Firstly, you should complete and return an outline scheme proposal.

If the Council decides to support your proposal, we will send you an application form to complete. You, or your company, must own the property before we can accept a formal application from you.

All joint owners must sign the application form. If you are applying on behalf of a company, two directors must sign the form or a director and the company secretary. The names of the persons and their positions within the company will need to be made clear on the form.

We will verify your ownership of the property by checking with the Land Registry. There is a small fee for this which we will add to your loan should it proceed.

We will ask you to provide certain information in order for us to be able to assess your application. You will need to provide us with details of any existing loans or mortgages that

have been secured against the property and give us permission to approach the lenders to verify the information. Your existing lenders will need to have given permission for the loan to be approved. We will also require proof that a buildings insurance policy is in place. We will also want to carry out a credit check. If you are applying on behalf of a company, there are additional checks that we will want to carry out in order to ensure that your company is in a position to be able to repay the loan in the future. We will want to verify your company registration with Companies House and you will need to submit a copy of your last accounts. Any costs in carrying out these checks will be part of the set up costs and included in your loan.

You may apply if you are a long leaseholder. However, at the date of your application you must have at least fifty years before the lease is due to expire.

You will need to agree to pay back the loan when one of the circumstances set down below occurs (see paragraph headed 'When Do I have to Repay the Loan?'). This will usually mean that the loan is repaid when the property is sold or re-mortgaged or at the end of the loan period whichever occurs first.

### **What Happens Next?**

Once the Council has considered your formal application we will send you a Loan Offer Document. This will give you all the information you will need to decide whether or not to take up the loan.

If you decide to go ahead with the loan, the solicitors acting on behalf of the Council will ask you and all other joint owners to sign and return the Legal Charge document. This needs to happen before the work can start.

The charge will be registered with the Land Registry. This is what makes this a secured loan. In other words the Council has your property as security against the amount of money owed. If, in the future you are unable or unwilling to repay the loan the Council can as a last resort require the property be sold to reclaim the debt. There is a Land Registry fee charged for the registration and this together with all the other legal fees will be added to the loan should it proceed.

If you are making the application on behalf of a company the loan will be registered with the Registrar of Companies by the solicitors acting on behalf of the Council.

If your circumstances change at any time after you have made the application which might affect your eligibility for a loan, you must inform the Council immediately: for example, if you decide to sell the property or to take out an additional secured loan.

### **When and How Will the Loan be Paid?**

25% of the loan can be paid to you once the loan has been approved and legally agreed (the loan set up costs will be paid from this amount). Further interim payments up to 50% of the loan can be paid as the work progresses and the remaining 25% will be paid to you once the work has been satisfactorily completed and all the final invoices for works have been submitted.

### **When Do I Have to Repay the Loan?**

The loan together with the interest thereon must be repaid in the following situations:-

- If you sell or dispose of the property or you re-mortgage it within the period of the loan
- If the property is not occupied within 3 months of the date of completion of the works
- If you fail to maintain a buildings insurance policy or fail to provide us with a copy of the policy if we ask you to do so
- If applying as an individual you are declared bankrupt, or applying as a company your company is wound up or dissolved.
- At the end of the loan period which is a maximum of two years from the date of the legal charge.
- In the event you die, the last day of the period of 18 months after the death of the Borrower or the last remaining Borrower where the Borrower is more than one person.

### **How Much Interest Will I have to Pay?**

Interest is variable and will be charged per year at one percent above the prevailing Bank of England bank base rate. It will be calculated on a daily basis.

If the Council becomes aware that you have breached the terms and conditions of the loan, the Council will serve you with a notice setting out how it thinks the terms and conditions have been breached. The Council will tell you what you must do to put things right. It may

be that you can remedy the breach by providing the Council with information: for example, evidence that you have adequate buildings insurance. If you do not satisfy the Council that you are complying with the terms and conditions, the Council will send you a demand for repayment.

If you do not repay the loan and interest as demanded in any notice within 21 days, the Council can take action to enforce the demand and will add further amounts of interest for late payment equivalent to 4% above the Bank of England bank base rate. This interest will continue to be added on a daily basis until the full payment is received. If we have to ask the Council's Legal Advisors to take action to recover the monies owed, their costs will be added to the debt.

### **Contact Details**

If you have any further questions or would like to discuss your case with someone, please contact the Home Improvement Trust on 0800 783 7569.