



## HOME IMPROVEMENT LOAN

### FREQUENTLY ASKED QUESTIONS



#### **Q What are Home Improvement Loans?**

A home improvement loan is a short to medium term interest free loan to for applicants to make their homes warm, safe and / or secure.

There is no automatic entitlement to the loan.

#### **Q Who can apply for a Home Improvement Loan?**

This type of assistance is discretionary and is available to:

- Owner occupiers
- Landlords (Individuals and companies)
- Charities / Third Sector

#### **Q What fees are applicable to the Loan?**

An administration fee will be required to cover the costs of processing your application, the maximum fee will be 15% of the loan value, and this can be added to the loan amount or be paid upfront

#### **Q How much can I apply for?**

The minimum loan amount is £1,000 up to a maximum of £25,000 per unit of accommodation, up to a maximum of £150,000 per applicant at any time.

If you are applying for a loan to convert one building into four units of accommodation the maximum loan you can apply for is £100,000. If you were applying for a loan to convert a property into ten units the maximum amount of loan would be £150,000.

The actual value of the loan approved will also be dependent on the actual cost of the works, e.g. if the works are calculated to cost £10,000 this is the most the loan will be approved for.

Please note that any loan offered, taking into account any existing mortgage cannot exceed 80% of the current property value. Therefore, if you have an existing mortgage of £65,000 on a property with a current market value of £100,000, then the maximum loan that can be approved is £15,000

- Current Value           £100,000
- Mortgage & Loan   £65,000 & £15,000 = £80,000 (Maximum 80% Loan to value)

It is possible in certain cases for another property to be used as security for the loan.

Where the cost of the works exceed the value of the loan, then the applicant must be able to show that they have adequate funds to complete the development

**Q How long do I have to repay the Loan?**

Repayment terms for owner occupiers will be agreed on a case by case basis up to a maximum loan term of 10 years.

Landlords, Developers and Charities must repay the loan within a maximum loan term of 5 years.

All loans can be repaid earlier if the applicant wishes to do so.

**Q Do the works / conversion have to be carried out to any sort of standards?**

Yes. All work must be carried out in accordance with any planning permissions or building regulation approvals made in respect of the property.

**Q Are there any conditions attached to approving the loan?**

**Yes:**

You must carry out the conversion/repair works within an agreed time period.

The loan must be repaid either on or before the date as specified in your Loan Facility Agreement.

A financial charge will be made on the property for the lifetime of the loan.

**Q Are the loans secured loans?**

Yes. All loans approved must be secured by a first or second financial charge being secured against the property. If there is an existing mortgage on the property we will need the lenders consent to secure our charge.

**Q What is the interest rate for the loan?**

The loans are interest free, providing there is no default on the loan.

Where any sum is required to be paid, but is not repaid in accordance with the loan conditions, a breach of conditions will have occurred. In such instances Neath Port Talbot County Borough Council may demand immediate repayment of the loan and interest at the national standard rate.

If you would like to discuss your property or require further clarification, then please do not hesitate to contact the Housing Renewal & Adaptation Service by:



Tel: 01639 763288



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