

ADAPTATIONS LOANS

FACT SHEET

Financial assistance with your adaptation

Disabled Facilities Grants [DFGs] are means tested and in some cases, clients who qualify for this grant to carry out adaptations to their home may have to make a contribution towards the cost of the work.

This can also happen when the total cost of the eligible work exceeds the grant limit [currently £30,000], for example, where the adaptation needed involves building an extension to the home.

In some circumstances we may offer an adaptations loan [equity loan or mortgage], which means that the Council takes a share of the ownership of your home in return for lending you the money you need to pay for your contribution.

What can I do if I have to make a contribution towards the cost of my adaptation?

There are a number of funding sources that you can consider, such as:

- Using some of your personal savings
- Discussing your need for the adaptation with close family members, who may want to help you with the costs
- Approaching your mortgage lender to see if they will allow you to extend your existing mortgage. They may be prepared to do so if the adaptation adds capital value to your home or you have sufficient equity in the property
- You may qualify for charitable or benevolent funding, for example through a trade union or other work related organisation. If you have access to the internet try looking at www.turn2us.org.uk or www.charitiesdirect.com for more information
- Discretionary low cost loan offered by the Council [*see separate leaflet*]
- Discretionary adaptations [equity mortgage] loan offered by the Council

Who qualifies for the Council's adaptations loan?

This loan scheme is available to **owner-occupiers [or in the case of a child application, their parents or guardians who are also owner-occupiers]** where the eligible costs incurred by the client towards the cost of the work exceed £5,000 and the client isn't able to access funds from a reputable lender, savings, family or charitable organisations.

In some cases you will need to provide us with evidence that you have been unable to access funding, as above.

An adaptations [equity mortgage] loan means that the Council will have a share of the property value, proportional to the cost of the works, as a percentage of the property's unimproved value.

How much can I borrow?

Once assessed, you can borrow the full amount of your contribution towards the cost of the eligible grant works, assuming that you have sufficient equity in the property to cover the loan. *[Please note that the loan will only cover the cost of essential works required as part of the grant].*

How will I be assessed for an adaptations loan?

The Council will carry out a search to confirm that your property is registered at the Land Registry and will also complete a bankruptcy search. We will need to verify that you have adequate buildings insurance cover on the property.

If you have a mortgage we will need to write to your mortgage lender to seek their consent to place a further charge on the property. [N.B. If your current lender refuses to allow the Council to place a further charge, then this product is unsuitable for you].

Assuming that the information that we have received in our preliminary checks is satisfactory, you will be requested to obtain a property valuation report prepared by a suitably qualified chartered surveyor. The Council will provide you with a list of local surveying firms that have agreed to provide this service. There will be a charge for the valuation, which you will be required to pay in advance and therefore it is recommended that you obtain several quotes for this work before you appoint a surveyor [this fee can be added to the adaptations loan if this proceeds]. The valuation report must be provided in the format required by the Council.

Before a loan is agreed we must also satisfy the Government's money laundering and fraud requirements and so will need to check certain personal documents, such as your passport, driving licence and utility bills.

Where the Council's ownership of the property would exceed 30%, then we require you to seek independent financial advice on the suitability of the loan product.

The Council's loan agent, Warrington Housing Association, will issue the some of the necessary documents in connection with the loan.

How much will it cost me to take out an adaptations loan with the Council?

If you already have an existing mortgage, the Council will need to contact your mortgage provider to obtain their consent to place a further charge on the property.

Your lender may charge you a fee for this.

If the property is not already registered at the Land Registry you will need to contact a solicitor to arrange for first registration. Your solicitor will charge you for this service.

You will also be required to obtain a current property valuation report from a chartered surveyor, for which a fee will be payable.

There is no administration fee for this loan.

How will I repay the adaptations loan?

The loan is repaid when the lease of the property is sold or transferred [see the section "What are the terms of the equity loan?"].

The illustration below gives an indication of what you might be likely to repay when the loan is redeemed [the 1st example assumes that the property value has increased, and the 2nd that this has decreased]:

Initial property valuation	£100,000	£100,000
Amount of adaptations loan	£10,000	£10,000
Council's share of the property value	10%	10%
Valuation of the property on sale	£120,000	£90,000
Amount repaid to the Council	£12,000	£9,000

What are the terms of an adaptations loan?

To be eligible for the adaptations loan the applicant [or parents / guardians of the disabled child in the case of a child application] **must** have an owner's interest in the property and have sufficient equity in the property to cover the amount of the loan.

All loans will be registered as a charge against the property at the Land Registry until the loan is repaid.

The property must have suitable and sufficient building insurance in place on the property until the loan is repaid in full.

The adaptations loan must be repaid on sale or transfer of the lease [unless this is to a family member who occupied the property at the time the loan was approved].

The property must be occupied by the applicant [or the disabled child and their parents / guardians] as their main residence until the loan is repaid.

How will the adaptations loan be paid out?

When the grant work has been completed satisfactorily, the loan will be paid directly to the contractor on your behalf, unless you have already paid their invoice. The Council will protect its financial interest by placing a charge on your property at the Land Registry.

Is this loan from the Council “a good deal”?

Neither the Council nor its agent can offer you advice on this loan product. We recommend that you contact an independent financial advisor if you want such advice. You may be charged for this service. In addition, we also recommend that you discuss this loan with any close family members before deciding to go ahead with an adaptations loan application.

Can I repay the adaptations loan early and will there be a penalty charge?

The adaptations loan can be repaid **in full** at any time, with no penalty charge. This will require a valuation of the property to be undertaken by the Council’s surveyor. The cost of this valuation will be met by the applicant. The amount repayable will depend on the percentage increase [or decrease] in value of the property at the time.

Once the loan is repaid, the Council will remove its charge at the Land Registry. There is no additional charge for this.

This information fact sheet has been prepared by
Warrington Borough Council.

If you require any further information please contact the
DFG Agency Team on 01925 246909