

paying for building repairs & maintenance

For Home Owners and the Private Rented Sector



PAYING FOR BUILDING REPAIRS & MAINTENANCE

Your home is probably your biggest asset, and it makes sense to protect it by investing in keeping it in a good state of repair.

A sound home is more pleasant to live in, worth more money, and if you want to move on will sell faster than one in a state of disrepair. Repairs and improvements can be costly, but there are a variety of ways you can finance the work.

POSSIBLE OPTIONS FOR FINDING THE MONEY

INSURANCE

If the cause of the problem is storm, fire or flood damage you may be able to claim against your buildings insurance. You may also be able to claim for damage caused by another party, for example a burst pipe. Normally you can't claim for routine repairs and if the problem is a result of neglect your claim could be rejected.

SAVINGS AND INVESTMENTS

If you have savings it may be cheaper to use them to pay for repairs and improvements than taking out a loan.

SPREADING THE COST

Sometimes the work can be done in stages so you can carry out each part when you can afford it. A builder, surveyor, or if you live in a block of flats, property manager will be able to advise you if this is possible.

SET UP A MAINTENANCE FUND

You could consider setting up a savings account and putting money away regularly to pay for repairs and maintenance. Some people in shared buildings set up joint maintenance funds for common repairs. Each owner pays into the fund and guarantees that if they sell the new owner will take on responsibility for payment.

EXTEND YOUR MORTGAGE

You may be able to borrow more money against your mortgage and this is how most homeowners pay for bigger repairs and improvements. Your house must be worth more than the current value of your mortgage to do this.

If you want to extend your mortgage you should:

1. check your budget and work out what you can afford to spend each month on your mortgage repayments
2. find out how much you can borrow
3. check if there will be any fees to pay for increasing your mortgage

CHANGE YOUR MORTGAGE

You may get a better deal by re-mortgaging, either with your current lender or someone else. You should shop around for the best deal, but remember to include the 'hidden' costs:

- tie-in periods - if you decide to leave the lender during the period of your mortgage you may have to pay a penalty
- arrangement fees
- insurance - you may have to take out insurance with your new lender at a higher cost
- survey fees
- legal costs. Some lenders will offer to cover this cost but this may be traded off by higher interest rates

FIXED TERM LOANS

There are many companies offering loans. Secured loans are usually cheaper but if you cannot meet your payments you could be forced to sell your property.

EQUITY RELEASE

The equity (value) you have in your home is its open market value less any mortgage or other debt held against it. Equity release is a way of getting cash from the value of your home without having to move out of it. There are two main types of equity release scheme – lifetime mortgages and home reversions. Equity release schemes are complex and you should always consider taking professional advice before making any commitment.

With a Lifetime mortgage you:

- take out a loan that is secured on your home (that is, the lender knows they can get their money back by selling your home)
- continue to own your home, although you will have to pay back the mortgage on it
- repay the mortgage from the proceeds of the sale of your home when you die, or if you move out of it

With a home reversion you:

- sell all or part of your home to a reversion company or an individual
- no longer own your home, but continue to live there as a tenant of the reversion company or individual
- the home is sold when you die, or if you move out of it

WHAT IF I CAN'T GET A LOAN OR DON'T HAVE ANY SAVINGS?

For hardship cases the Scottish Government is actively reviewing how it might facilitate the greater availability of lending through access to some form of equity based lending for owners unable to secure loans from high street lenders. Guidance may be issued at a later date.

This leaflet provides general financial information and does not constitute regulated financial advice, which recommends a course of action based upon the specifics of your personal circumstances. You should consult an Independent Financial Advisor before making any important decisions about your finances.

FURTHER INFORMATION

PRIVATE SECTOR HOUSING TEAM

For advice on improving, repairing and maintaining your building.

Galashiels Area Office | Paton Street | Galashiels | TD1 3AS

tel: 01896 661393

[email: housingenquiries@scotborders.gov.uk](mailto:housingenquiries@scotborders.gov.uk)

BORDERS CARE & REPAIR

For advice and help on disabled adaptations and for older people on all aspects of repairing and maintaining your home.

The Weaving Shed | Ettrick Mill | Dunsdale Road | SELKIRK
TD7 5EB.

tel: 01750 724895

[email: enquiries@borderscareandrepair.org.uk](mailto:enquiries@borderscareandrepair.org.uk)

CONSUMER DIRECT SCOTLAND

For advice on borrowing money.

tel: 08454 04 05 06

Acknowledgement

SBC acknowledges having used information provided by the City of Edinburgh Council's Homeworks Service in the production of this guidance.

NOTES

You can get this document on tape, in large print, and various other formats by contacting us at the address below. In addition, contact the address below for information on language translations, additional copies, or to arrange for an officer to meet with you to explain any areas of the publication that you would like clarified.

HOUSING STRATEGY TEAM

Galashiels Area Office | Paton Street | Galashiels | TD1 3AS

tel: 01896 661392 | [email: housingenquiries@scotborders.gov.uk](mailto:housingenquiries@scotborders.gov.uk)

www.scotborders.gov.uk

