

Houseproud

Many older homeowners, or households that include a disabled person, have a real need to repair, improve or adapt their living space. But the prospect of having building work done is daunting enough without the dangers of cowboy builders and concerns over how to pay for the work, so many people are put off the idea entirely.

It's for this reason that the Home Improvement Trust, a non-profit organization, runs the Houseproud scheme, in partnership with local authorities and home improvement agencies across England and Wales. Houseproud helps homeowners or leaseholders aged 60 or over – or homeowners of any age who are disabled or have a disabled person living with them – to carry out and fund major work on their homes.

Assistance under the Houseproud scheme can range from giving practical help and advice on repairs, improvements and adaptations, help with planning the work, sourcing of reliable tradespeople and checking of completed work, to advising on and providing finance, including no-risk equity release loans. The kind of work covered by Houseproud can include anything from a new bathroom to a new roof, from installing central heating to installing a stairlift.

The service is delivered locally with case workers and advisers, usually from the council's Home Improvement Agency, providing a single and consistent point of contact for clients. All aspects of the service are provided under the auspices of the council, ensuring peace of mind throughout.

Benefits for the homeowner

- Practical advice on repairs, improvements and adaptations.
- Honest information about the funding options available and access to loans.

- Provision of Key Facts illustrations of equity release options in line with FSA requirements.
- Peace of mind because the work is carried out under the auspices of the local council.
- Reliable tradespeople used to carry out the work.
- A guarantee of no repossession, whilst the original borrower/s remain in occupation.
- Comfort, security and independence of continuing to live in your own home rather than have to move into residential care.

Types of loan available

These are your three main loan options:

- No service Loan
- Interest-only loan.
- Capital and interest repayment loan.

No service loan

This loan is usually only available to single people and couples who are 60 or older. Couples must make a joint application.

You do not need to make any regular repayments with this kind of loan.

The loan only needs repaying when your home is no longer your main home and is sold. When the property is sold, for example, after your death, the bank or building society will take the original amount of the loan (the capital), plus all the interest that has accumulated, from the proceeds of the sale. What is left over will depend on how the value of your house has altered over the same period.

However, you can start making repayments earlier if you want to – first the interest and then the loan. You also have the option of repaying the whole loan and any interest due. There is no penalty for early repayment, except in the first year when there may be a charge of up to two month's interest.

Interest-only loan

This option is available to single people or couples who are 60 or over or households with a disabled person of any age.

Only the interest on the loan is payable each month. You continue to pay interest until the property is sold. The actual amount you borrow (the capital) does not reduce and is repaid when your house is no longer your main home and is sold.

When the property is sold, the bank or building society will take the amount of the original loan – plus any outstanding interest – from the sale proceeds to repay the loan.

You can start paying off what you borrowed whenever you like. You will have to pay interest on the amount you still owe until you have repaid the loan.

You can repay the whole loan and interest at any time, with no extra charges, except in the first year when some banks or building societies may charge up to two months' interest.

Capital and interest repayment loan

This type of loan is available to single people or couples aged 60 or households with a disabled person of any age.

This is a straightforward mortgage. Your monthly repayments cover both the interest and part of the original amount you have borrowed (the capital).

You agree the length of time over which you borrow the money with the lender. The shorter the period, the higher your monthly repayments will be, but, of course, the sooner it will be repaid in full.