



Finance for Home Improvements

**Social Services and Housing Directorate
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This fact sheet provides information about schemes which enable homeowners to raise extra income or a cash lump sum from their homes as well as alternative sources of funding for home improvements.

Please note that while the agencies or publications mentioned in this factsheet are known to the Isle of Wight Council, inclusion and publication here does not constitute a recommendation for any particular agency, or endorse any company or scheme and any company stating otherwise is making a false claim.

FURTHER DETAILS OF ALL THE SCHEMES IN THIS
FACTSHEET CAN
BE OBTAINED FROM THE COMPANIES DIRECT, NOT FROM
THE ISLE OF WIGHT COUNCIL.

**INDEPENDENT LEGAL AND FINANCIAL ADVICE
IS ALSO STRONGLY ADVISED.**

WHAT YOU SHOULD THINK ABOUT FIRST

Raising money from your home will be a major decision that could affect your future living conditions. It is therefore most important that you consider all of the available options to you before making any decision.

There are certain things you should do first before making any decision, such as:

Holding a family meeting - This may be the most important thing you do. You may be able to borrow the money from your family. If they are going to inherit your property then it may pay them to help you keep it in good condition.

Consider moving house - You may wish to sell up completely to move into rented sheltered housing or residential care. Reducing the size of your property will mean that you have a smaller house to look after and may release some capital for you to spend on repairs in the future. You should check carefully whether any financial

scheme which you are considering allows you to move in the future if this should be necessary.

Consider using your savings - You may have savings that you can use to increase the value of the property you live in. An unfit property loses more value than the interest you will be earning by keeping your money in the bank.

Obtain legal advice - Borrowing money from anyone will involve entering into a legal agreement. You need to ensure that your interests are protected.

Obtain independent financial advice - Not all loan/equity release schemes are right for your situation. An Independent Financial Adviser will go through your options and allow you to choose the scheme that is right for you

It is important to confirm that any solicitor and/or independent financial adviser you consider seeking advice from have appropriate and relevant experience and qualifications.

A - Household Insurance

You should check through your household insurance policy before seeking financial assistance from any other source. Many items are covered under regular buildings insurance policies and you should check the conditions of your own policy for clarification.

However you also need to check your buildings insurance policy before making a claim. Many insurance policies require a property to be in “good condition” before the insurable risk has happened. You may find that you are invalidating your policy by allowing your property to fall into a state of disrepair.

B - Financial Advice on the Isle of Wight

Financial advice is available from many sources. You should seek details from more than one source before making your decision. The following list, though not exhaustive, gives a few points that you should consider first before taking financial advice.

Conditions - Any financial scheme you enter into will have

conditions. You should confirm these with each company you contact before you sign anything.

Fees - Most financial schemes involve paying valuation and legal fees and may vary considerably. You will need to check these before agreeing to any scheme.

Commission - A Financial Adviser may receive commission from selling you a scheme. You will need to find this out before agreeing to the scheme.

Social security benefits - People on social security benefits should think carefully before taking out one of these schemes. If you are receiving a means-tested social security benefit such as Income Support (also known as Minimum Income Guarantee) or Council Tax Benefit, the weekly income from any of these schemes may affect your entitlement.

Family - It should always be your own decision about whether to take out a scheme of this type. However, it is probably a good idea to discuss it with any close family members. The scheme may considerably reduce the size of your estate and discussion of plans with any family members who may expect to inherit may avoid unpleasantness or misunderstandings.

Repairs and insurance - You will remain responsible for repairing and insuring the building. In particular, if you have sold a share in the property to a company, it will expect you to maintain your home to a reasonable standard in order to protect the company's investment. You will remain responsible for paying for buildings insurance and will still have to pay the Council Tax.

Other changes in circumstances - It is a good idea to consider whether any other change in your circumstances may affect the scheme, for example someone else coming to live with you after the scheme is taken out.

Independent Financial Advice

The Isle of Wight Council cannot provide a list of recommended Independent Financial advisers. Whilst you may be able to find

details in the Yellow Pages, this is not always recommended as different financial advisers provide different services.

For a list of recommended Independent Financial Advisers to suit your needs you should contact:

IFA Promotions on **0800 085 3250**

Or alternatively you can find a list by looking on their website www.unbiased.co.uk

C - Ordinary loans

Your building society or bank may consider giving you a normal repayment loan, which is likely to be repayable over a shorter period than a loan for a younger person. Be wary of other lenders offering loans, as some charge very high interest rates.

Normal repayment loans are usually one of the following:

Bank/Building Society Loan - usually over a fixed period of time

Mortgage Top up - where you extend the mortgage that you are currently paying.

D - 'Interest only' loans

You may also be able to raise capital from your home by taking out an interest only loan. With an interest only loan you take out a loan against the value of your home. You will receive a lump sum on which you will have to make interest repayments. However, you will not have to repay the capital until your death or the sale of your home. Interest only loans are available from some banks and building societies.

Roll-up loans - how they work

Another way of raising capital from your home is the roll-up loan or rolled up interest loan. With a roll-up loan you take out a loan against the value of your home. You do not have to make any repayments of interest or capital until you sell your home. Instead, the interest is 'rolled up' and added to the total loan. The full amount of rolled up interest and the loan is repaid when you sell your home. Please seek independent financial advice before taking out a roll-up loan.

E - Income Support for interest payments

If you are on Income Support (also called Minimum Income Guarantee, or MIG) you may be able to get assistance with covering interest payments on loans taken out for some repairs. This will, however, only be the case in limited circumstances. In general, interest payments on loans will only be eligible for Income Support (MIG) where works are carried out to ensure that the home is fit for human habitation.

The rules about whether or not you can get Income Support (MIG) to cover interest payments are complicated and you should get advice before taking out a loan. There can also be problems as not all lenders are willing to lend to people on Income Support (MIG).

F - Energy Efficiency Grants / Loans

There are various forms of assistance you can get to make your house more **Energy Efficient**.

You can get assistance from the following sources:

- a) Central Government Grant
- b) Grants from your power supplier
- c) Help from the Isle of Wight Council

Central Government Grant - Warm Front

The Warm Front team is a government-funded scheme, which provides a grant of up to £2500 to make your home warmer, healthier and more energy-efficient.

Householders have to be in receipt of an income related benefit, and this grant is targeted at older persons, people with children and people with disabilities.

The scheme is run by a company called the Eaga Partnership and you can contact them on freephone **0800 316 6011**.

Grants from your Power Supplier

There are various grants that your gas and electricity companies are running at present.

The grants vary during the course of the year. For independent advice on grant availability please telephone Solent Energy Efficiency Advice Centre on **0800 512 012**.

Alternatively call your power supplier who will be able to tell you what offers are available to help you make your house more energy-efficient.

Help from the Isle of Wight Council

The Isle of Wight Council in partnership with the Isle of Wight Credit Union Ltd is able to provide a loan of up to £500 to help make your home more energy-efficient. The loan is available at 2.53% APR and is repayable over two years.

For more information on this loan please contact Housing Services on 01983 823040 or write to us at 7 High Street, Newport, PO30 1SS. Alternatively you can call the Credit Union on 01983 756874.

G - Equity Release

Home reversion schemes - how they work

Home Reversion involves selling all or part of your home to a private reversion company. In return you receive a cash lump sum or a monthly annuity income.

You can remain in the house rent-free or for a nominal monthly rent for the rest of your life. When the property is sold, usually after your death, the reversion company receives the proceeds of the sale depending on what share of your home you sold. When the home is sold your heirs will benefit from any increase in the value of the part of your home which you keep.

When you sell part of your home to a reversion company you will not receive the full value that you would get if you sold on the open market. This is because the reversion company gives you the right to live in your home for the rest of your life. So you will only receive a percentage of the market value.

Certain schemes may buy your home at a higher purchase price and in return you would pay an ongoing rent while you live in your

home. You would need to be sure that you would be able to continue to afford this rent payment.

Home income plans - how they work

Home income plans are another way you can raise money from your house. They are sometimes called a mortgage annuity scheme. With a home income plan you receive a monthly income for life while still owning and living in your home.

You take out a loan against your home usually up to a maximum of 75% of property value. The money is used to buy an annuity which pays you a regular income each month for life.

With a home income plan you do not have to make any payments to repay the capital of the loan during your lifetime. The capital is repaid from the proceeds of the sale of your home, usually after your death.

A home income plan usually gives a monthly income rather than a capital lump sum. You can receive a small amount of capital at the start of the plan, but this will mean you get a smaller monthly income.

H - Other schemes

Raising income or a lump sum from your home is only one of the housing options which may be available for home owners. It may not be suitable for everyone and it is a good idea to investigate other possible options.

In the recent past some banks and building societies have also offered equity release schemes suitable for older people. The market changes frequently so it may be worthwhile shopping around the various high street banks and building societies to see if there are any schemes available which would suit your needs. It is essential that you seek independent financial and legal advice before making any commitment.

I - The Social Fund

Income Support (MIG) is a benefit for people on low incomes. You may be able to get a community care grant from the Social Fund to

help with repair costs. Community care grants can help with the cost of minor structural repairs, maintenance, internal redecoration and refurbishment which enable you to stay living in your own home.

The grants are discretionary and the Social Fund budget is limited; staff at your local social security office will decide whether you can have a grant. For further information, contact your local social security office. If you cannot get a grant it may be possible to get a loan from the Social Fund. The repayments are deducted from your benefit in the following months.

J - Charities

There is also an organisation which gives advice on charities which might be able to help you: Charity Search, 25 Portview Road, Avonmouth, Bristol BS11 9LD, tel: 0117 982 4060 (weekdays 10 am-4 pm).

K - Other assistance

If your property is a listed building or in a conservation area you may be entitled to assistance from another source. For information on conservation and listed buildings assistance you should contact the Conservation Officer at Planning Section, Seaclose Offices, Fairlee Road, Newport, PO30 2QS or by telephoning 01983 821000.

August 2003



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please contact us on 01983 823040**

Arabic

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Bengali

আপনি যদি এই প্রমাণপত্র (ডকুমেন্ট) অনুবাদ করানো চান, তাহলে অনুগ্রহ করে আমাদেরকে।

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