

## National Empty Homes Loans Fund

Mortgages to help bring empty properties back into use



**For further information**

**Call - 0845 674 5566**

**Email - [mortgages@ecology.co.uk](mailto:mortgages@ecology.co.uk)**

**or write to the address below**

08/13



7 Belton Road, Silsden, Keighley, West Yorkshire, BD20 0EE  
T 0845 674 5566 F 01535 650780 E [mortgages@ecology.co.uk](mailto:mortgages@ecology.co.uk)

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register No. 162090

Printed on 100% post-consumer waste recycled paper

[www.ecology.co.uk](http://www.ecology.co.uk)

 [www.facebook.com/EcologyBS](http://www.facebook.com/EcologyBS)  [@EcologyBS](https://twitter.com/EcologyBS)

# Introduction

## What is an empty home?

An empty home is a property which could be inhabited but is currently vacant. There are an estimated 920,000 empty homes in the UK, of which 710,000 are in England. 259,000 of these properties are long term empty homes, meaning that they have been empty for six months or more.

Empty homes are a wasted resource for the community and for the owner of the property. Nearly two million British families don't have adequate housing, yet at the same time almost a million properties are lying empty. When homes are left empty for a long period of time, they can fall into disrepair and can contribute to the decline of the local area.

## Bringing empty homes back into use

Currently, owners of empty homes are often unable to access funds to bring the properties back into use, creating a vicious cycle of decline in areas with high numbers of empty properties. At Ecology, we see bringing empty homes back into use as a form of recycling, which makes good use of available resources and helps to support sustainable communities. We have lent for the renovation of unused or derelict buildings since our origins in 1981, when we were founded by a group of activists in response to the lack of funding for such projects.

## The National Empty Homes Loans Fund

The National Empty Homes Loans Fund (NEHLF) is a partnership between the Empty Homes Agency, Ecology Building Society, central government and participating local authorities in England. It provides loans of up to £15,000 to owners of empty properties, to help bring them back into affordable use. Homes must be renovated to Decent Homes standard, a government standard which means that the home is in good repair, has reasonably modern facilities and is warm and weatherproof.

The Empty Homes Agency is working in partnership with a range of local authorities to help deliver this scheme. You can find a list of local authorities that are part of the scheme at [www.ecology.co.uk/emptyhomes](http://www.ecology.co.uk/emptyhomes).

There is no rigid list of works that may be eligible for a loan, but below are some of the common purposes for which the loan may be used:

- Improving home energy efficiency
- Insulation
- New non-uPVC double glazed windows/doors
- New kitchen or bathroom
- New roof
- Substantial repairs/replacements
- Any other works that help towards meeting the government Decent Homes standard, or other items of disrepair identified under the 2004 Housing Act or other relevant Acts.

You can employ a contractor of your choice to carry out the works.

## About the loans

### Who can borrow?

The NEHLF loan is available to owners of a property that has been empty for six months or more. If you are a joint or part owner of a property, you must have the consent of all the other owners to enter into a loan agreement.

All borrowers must be aged 18 or over. This mortgage is only available to UK residents and you must have a clean borrowing history and have been on the Electoral Register for the last three years.



If you have an existing mortgage on the empty property, Ecology Building Society will consider whether we can take the second or subsequent charge. You could also consider remortgaging your property with Ecology – please refer to our *Buy-to-let mortgages* leaflet for more details. Should you choose to remortgage with Ecology, please note that the information below relates only to the NEHLF part of your borrowing.

### Can I only take out a loan if my local authority has signed up to the scheme?

If your local authority is not part of the scheme, you can apply directly to Ecology Building Society. If you apply directly to Ecology, you will have to pay administration and valuation fees (see *Tariff of charges* below).

### How much can I borrow?

You can borrow any amount between £5,000 and £15,000. The amount of the NEHLF loan, alongside any other secured borrowing you have on the property, must not exceed 70% of the value of the property.

The amount that can be borrowed is also based on the anticipated affordable rental income generated by the property, which should be at least 20% more than the total monthly mortgage payment(s) on this property. This allows a safety margin for times when the property is not let.

Along with your personal income, any existing borrowings will also be taken into account in assessing whether we can lend you the amount you require.

### What type of mortgage is available?

The NEHLF loan is only available for a fixed term of five years on a full repayment basis.

## What is the interest rate?

The NEHLF loan has a fixed interest rate of 5.00%.

## How is interest calculated?

Please see section *Calculating your interest* in the *After your mortgage commences* leaflet.

## In more detail

### Mortgage repayments

You must have sufficient funds in hand to cover the initial mortgage payments while renovation works are being carried out or in case there is some delay in finding tenants. All monthly mortgage payments will be made by Direct Debit from your bank account.

If during the five years of the NEHLF loan, you repay your mortgage in full or you make capital repayments in any year totalling more than 20% of your current debt, we'll apply an early repayment charge equivalent to 6% of the amount repaid. This charge will be waived if repayment takes place following the death of either a borrower or a borrower's partner. It will also not normally be charged if you take out another mortgage with us where the new mortgage commences on the date of redemption of the original loan. If you sell the property within the five year loan period, then the loan must be repaid and you will face an early repayment charge.

### Valuation

We will ask our valuer to give a valuation based on the property in its current state and also to give a figure for when the renovation has been completed. In order to provide a "when complete" figure, the valuer will need a copy of your plans and estimates, and these should be sent with your mortgage application form.

The valuation will not provide a detailed assessment of the condition of the property nor does it provide a guarantee that any purchase price is reasonable. We will also ask the valuer to give an opinion on the total monthly rental income the property could likely to generate when work is finished. This will be used to assess the affordability of the loan and to identify the affordable rent maximum for the property (see *Terms of letting* below).



## Insurance

You need to ensure that you have buildings insurance in place when we release the funds to you. If you are not insured or have had difficulty in obtaining suitable buildings insurance, the Empty Homes Agency may be able to help. You can contact the Empty Homes Agency via email on [emptyhomes@emptyhomes.com](mailto:emptyhomes@emptyhomes.com) or by telephone on 020 7921 4327.

## Terms of letting

All lettings must be arranged via individual Assured Shorthold Tenancies (or Short Assured Tenancies in Scotland) and normally be for periods not exceeding 12 months at a time. It will be your responsibility to ensure that while the property is let, it complies with all relevant legislation affecting residential accommodation let to tenants.

The loan will be subject to special conditions:

- The empty property must be refurbished to Decent Homes standard
- The property must be re-let at an affordable rent level, which will be agreed prior to the application. This should be no more than 80% of the open market rental value, as determined in the valuation, or a rental figure as specified by the Empty Homes Agency (which will not be lower than the local housing allowance for the area).

## Tariff of charges

If your local authority is part of the scheme and you apply through them, you will not have to pay administration or valuation fees. If you apply directly to Ecology, you will have to pay administration and valuation fees, as shown in the *Current residential mortgage rates and charges* leaflet.

## Solving problems

Our aim is to provide a high standard of service to all our borrowers. However, occasionally things can go wrong. When this happens, we want to put matters right as quickly as possible. We will handle any complaints which arise while you are borrowers fairly and speedily and will let you have details of our Internal Complaints Procedure on request. If we cannot resolve any complaint to your satisfaction, you will be able to refer it to the Financial Ombudsman Service.

## Standard of service

The Financial Conduct Authority has laid down detailed rules about residential mortgages. The policy adopted by the Society under these rules is not to offer you formal advice about our products but to provide you with full information about the particular type of residential mortgage we have available so you can decide if it is what you require. We follow a similar approach in relation to our mortgages where Financial Conduct Authority rules do not apply.





# How can I apply for a loan?

## The application process

*If your local authority is part of his scheme*, you should complete the online enquiry form on the Empty Homes Agency website at [www.emptyhomes.com](http://www.emptyhomes.com), if you have not already done so. They will put you in touch with your local authority representative, who will discuss your project and provide details to the Empty Homes Agency. The Empty Homes Agency will check that you are eligible for the scheme and will send your details to Ecology Building Society.

*If your local authority is not involved in this scheme*, you should complete our online enquiry form at [www.ecology.co.uk/emptyhomes](http://www.ecology.co.uk/emptyhomes), if you have not already done so. This will send your details to both Ecology and the Empty Homes Agency. The Empty Homes Agency will check whether your local authority intends to join the NEHLF scheme; if so, you may choose to wait until the local authority has joined the scheme, or continue with your application directly with Ecology Building Society. If the local authority does not intend to join the scheme, you will be able to continue your application directly with Ecology Building Society.

After discussing your proposal with you, and confirming in principle that we will be willing to consider an NEHLF loan, we will send an application form to you. This should be fully completed and returned to us with copies of your plans and estimates for the renovation works. If you are applying directly (rather than via your local authority) you should also send a cheque to cover the appropriate valuation fee and the application fee.

On receipt of your application, we will review the information you have supplied. If there are any queries we will contact you immediately to clarify the situation and then instruct a valuer. We endeavour to process all applications promptly and efficiently. If we are not able to consider a mortgage for any reason we will inform you promptly.

**YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON ANY MORTGAGE SECURED AGAINST IT.**