

Frequently Asked Questions

Available in Welsh on request

Q Who can apply for a loan?

The Loan scheme is available to all owners of property — Owner Occupiers, Landlords, Developers, Businesses, Trusts, and Charitable Organisations — subject to usual financial and creditworthiness checks.

For residential landlords, applicants must demonstrate that they are a 'fit and proper' person, (in accordance with Housing Act 2004 and Housing (Wales) Act 2014 - Part 1)

For example, an applicant (or any person associated or previously associated with you) may not be considered a 'fit and proper person' if any of the following apply:-

- Hold an unspent conviction involving fraud or other dishonesty, or violence or drugs, or any offence listed in Schedule 3 to the Sexual Offences Act 2003
- Have undertaken any unlawful discrimination on grounds of sex, colour, race, ethnic or national origins or disability in, or in connection with, the carrying on of any business;
- that you (or any person associated or previously associated with you) have not contravened any provision of housing and/or landlord or tenant law.

See the guidance notes for further information

Q. What are 'usual financial and creditworthiness checks'?

Your application will need to satisfy us of your ability to afford to repay the loan. A detailed statement outlining all income and expenditure associated with your personal circumstances will be undertaken to assess your 'disposable income' available for repayment. You will be asked to provide evidence of all significant income and expenditure items.

We will also check your credit history. Applicants whose credit history includes any of the listed below might have their loan application refused -

- County Court Judgements (CCJs)
- Independent Voluntary Arrangements
- Bankrupt (within last 6 years)
- Debt Relief Order (DRO)
- Company Insolvency/Liquidation
- Owe any outstanding debt to the Local Authority/Welsh Government at the time of making the application

Please be aware that a formal credit check may have an adverse affect on your credit status. This is because a credit check leaves a 'footprint' on your file that can be seen by other lenders. A credit history that shows too many 'footprints' can be interpreted by lenders as an indication someone is having financial problems or identification fraud is taking place. So before making a full application you might want to explore the market to see what is the best deal for you.

Q. What can the loan be used for?

For owner occupiers improvements to the standard and overall quality of the property to make it **warm, safe or secure** that would bring it up to a reasonable standard for occupation. For landlords their rented properties should also be free of Category 1 hazards as defined by the Housing Act 2004 Housing Health and Safety Rating System.

Q. What is the minimum and maximum amount of loan I can apply for?

Loans are available from £1,000 up to £25,000 per property or unit up to a maximum funding of £150,000 per applicant.

Please note that any loan offered **cannot** exceed 80% of the **current net** property value.— having deducted the value of outstanding mortgages and financial charges.

Q. What is the maximum loan period allowed ?

The maximum loan period permitted is 5 years for landlord and 10 years for owner occupiers.

Q. What is the interest rate for the loan?

The loans are 'interest free', **providing there is no default** on the loan. Although a 'one-off' administration fee will apply — to cover costs associated with administering the scheme.

Where any sum is required to be paid, but is not repaid in accordance with the loan conditions, a breach of conditions will have occurred.

In such instances Monmouthshire County Council will demand immediate repayment of the loan and apply an interest at a rate of 6% above the prevailing Bank of England base lending rate until full repayment is received.

Q Why do you charge a 'one-off' administrative fee?

We require a fee to cover all costs associated with administering loan applications and the loan fund.

This includes cost associated with financial and credit assessments, valuations, legal administration and land registry fees, assessments, monitoring, evaluation, etc

Q. Does the administrative fee include Vat?

No. The administrative fee is exclusive of vat.

Q. What is the current rate for the administration fee?

We currently offer 2 rates of administrative fees subject to a minimum fee of £395 + Vat

- Owners Occupiers & landlords 8% + Vat
- Landlords offering nomination rights and short term loans 4% + Vat

Q. Why do you offer two rates?

There is a lower rate for landlords who offer their property to prospective tenants nominated by the Council as recognition of their willingness to assist the Council in discharging our statutory duty to help households in housing need.

Q. Can I apply for an Unsecured Loan ?

No. All approved loans must be secured by a first or second financial charge against the property. This financial charge will be registered at the Land Registry.

If there is an existing mortgage on the property, you will need to secure the lenders consent to secure our charge.

If insufficient value exists in the property to be refurbished it may be possible, in certain circumstances, to secure the loan against a second property.

Q. Can we provide funding to leaseholders?

Yes, in certain circumstances, a long leaseholder application can be considered. However, you will need to secure freeholder permission and, as all loans are secured against property, you will need to evidence sufficient value in your lease to meet the 'Loan To Value' criteria.

For guidance, most commercial lenders require a lease to have a minimum of 60-80 years left to enable them to secure a mortgage.

Q Will I have to repay the loan monthly, or is there flexibility ?

No, loan agreements will require regular repayments on a monthly basis. Payment by Direct Debit will be required.

Q. I am interested in applying for a loan, what do I do next?

You will need to complete an Expression of Interest form (EOI) and return it to the Loan Fund Officer (details below)

This will ask for: -

- The value of loan you are applying for;
- Whether you have received any funding from a public body in the past 3 years;
- Your name, address and contact details;
- The address of the property for which you would like to apply for a loan;
- Title number to the property at HM Land Registry;
- A brief summary of the works to be undertaken;

We will contact you following receipt to advise on eligibility and, if confirmed, how best to progress your application for a loan.

PLEASE NOTE THAT ALL LOANS ARE SECURED BY MEAN OF A LEGAL CHARGE ON YOUR PROPERTY.

BEFORE COMMITTING YOURSELF TO THE LOAN YOU ARE STRONGLY ADVISED TO CONSULT YOUR OWN SOLICITOR AND FINANCIAL ADVISOR TO DISCUSS THE IMPLICATIONS.

PLEASE BE AWARE THAT YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A SECURED LOAN.