

Major Works Payment Options

November 2011



For all the payment options you may make additional payments at any time.

Option	Eligibility Criteria	Detail
Agreed maximum price	Applies to framework contracts where there is an agreed maximum price.	Where the final account for the project exceeds the amount shown in the Section 20 notice, HFI will seek to recover only the notified amount, except where there is a need for additional works, not included in the scope of works. These will be separately charged for, following the serving of a further Section 20 notice.
Prompt payment discount	Charge paid within twelve weeks of demand for payment.	If you pay your major works bill within twelve weeks of demand for payment, you will be entitled to a 2.5% discount. This means that you only have to pay 97.5% upfront.
Bank or building society loans	Available to all.	You can approach a bank or building society for a loan/mortgage or ask your current lender to increase your mortgage.
Income support	Determined by the Department of Work and Pensions (DWP).	Leaseholders receiving income support, job seekers allowance or pension credit may be eligible for assistance with the cost of certain works or with the interest on amounts borrowed.
Independent advice service	Available to all resident leaseholders, via Broadway	Broadway can provide independent financial advice for resident leaseholders wishing to know which financing option best suits their circumstances.
Two year interest-free payment period	Minimum monthly payment must be at least £100	Payment by monthly instalments of 1/24 of the invoice. This is the maximum payment period available to non-residents.
Three year interest-free payment period	Must be your only home. Minimum monthly payment must be at least £50	Payment by monthly instalments of 1/36 of the invoice.
Five year interest-free payment period	Must be your only home. Charge must be at least £10,000.	<ul style="list-style-type: none"> a legal charge will be placed on the property, for which an administration fee of £200 will be payable. This must be paid in advance. in some cases you will also have to pay a fee to your lender. payment by monthly instalments of 1/60 of the invoice.
Up to five year payment period	Must be your only home. Minimum monthly payment must be at least £50 This is the maximum period available if your bill is below £10,000	<ul style="list-style-type: none"> a legal charge will be placed on the property, for which an administration fee of £200 will be payable. This must be paid in advance. in some cases you will also have to pay a fee to your lender. no interest will be charged for first 3 years. <p>years four and five, interest charged at discounted rate (Bank of England base rate) provided the agreement is adhered to. This rate of interest will vary in accordance with the base rate.</p>

Up to ten year payment period	<p>Must be your only home.</p> <p>Charge must be at least £10,000.</p>	<p>You can choose a payment period of up to ten years.</p> <ul style="list-style-type: none"> • a legal charge will be placed on the property, for which an administration fee of £200 will be payable. This must be paid in advance. • in some cases you will also have to pay a fee to your lender. • no interest will be charged for first 5 years.. • years six to ten, interest charged at discounted rate (Bank of England base rate) provided the agreement is adhered to. This rate of interest will vary in accordance with the base rate.
Equity release	<p>Must be your only home.</p> <p>One or more parties must be aged 60 or over.</p> <p>Charge must be at least £5,000.</p>	<ul style="list-style-type: none"> • Requires a referral to Broadway. • a legal charge to be placed on the property. • guarantee of no repossession.
Statutory right to a loan	<p>Lease must have been granted within the last ten years.</p>	<ul style="list-style-type: none"> • Loan periods depend on the amount borrowed. Details are set out in the legislation. These include interest rates, which are relatively high. • Must apply within six weeks of receipt of your invoice.
Placing a charge on your property	<p>Must be your only home.</p> <p>Charge must be at least £3,000.</p> <p>Must have sufficient equity in your home to cover the amount of the charge.</p> <p>Cannot access a bank or building society loan.</p> <p>Unable to pay through the other payment options (except Equity release).</p>	<p>A charge will be placed on the property for which an administration fee of £200 will be payable. This can be paid in advance or included in the charge.</p> <p>In some cases you will also have to pay a fee to your lender.</p> <p>The interest rate will be 1% greater than the Bank of England base rate. This rate of interest will vary in accordance with the base rate. There are two alternatives.</p> <p>1) No payments until property is sold. Instead the interest will be 'rolled up' and recovered, with the amount the charge is for, when the property is sold.</p> <p>2) The interest is paid on a monthly basis until the property is sold, but the amount the charge is for remains the same and is paid when the property is sold.</p>
Buy-backs	<p>Must be your only home.</p> <p>Unable to fund through mortgage, equity release, right to a loan, DWP, charge on the property, or pay through the other payment options.</p>	<p>Cases will be assessed individually.</p> <p>This option is subject to funds being available from Islington Council.</p>
Hardship capping	<p>Must be your only home.</p> <p>Over 60 or on disability benefits. Unable to fund through the other payment options.</p>	<p>A charge will be placed on the property.</p>