



Home Appreciation Loan
Equity release with no
monthly repayments

PRIVATE SECTOR HOUSING
INFORMATION LINE

01422 392480

Helping you to improve your home
for a better quality of life



Calderdale
Council

INTRODUCTION

The Council believes that everyone should have the opportunity to have a decent home.

A decent home is a home that is safe, warm, weatherproof and has reasonably modern facilities. Decent homes are important for the health and well being of those living in them.

The Council recognises that some homeowners, particularly the elderly and the most vulnerable, may not have the necessary financial resources to keep their homes in good repair.

By providing help and assistance through the Yorkshire and Humber Regional Home Loans Service within Sheffield City Council, we can help the people of Calderdale to live in decent homes within thriving, sustainable communities.

This booklet has been produced as a guide for homeowners on how they can improve their quality of life within their home.

THE HOME APPRECIATION LOAN

We provide Home Appreciation Loans to assist owner-occupiers to be able to carry out work required on their homes. This loan can enable you to enjoy a decent home.

The Home Appreciation Loan is a secured loan that allows you to release equity from your home to make repairs/improvements to your property. The loan does not become repayable until you transfer ownership of your house e.g. if you sell your house.

Who is the loan for?

- Any homeowner who is vulnerable i.e. elderly, on low income, in poor health and unable to access commercial loans.
- Anyone over the age of 18, no other age restrictions apply.
- Anyone who owns their home & lives in the property.
- You must have available equity in your property to be able to apply.

What is the loan for?

- Essential work where your health & safety is at risk e.g. faulty electrical wiring or leaking roof.
- Work that can bring your house up to a decent standard e.g. fitting a new modern bathroom or kitchen.
- To help you pay for your contribution towards a disabled facilities grant or where costs exceed the maximum limit.

How does it work?

- The Council will help you determine what work can be included within the loan, and assist you with the application process.
- The amount you borrow is calculated as a percentage of your property value at the time the loan is taken out.
- The total borrowing, including any outstanding mortgages and other secured loans, must not normally exceed 70%* of the unimproved value of your home.
- The maximum value of a Home Appreciation Loan is normally to be no more than 50% of the property value.
- A valuation of your property is arranged through an independent valuer to establish the current market value of your property.
- The minimum loan amount that can be borrowed is normally £2,000 and the maximum loan is normally £30,000.
- There are no monthly repayments.
- There is no set repayment term.
- The loan is secured as a legal charge against your property.
- The loan is repayable when you transfer ownership of your property, when you move into long-term care or sheltered accommodation, or when you die.

“CHECK THAT THIS MORTGAGE WILL MEET YOUR NEEDS IF YOU WANT TO MOVE OR SELL YOUR HOME OR IF YOU WANT YOUR FAMILY TO INHERIT IT. IF YOU ARE IN DOUBT, SEEK INDEPENDENT FINANCIAL AND LEGAL ADVICE.”

*70% of free equity is normally the maximum amount that can be applied for and Calderdale Council will use its discretion when dealing with loan applications to ensure they are lending responsibly, therefore a lower % may be more suitable for some clients.

How do you repay the Home Appreciation Loan?

- Unlike a normal mortgage, there is no set repayment term and there are no monthly repayments to make. Instead, the mortgage is repayable following the sale of your property, a move into long-term care or sheltered accommodation, or when you die. For joint applicants, the mortgage will become repayable on the death of the surviving final borrower.

When you repay the loan, we'll carry out a new valuation of your home. This valuation will be used to work out the amount of loan you will pay back. Normally the amount you pay back will be the lower of

- The percentage we worked out when you first took the loan, but of the new value of your home; or
- The original loan amount plus a fixed limit by which the repayment value of your loan grows. This limit is to protect you against exceptional increases in property prices.

How does the loan application process work?

- The Council will help you determine what work is required to your property.
- The Council will help you with the Home Appreciation Loan assessment and a loan application form will be forwarded to the Yorkshire and Humber Regional Home Loans Service. This is a loan service based within Sheffield City Council to provide loans for Local Authorities and their residents across the Yorkshire and Humber region.
- The Yorkshire and Humber Regional Home Loans Service will arrange a valuation of your property by an independent valuer.
- The Yorkshire and Humber Regional Home Loans Service will appoint a solicitor to undertake the legal work. They will also arrange for your contractor to be paid directly upon satisfactory completion of the work to your property.

Example of how the Home Appreciation Loan amount is calculated.

Mr & Mrs Anderson needed repairs to be done on their property to the value of £10,000. The work included a new roof, electrical rewiring and also a new kitchen.

At the start of their application, their home was worth £65,000. They have an existing outstanding mortgage of £20,000; therefore the available equity in the unimproved value of their home is £45,000.

The loan amount of £10,000 plus the existing mortgage of £20,000 totals £30,000. The total percentage borrowed against the value of their property would be 46.15%. Mr & Mrs Anderson are therefore well within the maximum borrowing limit of 70% loan to value.

The actual percentage they have borrowed on the Home Appreciation Loan against the unimproved value of their home is 15.38% (i.e. $£10,000 \div £65,000 \times 100 = 15.38\%$).

Example of how the Home Appreciation Loan amount to be repaid is calculated.

After taking out the Home Appreciation Loan, Mr & Mrs Anderson decide to sell their property 10 years later. An independent valuer undertakes a new valuation on their property to calculate the amount to be repaid. The new value of their property is £85,000. Therefore the amount to be repaid is 15.38% of £85,000, which is £13,073* (i.e. $£85,000 \times 15.38 \div 100 = £13,073$).

Mr & Mrs Anderson still owe £5,000 on their mortgage, therefore the amount of money they will receive if they sell their home for £85,000 is £66,927 (i.e. $£85,000 - £5,000 - £13,073 = £66,927$).

*For the purpose of this calculation, assume the amount is below the fixed rate loan repayment cap.

Frequently asked questions

What costs do I have to pay to take out a Home Appreciation Loan?

The Council will provide grant assistance, which will normally cover the total administration costs of the process including legal fees and the valuation fee. However, if extra legal work is required for your loan in excess of the amount paid by the Council, then the fees will be payable by yourselves. These fees can be added to the loan or paid by yourself if you prefer. If you cancel your application at anytime after you have signed an agreement letter from the Yorkshire and Humber Regional Home Loans Service, you will be liable to pay for any costs incurred within the application process up to the cancellation date. The Council or it's agents will write to you to confirm the amount of the fees it will pay on your behalf.

Are there any conditions attached to the loan?

The Council will have the final decision as to whether the work on your property has/has not been satisfactorily completed by the contractor.

If you want someone else to move into your property with you, the Yorkshire and Humber Regional Home Loans Service must give their consent to this.

You must have adequate building insurance in place to cover your property for the duration of the loan. Your building insurance must cover the re-instatement figure as quoted on the valuation report. You must provide your Local Authority with a copy of your building insurance certificate before the solicitors are appointed to do the legal work for your loan.

What happens if my house falls in value?

If this happens, the amount that will be repayable will be the original loan amount that you borrowed, because the property has not increased in value. In cases of extreme hardship the Council may show discretion to reduce the amount owed if it is apparent full repayment may cause extreme financial difficulties to a customer. We also give a no negative equity guarantee. This means that you or your beneficiaries will not be asked to repay any more than your home is worth.

Do you recommend I obtain independent financial advice or independent legal advice?

Yes, the Council recommends that you obtain independent advice from either a financial advisor, a solicitor or both. However, you must bear in mind that you may be charged for this advice and any fees for this will be payable by you, not the council.

I'm worried about my families' inheritance after I die, what will happen to this?

We would strongly recommend you discuss this fully with your family and we would be happy to help in any way we can. We could arrange to meet with you and your family to explain the loan. Your decision on whether you take the loan depends on how you and your family value your quality of life within your home. By improving your home you are not only investing in it to increase the overall value of it, but you are also making your home more pleasant to live in. The only amount you will repay to the Council is either the same percentage that you borrowed originally against the updated value of your property, or the fixed rate loan repayment cap calculation, whichever is the lower. Anything over this would be left to your family (less any other secured borrowing commitments you may have).

Will the loan money be paid direct to me?

No, the loan money will be paid direct to your contractor upon satisfactory completion of the works.

Can I repay my loan in full before I sell my property?

Yes you can repay the loan in full at any time you want to. At this time, we will arrange a new independent valuation of your property to calculate the amount to be repaid. Again this will be repaid at the same percentage you borrowed initially or the fixed rate loan repayment cap calculation, whichever is the lower.

How will I know that my property has been valued fairly?

The Yorkshire and Humber Regional Home Loans Service will appoint an independent valuer who is fully qualified to assess your property's market value.

Can I move home?

You can move home at any time. However, the Home Appreciation Loan is not transferable to your new property. It is repayable on the sale of your existing property the loan is secured against. The loan will therefore need to be repaid and the remaining funds from the sale will be your own to help buy your new property or for any other purpose. You will need to consider the implications of the Home Appreciation Loan if you are considering moving home in the future.

What happens if I have other secured lending on my home?

Provided you have sufficient equity in your property, you may be considered for a Home Appreciation Loan. Assuming that existing lenders will give the Yorkshire and Humber Regional Home Loans Service consent to register their legal charge.

FOR FURTHER INFORMATION CALL
PRIVATE SECTOR HOUSING ON:

01422 392480

Address:
Calderdale Council
Private Sector Housing
Home Improvement Service
10/12 Crossley Street
Halifax
HX1 1UG

Copies of the wording of this leaflet can be made available on request in large print, Braille and on audio tape.

Copies of the wording of this leaflet can be made available in Urdu, Bengali, Arabic, Chinese and Somali.

Please telephone 01422 393312 to request a copy.

資料可要求製成盲人點字版，大字版或錄音帶。

你可要求將這些資料譯成阿拉伯文，孟加里文，中文，蘇馬里文和烏都文。
有意者請電 01422 393312

ان معلومات کی کاپیاں درخواست پر بریل، بڑے پرنٹ اور آڈیو ٹیپ میں مل سکتی ہیں۔
ان معلومات کی کاپیاں درخواست پر عربی، بنگالی، چائیز، صومالی اور اردو میں مل سکتی ہیں۔
مہربانی کر کے اس نمبر پر ٹیلیفون کریں۔ 01422 393312

Nuqulka warbixintan waxan lagu heli karaa haddii aad soo codsato luqada Braille, daabacaad weyn iyo iyada oo ku duuban cajalad.

Nuqulka warbixintan waxan lagu heli karaa haddii aad soo codsato Carabi, Bengali, Shiine, Somali iyo Urdu Fadlan wac 01422 393312.

بناء عن الطلب، يمكن توفير نسخة لهذه المعلومات بلغة 'برايل' للمكفوفين وبطباعة حروف كبيرة وعلى شريط كاسيت مسموع.

بناء عن الطلب، يمكن توفير نسخة من هذه المعلومات باللغة العربية، البنغالية، الصينية، الصومالية والأردية.

رجاء الإتصال هاتفياً على الرقم: 01422 393312

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অনুরোধে এই তথ্যগুলির অনুবাদ আরবি, বাংলা, চাইনীজ, সুমালী এবং উর্দু ভাষাতেও পাওয়ার ব্যবস্থা করা যেতে পারে।

दया करे 01422 393312 नम्बरे टेलिफोन करूँन।