STATUTORY INSTRUMENTS

2017 No. 725

The Loans for Mortgage Interest Regulations 2017

Calculation in respect of alternative finance payments

12.—(1) The amount to be included in each loan payment for owner-occupier payments which are alternative finance payments is determined as follows.

Step 1
Determine the purchase price of the accommodation to which the alternative finance payments relate.

Step 2
Determine the identified amount which is the lower of—

(a) (a) the amount resulting from step 1; and

(b) (b) the capital limit specified in paragraph (2)(a) or (b).

If both amounts are the same, that is the identified amount.

Step 3
In respect of an SPC claimant, apply the following formula to achieve a weekly sum—

$$\frac{A \times SR}{52} - I$$

In respect of a UC claimant, apply the following formula to achieve a monthly sum—

$$\frac{A \times SR}{12} - I$$

In either case—

"A" is the identified amount in step 2,

"SR" is the standard rate that applies at the date of the calculation (see regulation 13), and

"I" is the amount of any income, in the case of an SPC claimant, or unearned income, in the case of a UC claimant, above the claimant's applicable amount.

The result is the amount to be included in each loan payment for owner-occupier payments which are alternative finance payments.

(2) The capital limit is—

(a) £200,000 in the case of an SPC claimant where the Modified Rules apply or a UC claimant;

(b) £100,000 in all other cases.

(3) For the purposes of paragraph (1), "purchase price" means the price paid by a party to the alternative finance arrangements other than the claimant in order to acquire the interest in the accommodation to which those arrangements relate less—

(a) the amount of any initial payment made by the claimant in connection with the acquisition of that interest; and

(b) the amount of any subsequent payments made by the claimant or any partner to another party to the alternative finance arrangements before—

(i) the relevant date; or

(ii) in the case of an existing claimant, the date on which the claimant's qualifying benefit first included an amount for owner-occupier payments,

which reduce the amount owed by the claimant under the alternative finance arrangements.

(4) Subject to paragraph (5), any variation in the amount for the time being owing in connection with alternative finance arrangements is not to be taken into account after the relevant date until such time as the Secretary of State recalculates the amount which shall occur—

(a) on the first anniversary of the relevant date; and

(b) in respect of any variation after the first anniversary, on the next anniversary which follows the date of the variation.

(5) In respect of an existing claimant, the Secretary of State shall recalculate the amount for the time being owing **[**[F1]in connection with alternative finance arrangements**]** on the anniversary of the date on which the claimant's qualifying benefit first included an amount for owner-occupier payments.

Textual Amendments

F1 Words in reg. 12(5) substituted (6.4.2018) by The Loans for Mortgage Interest and Social Fund Maternity Grant (Amendment) Regulations 2018 (S.I. 2018/307), regs. 1(2), **2(7)**

Changes to legislation:
There are currently no known outstanding effects for the The Loans for Mortgage Interest Regulations 2017, Section 12.