



Private Sector Housing Team

Private Sector Housing Team
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Secured Empty Homes Loan Information Factsheet

Who is the loan for?

- Anyone owning a property which has been empty for at least 12 months.
- Aged 18 or over.
- There must be enough available equity in the property.

What can the loan be used for?

- Essential repairs and improvements to make the property liveable and remove Category 1 Hazards which are considered prejudicial to health under the Housing Health and Safety Rating System, such as no central heating, trip hazards, dangerous stairs and damp.
- Decoration (carpets, floor covering and white goods cannot be included).

How does the loan work?

You can borrow the amount you need to carry out the repair work as agreed by the Council and any supporting costs. You can borrow a maximum of £30,000 including fees up to a maximum of 70% (including all other secured loans) of the improved valuation of the property. Valuation, legal and administration fees are payable.

The maximum loan term is 5 years. There are no monthly repayments to make on the loan. Interest will be charged on the loan on a compound basis twice annually. The loan will be secured as a legal charge against the property.

The facts and figures will be fully explained by a visiting officer before you make the final decision to take out a loan. Filling out an application form does not commit you to taking out a loan, this is a decision to be taken when the loan process and repayment has been fully explained.

When the loan has been approved your contractor can start work. When the work has been satisfactorily completed we will pay the contractor directly. The property must be occupied within a reasonable time after completion of the works.

Repaying the loan.

- The maximum loan term is 5 years from satisfactory completion of the works. You will therefore need a business plan in place to demonstrate how the loan will be repaid at the end of the term.
- The loan will become repayable if the property is sold.
- The amount to be repaid at the end of the 5 year term is the loan amount (cost of works plus fees) plus fixed interest (currently 4.50%) compounded twice annually.
- If the loan is repaid within 18 months of the Approval date, the loan will be interest free and you will repay only the amount of the loan (cost of works plus fees).

Please check that this loan will meet your needs. If you are in doubt, please seek independent financial and legal advice.

EMPTY HOMES LOAN EXAMPLE

INITIAL VALUE OF YOUR PROPERTY					£100,000
INITIAL AMOUNT OF LOAN (INCLUDING FEES)					£10,000
LOAN / PROPERTY VALUE					10.00%
INTEREST RATE (%)					
INTEREST RATE (%)				4.50%	
REPAYMENT PERIOD (YEARS)	1	3	5		
COMPOUND INTEREST	£10,455	£11,428	£12,492		

EMPTY HOMES LOAN EXAMPLE

INITIAL VALUE OF YOUR PROPERTY					£100,000
INITIAL AMOUNT OF LOAN (INCLUDING FEES)					£20,000
LOAN / PROPERTY VALUE					20.00%
INTEREST RATE (%)					
INTEREST RATE (%)				4.50%	
REPAYMENT PERIOD (YEARS)	1	3	5		
COMPOUND INTEREST	£20,910	£22,857	£24,984		

EMPTY HOMES LOAN EXAMPLE

INITIAL VALUE OF YOUR PROPERTY					£100,000
INITIAL AMOUNT OF LOAN (INCLUDING FEES)					£30,000
LOAN / PROPERTY VALUE					30.00%
INTEREST RATE (%)					
INTEREST RATE (%)				4.50%	
REPAYMENT PERIOD (YEARS)	1	3	5		
COMPOUND INTEREST	£31,365	£34,285	£37,476		

TARIFF OF CHARGES FOR EMPTY HOMES LOAN

ANY FEES THAT ARE PAYABLE BY YOU CAN BE PAID UPFRONT OR ADDED TO THE LOAN.

IF YOU ADD ANY FEES TO THE LOAN, THE FEES BECOME PART OF THE LOAN, MEANING THAT YOU MAY PAY BACK MORE THAN THE ORIGINAL AMOUNT OF THE FEES.

IF YOU CANCEL YOUR APPLICATION AFTER YOU HAVE SIGNED THE LOAN INFORMATION DOCUMENT, AS YOUR AGREEMENT TO PROCEED TO A VALUATION, YOU WILL BE LIABLE FOR THE VALUATION FEE.

YOU WILL ALSO BE LIABLE FOR ANY SOLICITORS COSTS THAT WE INCUR AFTER SOLICITORS HAVE BEEN INSTRUCTED.

THE TABLE BELOW SHOWS THE NORMAL COSTS INCURRED IN ARRANGING AN EMPTY HOMES LOAN.

Valuation Fees

Valuation Fee	£150.00
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Administration Fees

Administration Fee	
Loans up to £5,000	£500.00
Loans of £5,000 and above	10% of loan value Up to £1,000.00 max

Legal Fees

(For preparing and registering the legal documents required for the loan)

Registered Property	£230 - £300 plus VAT
Unregistered Property	£270 - £340 plus VAT

Consent Fees

Where consent to register our legal charge is required from any lenders you may have.

These fees vary from lender to lender

Consent Fee	Variable
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