

5. How to pay your Major Works & Service Charges



CUSTOMER SERVICE EXCELLENCE





How to pay your Major Works & Service Charges

Service Charges

Estimated service charges are paid monthly in advance from April to March. You will receive a statement followed by instalment slips. Your payments must be made by 1st of each month in accordance with your lease.

If you receive an Actual Statement of service charges in October, you may be requested to make a payment. Your payment should be made within the same month.

If you are experiencing financial difficulty or need to make arrangements for paying service charges, please call our Recovery Section on **0208 356 2299** for assistance.

Major Works Charges

Full Settlement – Prompt Payment Discount for Major Works

If you pay the whole invoice within 6 weeks of the date of invoicing you will be eligible to claim a prompt payment discount, currently 5% of the full invoice value.

Contact our Recovery Team on **0208 356 2299** as soon as you receive your bill so we can confirm the amount that you have to pay (95% of the invoice value). Please allow **10 days** to ensure that the payment reaches your account by the date specified on the invoice.

Six Month Repayment Agreement for Major Works

Leaseholders who are recharged up to £300 for a major works bill can make an arrangement to pay over a six month period.

If you intend to pay by this method you must contact us before the date specified in the invoice. A written agreement between Hackney Homes and leaseholder will enforce this agreement. Provided payments are maintained as specified in the agreement, and the recharge is fully paid within 6 months of the date of invoicing, no interest will be payable.

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One Year Repayment Agreement for Major Works

Leaseholders who are recharged more than £300 can make an arrangement to pay over a one-year interest free period.

Arrangements for entering into a one year repayment agreement are the same as for a 6 month agreement except that full payment is required within 12 months.

Two Year Repayment Agreement for Major Works

Leaseholders who are recharged £1,000 or more can make an arrangement to pay over a two year period. Such an agreement will be subject to interest.

Interest will be charged at the Local Authority lending rate applicable at the time of entering into the arrangement, and will be fixed for the whole repayment period. The rate is generally in line with Bank lending rates.

If you are able to repay the remaining invoice within 12 months, you must contact us before you make your final payment, and we will arrange for interest to be deducted.

Default Agreement Terms

A written agreement between Hackney Homes and you will be required. Payments must be maintained in accordance with the written agreement, and must clear the invoice and interest within the period of your agreement.

All defaulted arrangements (missed payments or late payments) will result in Hackney Homes referring to its usual debt recovery procedures to collect the full balance outstanding on the account.

Obtain a Loan from Your Mortgage Lender

If you have a mortgage secured against your property, your current mortgage lender may be prepared to give you a further advance to cover your recharge.

Your mortgage lender may agree to extend the repayment period of your existing mortgage, so that monthly payments do not increase.

Leaseholders are reminded that it is a not only a breach of the terms of their lease but also of their mortgage to have arrears of service charges or major works charges.

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Obtain a Repayment Loan from Hackney Homes (Mandatory)

Certain Leaseholders are entitled to claim a loan from Hackney Homes in respect of Major works recharges. The Government has identified those that qualify for such a loan using the following criteria, all of which must apply:

- Your total service charge for the year must be £2,030, or above;
- You must be recharged a minimum of £680 in respect of Major works;
- The first £2,030 of service charges will not be eligible for the loan;
- The loan is only available to leaseholders who are within the first 10 years of their lease.

The figures quoted above are linked to inflation and so will change each year.

Qualifying leaseholders will be advised that they have the right to a loan in the letter that accompanies the invoice for the work. This letter also tells you the minimum and maximum amount you can borrow, and confirms the maximum repayment period that you can have.

Leaseholders wishing to claim the right to a loan must notify Hackney Homes in writing within 4 weeks of the date of the invoice. After this time no such loans can be claimed.

A written agreement between Hackney Homes and the Leaseholder will enforce the loan. The loan will be secured by way of a mortgage on your property. Interest will be charged at the Local Government Lending Rate.

An administration fee of £100 is payable towards the costs relating to conveyancing carried out by Hackney Legal Division. Disbursements, such as Land Registry fees must be paid in addition to this fee, and we estimate that such disbursements would not normally exceed a further £100.

You will also be responsible for paying your own Solicitors costs in connection with this matter.

Hackney Homes recommends that you obtain independent financial advice before entering into any loan or mortgage that will be secured on your property.

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Discretionary Repayment Loan

If you do not have the right to a loan, or the right to a loan does not cover your full recharge, then you could apply to Hackney Homes to be considered for a discretionary loan.

Hackney Homes is not obliged to give discretionary loans, but may do so where it believes it is appropriate.

In order to be considered for a loan, you must be able to prove:

- That you are in employment;
- That you have applied to, and been refused by, at least two High Street lenders;
- That your property offers adequate security for the amount that you wish to borrow, taking into account any other mortgages secured against the property;
- That you can meet the repayments that will fall due under such a loan.

Hackney Homes will take into account all adult members of the household when assessing whether you will be able to meet the repayments.

A written agreement between Hackney Homes and Leaseholder will enforce the loan. The loan will be secured by way of a mortgage on your property, and will be subject to interest at the Local Government Lending rate.

We estimate that the following costs will be associated with a Discretionary Loan, and must be paid in full by the Leaseholder prior to completion of the mortgage:

Hackney Legal Division Fees	£ 250
Disbursements, e.g. Land Registry Fees	£ 100
Mortgage Valuation Fee	£ 150
ESTIMATED TOTAL FEES	£ 500

In addition, you will also be responsible for paying for your own Solicitors costs in connection with this matter. Hackney Homes recommends that you obtain independent financial advice before entering into any loan or mortgage that will be secured on your property.

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Help From the Benefits Agency to Pay Interest on a Loan

The Benefits Agency will not normally be able to assist with the payment of Major works recharges. These are classed as normal living costs and so would be taken into account within other benefits that you may be eligible for.

In addition, as Major works often lead to an increase of the value of a property, the Benefits Agency would expect you to use the equity in your property to settle the amount due.

However, if you take out a mortgage or loan to help pay your Major works recharge, then you may be entitled to some assistance to help you pay the interest on the amount borrowed.

For further information on this you should contact your local Benefits Agency Office directly on receipt of your Section 20 notice.

As the vast majority of such claims made are unsuccessful, Hackney Homes is unable to suspend recovery action whilst a leaseholder pursues a claim with the Benefits Agency.

Over 60's Maturity Loan

Leaseholders who are aged 60 or over at the date of invoicing can apply to have the debt secured by way of a maturity loan (or charge) on their property.

Hackney Homes is under no obligation to grant maturity loans, but may choose to do so where it believes it is appropriate.

In order for Hackney Homes to consider granting a maturity loan, you must be able to prove that:

- At least one leaseholder is aged over 60 at the date of invoicing;
- That the lease was granted over 5 years ago;
- That the property offers adequate security for the amount of the loan, taking into account any other mortgages secured on it;

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This option is not available where the works or recharges are the subject of a dispute.

No repayment is due until the property is disposed/assigned or otherwise changes hands, or until the qualifying leaseholder and their named spouse (if any) dies.

A written agreement between Hackney Homes and Leaseholder will enforce the loan. The loan will be secured by way of a mortgage on your property, and will be subject to interest at the Local Government Lending Rate.

We estimate that the following costs will be associated with a Maturity Loan, and must be paid in full by the leaseholder prior to the completion of the mortgage:

Hackney Legal Division Fees	£ 250
Disbursements, e.g. Land Registry Fees	£ 100
Mortgage Valuation Fees	£ 150
ESTIMATED TOTAL FEES	£ 500

In addition, you will also be responsible for paying for your own Solicitors costs in connection with this matter.

Hackney Homes recommends that you obtain independent financial advice before entering into any loan or mortgage that will be secured on your property.

House-Proud

For Leaseholders over 60, who do not have a mortgage on their property or households with a disabled person of any age, there is the option of House-Proud.

House-Proud is run by a group of 'not for profit' organisations headed by the Council. Their aim is to help homeowners aged 60 and over – or households aged 60 and over – or households with a disabled person of any age – repair, improve or adapt their homes. House-Proud can offer: -

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- Capital release loan
- Interest only loan
- Capital and interest repayment loan.

For the Elderly and vulnerable the option of House Proud is that the lender guarantees not to repossess the property in the unlikely event that you are unable to keep up the payments on the loan taken to pay your major works bill. If you require more information on the House-Proud scheme contact: Freephone 0800-783-7569

Grant Aid

Leaseholders who have lived in their present home for more than three years and are on a low income or are claiming a means-tested benefit such as Income Support or Council Tax Benefit may be able to get some help with the cost of this work by applying for a grant. Applications for grant aid must be made before work begins. For more details, please contact Private Sector Housing on 020 8356 4556.

Payment Methods

There are several ways in which you can make payments for service charges and major works which are listed below

1. BY POST

Borough Treasurer, Cashiers Office, Hackney Town Hall
Mare Street, London E8 1EA

Cheques and Postal Orders should be made payable to LONDON BOROUGH OF HACKNEY and crossed "ACCOUNT PAYEE ONLY"

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2. IN PERSON

During Monday to Friday 9.00 a.m. to 4.30 p.m. at Cashiers located at either:

1. Stoke Newington Municipal Offices Stoke Newington Church Street, N16	2. Hackney Town Hall Mare Street, E8 1EH
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3. BY BANK GIRO CREDIT

If you wish to pay at your bank, please use the instalment slips for service charges or invoice tear off slip for major works invoices. Your bank may make a charge for this service.

4. BY STANDING ORDER

A Standing Order form can be obtained from our Customer Services, Leasehold and Right to Buy Services, 298 Mare Street, London, E8 1HE. Please telephone **0208 356 2100**.

If you wish to set up your own Standing Order please quote the following details:

Council's Bank Account Number	61150009
Council's Bank Sort-code Number	08-90-30
Always Quote Reference Number (Shown on your invoice/statement)	MRA2005 (example only) or 228765432 (example only)

5. BY TELEPHONE

You may telephone the Hackney Service Centre on 020 8356 3000 and an officer will take your payment. You will require your service charge account or major works invoice number and your debit/credit card to hand.

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6. 24 HOUR PAYMENT LINE

You may also pay your service charges or major works by debit/credit card on our 24 hour automated payment line on 020 8356 5050.

Option you require is number 5 for service charges and major works payments

7. INTERNET PAYMENT

Online payments may be made at any time for your convenience. You will need your service charge or major works account details, and your debit/credit card.

Find us online at: **www.hackneyhomes.org.uk**

Getting Help and Advice with Paying

Hackney Homes has a dedicated recovery team ready to speak with you regarding any concerns you may have about paying your service charges or major works.

We can advise you about repayment agreements; how to pay; when you need to make payments; how to avoid interest charges; and to offer advice about suitable payments.

Difficulty Paying

If you are concerned about your ability to pay for major works or service charges please do not hesitate to contact us to discuss the options open to you.

Specialist independent debt advice is available for leaseholders experiencing difficulty paying. This service includes providing information and advice on a wide range of housing and debt options, accessing benefits and help in restructuring finances to ensure a long term solution to housing and debt problems. Further information may be obtained by contacting the Recovery Team on 0208 356 2299.

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Contacting us Regarding Payment Options

For written enquires relating to payment options for major works you should contact the Recovery Team, details as below:

Leasehold and Right to Buy Services

**Recovery Team
1st Floor,
298 Mare Street
London
E8 1HE**

**Opening times: 9am – 5pm Monday to Friday
Telephone: 020 8356 2299**

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Contact Us

Leasehold & Right To Buy Services

Below are the Sections that make up the Leasehold & Right to Buy Services. You can contact us between 9am - 5pm Monday to Friday. We also open from 9.00am - 7.30pm on the second and last Wednesday of every month.

All our teams are located at:

Leasehold & Right to Buy Services
1st Floor, 298 Mare Street
London
E8 1HE

Customer Services (General enquiries)

- Sellers Pack
- Subletting

Phone: 020 8356 2100

Email: leaseholders@hackneyhomes.org.uk or freeholders@hackneyhomes.org.uk

Right to Buy

- Applications
- Offers

Phone: 020 8356 2010/2232

Email: RTB@hackneyhomes.org.uk

Service Charge Accounts

- Preparation/Billing of Estimates
- Preparation/Billing of Actuals

Phone: 020 8356 2099

Email: Service.charges@hackneyhomes.org.uk

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Service Charge & Major Works Recovery

- Payments and Arrears

Phone: 020 8356 2299

Email: major.works@hackneyhomes.org.uk and Service.charges@hackneyhomes.org.uk

Major Works

- Estimates and Invoicing

Phone: 020 8356 2400

Email: major.works@hackneyhomes.org.uk

The contents of this Handbook are believed to be accurate at the date of publication (November 2006).



