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**Land &
Property
Services®**

LAND & PROPERTY SERVICES GUIDE TO RATES DEFERMENT FOR OWNER OCCUPIER PENSIONERS

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This Guidance Booklet provides information on rates deferment (postponement) under the Rates Deferment Scheme

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1. INTRODUCTION

This guide provides important information on the rates deferment scheme, also referred to as rates postponement, and will be of interest to those aged 60 or over (and their partners) who own and occupy their own home. Rates postponement is only available in Northern Ireland. The guide explains the long term commitment involved in postponing your rates, which could be for upwards of 30 years. You should read this document carefully so that you are fully aware of the scheme's key aspects and what it could mean for you and your family. Common terms in the guide are defined in Section 12. This guide, along with an 'illustration' of rates postponement specific to your property, will help you make an informed choice and decide if rates postponement is right for you.

Is this guide important?

You should read this guide very carefully given the complexities of the scheme and the long term financial and legal implications of it for you and your property. Should you be accepted onto the scheme please keep this guide together with a copy of your Agreement (your legal contract). These will provide information that you will need right through until your debt is repaid.

Before taking final decisions on rates postponement it is important that you fully understand the contents of this guide and the implications for you of entering into a deferment agreement. You are advised to seek the advice of a solicitor and an independent financial adviser, given the long term implications of rates postponement for the ownership of your property and the value of your estate that you will be able to pass on.

Who does this guidance apply to?

This guide is for anyone wanting further information on postponing the payment of their rates and those entering into an Agreement to postpone rates. It is relevant if you are of pensionable age (on 1 April 2010 age 60 or over) or the partner of such a person, own and occupy your home as your only or principal residence and wish to postpone the payment of rates on it. Rates postponement could apply until death, or when your property is sold/transferred or in the event that any of the conditions of the Agreement are broken.

The payment of rates cannot be postponed on rented homes, on second homes, empty homes (with some limited exceptions for nursing and residential care) or commercial properties (or commercial parts of properties).

What legislation governs the scheme?

The scheme, along with the pre-conditions and conditions of the Agreement, is covered by the Rates (Deferment) Regulations (Northern Ireland) 2010 (http://www.opsi.gov.uk/sr/sr2010/pdf/nisr_20100063_en.pdf).

The information contained in this guide sets out the policy intention behind the scheme, but has no legal effect. It is not a substitute for the legislation which, along with the Agreement itself, legally governs the scheme.

Any queries about the scheme or this guide should be referred to Land & Property Services (LPS) on telephone number 101.

2. WHAT IS INVOLVED IN RATES POSTPONEMENT?

What is rates postponement?

Rates postponement involves a delay in the payment of your rates beyond the date that your normal rate bill would have been due. It will cover the period between 1 April in the year that you enter into an Agreement and termination of that Agreement, taking account of any periods during which the postponement of rates is suspended. The working assumption, and basis of assessing whether you can postpone your rates, will be that rates payment is postponed until your death. For anyone aged 60 this could be upwards of 30 years.

Why is rates postponement being introduced?

The scheme is designed to assist pensioners who own their own home but have a modest or fixed income and are finding it difficult to make ends meet financially. The scheme is intended for pensioners who are outside the limits of the housing benefit and the low income rate relief schemes; and for some it will help reduce the mounting cost of remaining in the family home.

How is rates postponement different from other rating measures?

This is not a new rating relief or allowance, rather it provides a payment choice. If granted, you will owe both rates and interest to the Department which will have to be recovered from the sale of your property. This could considerably reduce the value of your estate that you will have to pass on.

What are the consequences of rates postponement?

Postponing your rates will involve a long term written contractual commitment, that could last for more than 30 years, with the debt secured against your property. It should not be entered into lightly. You will need to consider the level of debt that could build up, the impact on your property and the value of your estate that you may wish to pass on. An illustration from the Department will give you an idea of the potential size of the debt that could build up.

Who can apply for rates postponement?

You can apply for rates postponement if you:

- are aged 60 or over on 1 April 2010 (to subsequently increase in line with changes to pensionable age);
- own your own home and occupy it as your sole or main residence;
- have sufficient equity in your property (at least 40% against your market value). This is the value which is not subject to either a mortgage and/or charge; and
- have a capital value, used for assessing your rates bill, of £50,000 or more (average £340 rate bill).

Can I apply for rates postponement if I am aged under 60?

Not in your own right. You can only apply as a joint applicant with your partner who is aged 60 or over (or as the surviving partner of a person aged 60 or over who had entered into an Agreement with the Department). Both of you will have to own and occupy the property as your sole or main residence.

What properties will rates postponement apply to?

The property must be in the capital value list (used for domestic purposes). Where it is also used for commercial purposes only the rates for the domestic part of the property can be postponed. Rates cannot be postponed on rented homes, second homes and empty homes (with some limited exceptions for nursing and residential care).

Does my property have to be worth a certain value to postpone rates?

Your property's capital value, which is the value for rating purposes, must be at least £50,000. Rates cannot be postponed if the capital value is below this.

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How will my property be valued?

The final market value of your property will be determined by the Department or a person authorised by them.

If a full inspection of your property is needed you will be notified in advance about this, in writing, before anyone calls at your home. Valuers from LPS (or persons authorised by them) will always have identification with them and you should ask to see this.

How much of my rates can I postpone?

If the Department allows you to postpone paying your rates you can postpone the annual rates chargeable for your home, reflecting any reliefs or allowances, as long as you continue to meet the conditions of the scheme/Agreement. These rates will then form part of the amount outstanding under the Agreement.

In the unlikely event that the ongoing minimum equity limits (including maintaining at least 30% equity against the market value of the property) are broken during the postponement period, you will have to begin paying rates again. The amount already postponed will not have to be repaid at that point but will still accrue interest. You may also stop rates postponement for any full year and pay your rates bill as normal.

When can rates postponement begin?

Rates postponement will take effect from 1 April in the year that an Agreement is entered into. The Agreement will be a written contract between you and the Department. You must continue to pay your rates in the normal way until an Agreement is entered into. Any rates already paid in that year would then be refunded (with interest) and form part of the amount outstanding under the Agreement. You cannot defer rates for any arrears that have built up before 1 April 2010, or before 1 April of the year that the Agreement is entered into (whichever is later), and you must be up to date with payments before deferring the rate bill for the current year and beyond.

How long can I postpone the payment of rates for?

If accepted onto the scheme it will be assumed that you will postpone the payment of rates until you die and you will be assessed on that basis. Depending on your age this could be for a period of 30 years or more.

Will I have to reapply for rates postponement each year?

No. However, you will have to advise the Department whether or not there has been any change to your circumstances, that would affect either your ability to postpone rates or the Agreement.

How much could I owe after rates postponement?

Given the long term nature of rates postponement the final debt is likely to be considerable and in all likelihood will have to be paid for through the sale of your home. It is important that you, your family and those close to you understand the implications of this.

The Department will provide you with an illustration of what the potential size of the debt could be based on your property value, individual circumstances and a number of assumptions. This will not be the exact final amount of your debt but will give you an idea of the potential size of your debt.

For example, for a property with a current £150,000 market value and rates bill of £800 the amount outstanding under an Agreement could be around £140,000 in 30 years time (rates plus interest). This assumes that rates bills and property values increase over that time period.

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Can I repay my postponed rates at any time?

Once an Agreement has been entered into you may, at any time, repay the amount outstanding under the Agreement (the rates owed plus any charges and interest) or part of this. Also you can stop postponing your rates, for any year, and pay your bill again in the normal way. The accumulated debt would remain and interest would continue to accrue.

When will I have to start paying back the postponed rates?

Payment of rates will be postponed until the Agreement with the Department ends. This will generally be on your death (unless someone else is postponing rates on the property, i.e. your partner).

It will also end when your property is sold or transferred or if any of the Agreement terms are broken, including ongoing equity conditions (including maintaining at least 30% equity against the market value).

Where the Agreement terminates the Department will advise you of the total amount outstanding, including interest and any charges, which will have to be paid back. The debt will be a statutory charge secured on your property and will be enforceable as if it were a valid mortgage by deed in favour of the Department.

3. WHAT ARE THE KEY STAGES FROM APPLICATION THROUGH TO RATES POSTPONEMENT BEING GRANTED?

First stage — Application form and illustration

What will be the first stage of the application process?

If you would like to defer your rates, and consider that you would meet the agreement pre-conditions, as a first stage you will have to complete an application form. This is available from www.nidirect.gov.uk/rates-deferment-scheme.htm or by telephoning 101. You will be required to provide information that the Department needs to make its assessment, including:

- the name and date of birth of those owning your property;
- the market value of your property, that is the amount that it might reasonably sell for;
- whether there are any charges against the property, including mortgages, and whether any further monies can be borrowed under these;
- the name and date of birth of anyone else occupying your property, who would not be party to the Agreement, including any tenants or lessees;
- details of anyone that has a legal interest or right in your property, who would not be party to the Agreement.

Will I have to verify the information at this point?

At this point you will not have to verify the information that the Department has requested. However, it would be helpful if the information could be as accurate as possible as it will be used to assess whether you can proceed with your application to postpone rates. You will not be penalised for making an honest mistake but if it turns out that you are not entitled and you have incurred some costs of your own in proceeding with an application these will not be recoverable.

How will the market value of my property be determined?

You will initially be asked to put your property into a broad range of market value (for instance, £100,000 to £150,000). If this differs from the Department's assessment we will advise you and use the Department's value. If you do not know your property value a Departmental valuer, or authorised person, will determine this. You will not be charged for this service.

Your ability to postpone rates will be assessed using a financial model, with assumptions made on life expectancy as well as changes in property value, rates and interest.

What will the Department provide me with?

If the Department considers that you may be able to postpone rates, based on the information that you provide, you will be given an **illustration** of what the postponed rates debt could be, assuming that you postpone rates until you die. This will indicate the amount that could be owing (broken down into rates, interest and any charges) at 10 years, 20 years, 30 years and the likely end term. For anyone aged 60 this could be upwards of 30 years.

Will the illustration show exactly what I will owe after postponing rates?

The illustration will be based on various assumptions, including the time period for postponement and future changes in your property value, interest rates and rates liability. It obviously cannot exactly reflect future changes. For that reason the illustration is intended to give you an idea of what the amount outstanding under the Agreement could be at the end of the term. The final debt will be different and could be higher or lower. However, during rates postponement you will get an annual statement setting out the amount that you owe, with periodic updates of the illustration for possible future debt.

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Are there any obligations associated with the illustration?

No. The illustration is free and is simply intended to give you a sense of how much you could owe if you defer rates until your death. There will be no obligation on you to proceed any further or, equally, on the Department to proceed with rates postponement after providing an illustration. Final decisions will depend on the property information provided by your solicitor.

Are there any costs associated with the illustration?

No. At this point the Department will use the information provided in your application form. However, should you wish to proceed to the next stage and be formally considered for rates postponement costs will be incurred. You will have to pay these costs as the information relating to your property will have to be verified through a solicitor and possibly other bodies. If you wish to proceed to the next stage you will also be strongly advised to seek legal and financial advice on the implications of the scheme. In any event a solicitor will have to be retained in relation to title verification of your property.

Will I be advised at the first stage if it appears that I can postpone rates?

Having considered your application form the Department will advise you whether or not you would appear to be able to postpone rates. If postponement of rates would appear possible this will be subject to your application information being correct. This will have to be verified during the second stage of the application process. At that point you will have to start incurring costs.

How long will the application process take?

The Department will work to progress an application form as quickly as possible, particularly in terms of providing you with an illustration of the possible deferred debt. The time taken for the second stage of the application process will vary,

given that this will involve obtaining information from your solicitor, and other bodies, over whom the Department has no control.

Do I have to continue to pay rates during the year that I apply for rates postponement?

Yes. Rates must continue to be paid until an agreement is entered into with the Department. Once this is established the Department will refund any rates paid for that year with interest, if applicable. This will then form part of the amount outstanding under the agreement.

Second stage — Information verification

What is the second stage of the application process?

This will require verification of the information supplied in your application form. This may include, but is not limited to:

- i. your age;
- ii. the property on which rates may be postponed being your principal or only residence;
- iii. proof of partnership;
- iv. the title of the property, that is who owns it and anyone with an interest or right in it — for example lending institution or charge holder;
- v. the presence of any charges on the property, the amount of these and whether they are variable — on which further monies could be borrowed; and
- vi. written consent to an Agreement being entered into from anyone with an estate (right, title, claim, charge in, over, to or) in respect of the land and who will not be party to the Agreement, i.e. other occupiers, tenants, mortgage lender, charge holder, etc.

Should the Department reasonably require any other information, to assess whether rates can be postponed, you must provide this within 28 days.

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What will I have to provide to verify the necessary information?

You must provide proof that you meet the scheme's conditions in relation to age as well as occupation of, ownership of and equity in the property. **You will be required, at your own expense, to provide a solicitor's report on ownership of your property and any existing charges against it.**

Will the information verification cost me anything?

Yes, you will be responsible for paying the costs to your solicitor or any other relevant body. This could amount to several hundred pounds. There is no standard fee for this service and this will be a matter for you and your solicitor to agree on. In addition, should you be allowed to postpone rates you will also be responsible for paying the charges associated with registering the charge on your property, through your solicitor.

If you are allowed to postpone rates you will have the opportunity to recover the up front costs (legal costs and costs of obtaining information) that you have paid, once you have entered into an Agreement. You would be reimbursed for the sums involved, subject to proof of payment by you, and this would be added to the postponed rates, subject to interest.

What happens once all the necessary information has been verified?

This will depend on whether there is any material change to the information you provided during your initial application stage. The Department will consider the verified information and assess whether, in its view, you would remain able to postpone rates. If you can an Agreement will be drawn up for you to consider and sign. This must be entered into as soon as possible.

If the verified information materially impacts on your ability to postpone rates, for example, it impacts on the value of the property, the equity

in it or the soundness of rates being postponed, then the Department may advise you that rates cannot be postponed.

Will I have to pay costs incurred if rates postponement is not granted?

Yes. The Department's illustration will indicate if you may be able to postpone rates. However, it is dependant on all the relevant information in your application being correct. This could change once the report from your solicitor has been obtained and any other necessary information has been verified.

What advice should I seek before entering into deferment?

You are strongly advised to seek independent legal and financial advice.

What if I am unhappy with the Department's decision on deferment?

There is no right to deferment, which is a contractual agreement. If you are not content with the Department's decision on whether rates can be postponed, or the market value of your property, you may ask for this to be reviewed. The Department will notify you of the outcome of this.

4. HOW DOES RATES POSTPONEMENT INTERACT WITH RATE RELIEFS AND RESIDENTIAL/NURSING HOME CARE?

What amount of rates will be postponed?

The amount of rates postponed, in respect of the capital value (domestic part) of your property, will be what you would otherwise have been charged.

Will account be taken of the award of rating reliefs and allowances?

Yes. So that your postponed rates are as low as possible you should apply for help with your rates. You could receive housing benefit, rate relief or lone pensioner allowance.

Can I get help with my rates and still postpone rates?

You cannot postpone rates if your bill is fully paid through housing benefit or rate relief. If you only get partial help you may still be able to postpone rates.

What happens if I am in care before postponing rates?

In limited circumstances you may be able to postpone paying rates where you are a pensioner, own and occupy your property as your sole or main residence and your partner is in a hospital, nursing home or residential care home (referred to in this Section as a 'care facility'). Your partner will have to occupy your home, but may have their principal residence in that care facility and still be able to enter into an Agreement. This will ensure that you, as a pensioner, can apply to postpone rates. Before entering into an Agreement the Department may need confirmation that the person in the care facility is of sound mind and able to understand the implications of rates postponement.

If you are aged under 60 and your partner is aged 60 or over and has their only or principal residence in a care facility rates cannot be postponed. This is also the case if you are the sole occupant of the property and your only or principal residence is in a care facility.

What happens if I go into care once I have postponed rates?

Where you enter into an Agreement to postpone rates and subsequently your only or principal residence is in a care facility an Agreement may continue. Where the property is furnished both rates and interest would continue to be added to the amount outstanding. You could of course decide to suspend rates postponement and pay your rates bill in the normal way.

What happens if I go into care and my home becomes empty?

Where your home becomes unoccupied (vacant), after you enter into an Agreement, as a result of you having your only or principal residence in a care facility, the Agreement may continue. No further rates would be added to the amount outstanding (until reoccupied), but interest would continue to be added. Incidentally, such properties will generally be excluded from the rating of empty homes, when introduced.

Outside of the noted exceptions an Agreement will generally terminate when the property is not your only or principal residence or becomes empty.

5. WHAT AGREEMENT PRE-CONDITIONS MUST I MEET?

Before entering into an Agreement to postpone the payment of your rates a number of pre-conditions will have to be met by all eligible persons (that is those who own and occupy the property and are aged 60 or over, or are the partner or surviving partner of such a person). These are set out below and will generally apply to all those eligible persons wishing to postpone rates.

Will my property have to have a minimum value or rates bill?

Your home must have a capital value (the value used for rating purposes) of £50,000 or more. On average this equates to a £340 rates bill.

Does the property have to be my only or principal residence?

All those wishing to postpone the payment of rates must own and occupy the property as their only or principal residence. Some limited exceptions will apply in relation to nursing and residential care homes (see Section 4).

Do I need to make an application for rates postponement?

Rates postponement will only be considered if you apply to the Department.

When should I make an application for rates postponement?

From 1 April 2010 you may apply at any time during the rating year. If you apply towards the end of the year your application may be processed for the next rating year, given the time needed to verify information. Any Agreement will apply from the year it is entered into, not the year of application.

Will I have to provide information to the Department?

The initial application stage requires you to provide details on your property, its occupants and any charges against it. For the second stage of the application process this information will have to be verified, along with any other information the Department reasonably requires. Further detail on this and the associated costs are set out in Section 3.

What happens if my circumstances change?

You must tell the Department of any change of circumstances affecting your application or information relating to it, prior to entering into an Agreement.

Can I postpone rates if I have any rate arrears?

It will be a requirement that you must not owe rates for any years prior to entering into an Agreement. The only exception will be if you are a surviving partner, where the rates debt may be transferred into a new Agreement.

Can I postpone rates if one of the owners is not eligible?

Where your property is owned by more than one person (held as a joint tenancy or tenancy in common, which will apply to most jointly owned properties) all owners must be able to postpone rates and also enter into the Agreement. If this is not the case, i.e. where a pensioner owns their home with a non-pensioner, such as their son or daughter, rates postponement will not be allowed.

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What initial equity conditions will I have to meet?

You must have at least 40% equity against the market value of your property. This will be assessed by the Department and take account of any mortgages or charges against the property. The Department will consider whether, over the anticipated term of the Agreement, your equity in the property is likely, at any time, to be less than 30% of its market value. This will be assessed using assumptions about life expectancy and changes in property value, rates liability and interest rates.

These initial equity pre-conditions will not apply if you are a surviving partner who wishes to enter an Agreement for the same property as your deceased partner, which you also own and occupy as your sole or main residence. However, if the Agreement's ongoing equity conditions cannot be met further rates postponement will not be allowed.

Is consent required from anyone with an interest/right to my property?

Yes. Anyone, other than those going into the Agreement, with an estate (any legal or equitable estate or interest, right, title, claim, charge in, over, to or in respect of the land) in any of the land constituting your property must consent, in writing, to the Agreement being entered into. Without this rates postponement cannot proceed. This would include, if relevant, any lending institution providing a mortgage on the property or any body/person with a claim to the property or charge on it. Generally, if a variable charge or mortgage is in place (on which further monies could be secured) the Department will not permit rates postponement.

Is consent required from those occupying my property?

Anyone else occupying your property (or who will occupy it) and who is aged 17 or over, must consent, in writing, to the Agreement and agree to postpone their rights in the property, or any future rights, in favour of the Department's rights and interests. This will also include tenants and lessees.

Do I have to get legal or financial advice?

You will have to retain a solicitor, as a report will be needed on your property title. Given the implications of rates postponement, you are strongly advised to seek independent legal and financial advice. You must state that you have been advised to do so before signing an Agreement.

Will my property have to be sold to pay the postponed rates debt?

It is likely that your property will have to be sold to pay the amount outstanding under the Agreement, which will be secured against your property. This will be enforceable as if it is a valid mortgage by deed created in favour of the Department, who will have the power to require your property to be sold to recover the debt if it is not repaid when requested on the Agreement terminating.

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6. IS THERE A CONTRACTUAL 'AGREEMENT' FOR RATES POSTPONEMENT?

What form will rates postponement take?

If granted a written Agreement (legal contract) will be entered into between you and the Department. This will set out the rules for postponing rates and the conditions of the Agreement (including termination). It must be signed by all participants. The Agreement will state those persons (Agreement holder and Department) and the property (or part of a property) that will be subject to an Agreement. It will provide for the total amount of rates chargeable on the capital value (domestic part) of your property to be postponed. This will be the total rates due for your property if it is only used for domestic purposes. Where the property is also used for commercial purposes it will be the total rates due for the domestic part. Rates cannot be deferred on any commercial part of your property.

When will the Department consider entering into an Agreement?

The Department may enter into an Agreement, to postpone rates, if you own and occupy your property and are of pensionable age, or if you are a partner (or surviving partner) of such a person and own and occupy the same property. The pre-conditions in Section 5 will have to be met. The Department will also consider any factors that would mean that it may be undesirable (for both it and/or you) for rates to be postponed, for example where there are dependants or commercial tenants occupying the property. An Agreement cannot be entered into where the property is empty at the outset. In limited exceptions (relating to nursing and residential care home use) an Agreement may continue where the property subsequently becomes empty.

How long will the Department assume an Agreement will last for?

It will be assumed that you will postpone rates until you die (reflecting assumptions about life expectancy) and you will be assessed on that basis. If you are aged 60 you could have a postponement term of upwards of 30 years. You cannot be assessed for postponing rates, and

enter into an Agreement, for a set period of time due to debt recovery risks. However, you can pay the debt at the end of a set period of time or suspend further rates postponement payment at any time (with interest continuing to be added).

When will the Agreement remain in place until?

The Agreement will generally remain in place until:

- i. your death (where no one else is postponing rates on the same property i.e. your partner);
- ii. the sale or transfer of the property; or
- iii. any of the terms of the Agreement are breached.

Will termination of the Agreement remove the need to pay my debt?

Even when the Agreement is terminated the debt will still have to be paid back. Certain conditions will continue to apply until that happens.

Can a surviving partner enter into an Agreement to postpone rates?

You may enter into an Agreement if you are the surviving partner of a person who had made an Agreement for the same property that you own and occupy as your only or principal residence. Rates being due from the earlier Agreement will not prevent you from entering into a new Agreement and you do not need to be aged 60 or over.

Your Agreement must transfer the amount outstanding under your deceased partner's Agreement. Where the ongoing equity thresholds could not be met further rates postponement would not be permitted. That is where, in any year, your equity would be less than 30% of the market value of the property (or 40% excluding the amount outstanding under the Agreement). Interest would continue to accrue on the transferred amount.

7. WHAT CONDITIONS DOES THE AGREEMENT CONTAIN?

Should you be allowed to postpone the payment of rates you will have to sign and abide by the conditions of an Agreement between you and the Department. The pre-conditions and conditions of the Agreement are set out in Regulation 3 and Schedules 1 and 2 of the Deferment Regulations. The conditions must be met for the Agreement to continue and are set out below.

Who will have to give their consent to the Agreement?

On signing the Agreement you will have to warrant that anyone with an estate (any legal or equitable estate or interest, right, title, claim, charge in, over, to or in respect of the land) in any of the land constituting your property, who is not party to the Agreement, has consented in writing to the Agreement. It will also require you to warrant that anyone aged 17 or over, who is not party to the Agreement, and who is in, or may go into, occupation of the property has consented in writing to the Agreement and agreed to postpone their rights in your property.

What conditions exist on insurance and the state of the property?

You must keep your property insured for the full cost of rebuilding, providing evidence if requested, and not allow it to fall into such bad repair that it becomes an unacceptable insurance risk or its market value deteriorates as a result.

What does the Agreement state in relation to partial deferment of rates?

The Agreement provides that you will only be able to postpone the total rates chargeable in any year. This will reflect any rating reliefs or allowances that you are awarded. You cannot postpone part of your domestic rates liability. Where the property is used for both domestic and commercial purposes you may only postpone payment of the total rates for the domestic part.

What are the ongoing equity thresholds and what if these are breached?

The Agreement provides that you will not be able to postpone further rates for a particular year where the ongoing equity conditions are not met. This would be where your equity, in any year (after the rates postponement) would be less than 30% of the market value of your property or, your equity would, disregarding the amount outstanding under the Agreement, on 1 April of that year, be less than 40% of the market value of your property. The latter is intended to maintain a link to the initial equity criteria. The amount already postponed will not have to be repaid at that point but will still accrue interest.

How will interest be calculated?

Compound interest will accrue on a daily basis on the amount outstanding under the Agreement. This will be calculated using 1% below the Bank of England base rate (where there is more than one rate in force on a day, 1% below the rate at the end of the day). However, the rate of interest used will never be less than 1%.

Are there any times when interest will not be charged?

Only when the debt is fully repaid. Interest will continue to be added when there is an amount outstanding under the Agreement, including during suspension.

What registration charges will I have to pay for?

Should you be allowed to postpone rates, your solicitor will have to arrange for registration of the Agreement in the Statutory Charges Register, as well as in the Land Registry (where your property forms part of registered land) or Registry of Deeds (where your property forms part of unregistered land). You will be advised of the registration fees by your solicitor and these will be payable to your solicitor as part of your total legal bill. Once an Agreement has been entered you will have the opportunity to recover

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these costs and include them in the amount outstanding under the Agreement, which will accrue interest.

The Agreement requires you to pay the charges for arranging for the modification or cancellation of the registration of the charge on your property. Where you pay these costs the Department may, if requested, reimburse you and add the sum to the amount outstanding under the Agreement. If you do not pay the costs with 28 days of being asked the Department may add these to the amount outstanding under the Agreement.

What legal costs will I have to pay?

The Agreement enables the Department, if requested, to pay you any legal costs that **you have paid** in connection with the Agreement or any costs **you have paid** in connection with obtaining information for the purpose of the Agreement. This can include any sums related to registering the charge on your property. If requested, you may be reimbursed for the legal costs that you have paid, which will then be added to the amount outstanding under the Agreement on which interest will accrue. Proof of payment will be needed.

Can I further mortgage or charge my property?

You must not mortgage or charge your property, or borrow further money against it, without the Department's consent. This may not be granted. Where it occurs without the Department's consent the Agreement would be terminated.

When must I notify the Department about any change of circumstances?

You must notify the Department (within 28 days) of any change of circumstances that affects either your property or the Agreement. This could include, but is not limited to a change of address, bankruptcy, new or amended charges on your property, a change in the title ownership of your property, ceasing to occupy the property as your sole or main residence, damage to your

property or a change in the level of insurance. You will also be required to provide any necessary information relating to this.

Can I suspend (opt out of) rates postponement?

The Agreement allows you to suspend rates postponement for any year and pay your rates bill in the normal way. To do this, or cancel a suspension, you must notify the Department, in writing, by 31 December in the previous year. Where, during suspension, you fail to pay your normal rates bill the suspension facility will be withdrawn with effect from the start of that year. Any rates already paid, in that year, would be treated as a payment against the amount outstanding under the Agreement.

When will the Department suspend rates postponement?

The Department may suspend further rates postponement where the ongoing equity conditions will not be met in a rating year (as set out earlier).

In addition, where you no longer occupy your property as your only or principal residence, rates postponement can, in limited circumstances, be suspended from the following April. This will not prejudice the Department's power to terminate an Agreement in these circumstances. Departmental suspension will not apply where you have moved into a hospital, nursing home or residential care home.

Can I make a repayment at any time?

Yes. You can make a payment at any time, without penalty. Where you want to repay the total amount outstanding under the Agreement, in advance of the Agreement being terminated, you may request a redemption statement from the Department. This will set out the amount due if payment is made on or before a specified date.

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Will the Agreement be periodically reviewed?

During the term of the Agreement the Department will periodically review your eligibility to continue to postpone rates. This is likely to be every three years, as part of which you may be required to provide further information.

Under what circumstances can the Agreement be terminated?

The Agreement sets out the circumstances under which the Department will be entitled to terminate it. These, along with the conditions on repayment, are set out in Section 9.

Will my obligations under the Agreement stop when it terminates?

No. Despite termination a number of the Agreement conditions will continue to apply until the amount outstanding under it has been repaid. This includes the obligation on you, or your personal representative, to insure your property, keep it in good repair, pay registration charges, inform the Department of a change of circumstances and obtain the Department's consent to any mortgage or charge on your property.

8. WILL I BE PROVIDED WITH AN ANNUAL STATEMENT?

How will the Department update me while I am postponing rates?

While an Agreement is in place you will not receive a normal rates bill, unless you are suspending rates postponement. You will receive an annual statement of the amount outstanding under the Agreement (broken down into postponed rates, interest and any costs).

What happens if I am suspending rates postponement?

If you are suspending rates postponement, and paying your bill in the normal way, you will receive both a normal rates bill and an annual statement on rates postponement (as interest will continue to accrue on the amount outstanding under the Agreement). If your normal rates bill is paid on the requested date (usually around early May) you will receive a 4% discount. This will not apply to any payments made towards the amount outstanding under your Agreement.

What will the annual statement contain?

In April each year the Department will provide you with a statement of the amount outstanding under the Agreement, which will set out:

- i. the amount outstanding at 31 March, including the amount of postponed rates, interest and any charges;
- ii. any payments made against the amount outstanding during the previous year, offset against interest on any charges, interest on postponed rates, any charges and any postponed rates;
- iii. the circumstances under which the Agreement may be terminated and when the outstanding amount would be due and payable;
- iv. the address of the property on which rates are postponed;
- v. the rateable capital value of the property and, where different, any capital value for that year;
- vi. the rate that would have been due and payable on 1st April in that year had you not been postponing rates; and
- vii. the amounts in the pound at which the regional rate and the district rate have been made and the period for which they apply.

9. WHAT ARE THE AGREEMENT'S CONDITIONS RELATING TO TERMINATION AND REPAYMENT?

Once an Agreement has been entered into you will have an obligation to meet its conditions (see Section 7). Where these are breached the Department will be entitled to terminate the Agreement.

You will, where possible, have the opportunity to rectify a breach of the Agreement, for example failure to insure or keep the property in good or substantial repair. If an insurance breach is not rectified the Department can insure your property, adding the cost to the amount outstanding under your Agreement, which will attract interest.

When is the Department entitled to terminate a deferment Agreement?

The Department will be entitled to terminate a deferment Agreement under the following circumstances:

- i. **Full repayment:** the amount outstanding under the Agreement has been repaid, in full;
- ii. **Death of an Agreement holder:** an Agreement holder dies and there is no one else postponing rates on the property, whose only or principal residence is there or in a hospital, nursing home or residential care home;
- iii. **Property sale or transfer:** your property, or any interest in it, is sold or transferred in whole or part;
- iv. **Bankruptcy or creditor arrangements:** you become bankrupt, make an arrangement with your creditors or are subject to a bankruptcy restrictions order;
- v. **False/misleading statement:** you, or any other person, has made a false or misleading statement in connection with the Agreement;
- vi. **Default of obligations under the Agreement:** you fail to meet your obligations under the Agreement. These obligations include but are not limited to keeping full insurance; keeping your property in good repair and condition; payment of costs; not mortgaging or charging your property without the Department's consent; advising the Department of any change of circumstances and providing any necessary information in relation to this, etc. The Agreement can be terminated where you do not, or cannot, rectify a breach of your obligations under the Agreement;

- vii. **No longer a qualifying property:** it is used solely for commercial purposes i.e. it is no longer used wholly or partly for domestic purposes;
- viii. **Not occupying your home as your only or principal residence:** you no longer occupy the property on which rates are postponed as your only or principal residence, i.e. if that is subsequently with family or in another property. An exception will be made for nursing and residential care home cases.

On termination when will the amount outstanding under the Agreement be due?

This will be immediately due and payable, possibly from your estate. Interest will continue to accrue until the debt is fully repaid.

Will account be taken of any repayments made or periods of suspension?

The amount due on termination will take account of any sums already paid during the term of the Agreement and any suspension periods. Interest will continue to accrue until such times as the debt is repaid in full.

How will any payments to my account be applied?

Any payments made during the term of the Agreement will be applied to the amount outstanding under the Agreement in the following order, that is against interest on any rolled up charges (legal costs, etc), interest on deferred rates, any rolled up charges and deferred rates.

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Will I receive a demand for the amount that I owe?

On termination of the Agreement a demand notice will issue, advising of the amount outstanding under the Agreement and the amount due and payable, where paid on or before a specific date. This will include a breakdown into rates, interest and any charges.

Is payment by instalments available?

The amount outstanding under the agreement will generally have to be paid up front or from the sale of the property against which rates are postponed. In exceptional circumstances, where undue hardship would otherwise occur, the amount outstanding may be payable by instalments at the Department's discretion. This will still involve substantial sums to be paid over a few years. Should an instalment payment be missed the facility would be withdrawn. Interest will continue to be added until the debt has been paid.

Will termination mean that I do not have to repay the amount I owe?

No. Termination will not remove the need for the amount outstanding under the Agreement to be repaid (by either you or, on your death, your personal representative). The debt will remain as a charge secured against your property, until repaid in full, with interest continuing to accrue.

Will the debt still be owing on my death?

Yes. Where the Agreement terminates on your death the debt will be due and owing from your estate and will be payable by your personal representative. Interest will continue to be added on a daily basis until the debt is paid in full.

Will my property be sold to repay the postponed rates debt?

If the amount outstanding under the Agreement is not paid on request following termination the Department will consider the need to sell your property to recover this. This could involve the Department enforcing the debt as if it were a valid mortgage by deed in favour of the Department.

Can the debt be transferred to a surviving partner?

A surviving partner may request the transfer of the amount outstanding under an Agreement made with their deceased partner, for the same property that they then own and occupy. If the ongoing equity conditions are not met a new Agreement may be set up with further rates postponement suspended.

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10. WHAT ARE MY OBLIGATIONS AND THOSE OF THE DEPARTMENT?

You will have certain obligations relating to applying for and, if allowed, participating in rates postponement.

What obligations do I have in relation to the provision of information?

You must make sure that you provide complete and accurate information to the Department at all times. You (or your personal representative if relevant) must also tell the Department about any changes, that would affect either your application or the Agreement:

- during the application process;
- while you are postponing rates; and
- until the amount outstanding under the Agreement has been paid in full.

This will include, but is not limited to, changes to the ownership and occupation of your property, material changes or damage to your property, any new charges or mortgages on the property, the level of insurance, etc.

Your Agreement with the Department is a legal contract, will be enforceable as such and repayment is likely to require the sale of your property.

What other obligations will I have with rates postponement?

Any decisions should be well informed. For this you should ensure that you:

- apply for any help with rates that you may be entitled to i.e. housing benefit, rate relief, lone pensioner allowance or disabled person's allowance. Staff in LPS can help with this;
- fully read this guide and any illustration provided by the Department;
- be aware that the postponed rates will incur interest, that the final debt is likely to be considerable and will be secured as a charge on your property;
- be aware that there will be set up costs that you will have to pay;

- consider seeking independent legal and financial advice on rates postponement;
- discuss your wish to postpone rates with those close to you, or who have an interest in your estate; and
- understand the conditions of the Agreement before entering into it.

What obligations does the Department have?

There are a number of things that the Department will commit to do as part of the rates deferment scheme. It will provide you with:

- an illustration to give an indication of what the potential size of the amount outstanding under the Agreement could be and periodically update this;
- an annual statement of the amount outstanding under the Agreement; and
- any further information, as required, on the rates deferment scheme.

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11. USEFUL CONTACTS

If you have further questions, or want more information on a specific aspect of the scheme, you should **telephone** 101. You can telephone between 9:00 am and 5:00 pm Monday to Thursday and between 10:00 am and 5:00 pm on a Friday.

Or, you can **write** to:

Rates Deferment Section
Land & Property Services
Londonderry House
21–27 Chichester Street
Belfast
BT1 4JJ

Or, you can **email**

LPSRateDeferment@dfpni.gov.uk

Or, you can **visit** the nidirect website at

<http://www.nidirect.gov.uk>

There is also a range of information on the web as follows:

Fact sheet

www.nidirect.gov.uk/rates-deferment-scheme.htm

Application form

www.nidirect.gov.uk/rates-deferment-scheme.htm

This Rates Postponement Guide

www.nidirect.gov.uk/rates-deferment-scheme.htm

Primary legislation — Section 5 of The Rates (Amendment) Act (Northern Ireland) 2009

http://www.opsi.gov.uk/legislation/northernireland/acts/acts2009/nia_20090008_en_1

Secondary legislation — The Rates (Deferment) Regulations (Northern Ireland) 2010

http://www.opsi.gov.uk/sr/sr2010/pdf/nisr_20100063_en.pdf

and associated Explanatory Memorandum

http://www.opsi.gov.uk/sr/sr2010/em/nisrem_20100063_en.pdf

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12. USEFUL DEFINITIONS

Agreement is the legal contract, between you and the Department, to postpone payment of your rates in respect of the capital value (domestic part) of your property. If there is mixed use it will only relate to the domestic part.

Agreement holder means a person who has entered into an Agreement with the Department to postpone the payment of their rates, in respect of the capital value of their property. This will be you if rates postponement is granted. It can also include your personal representative, subject to certain exclusions, on your death.

Amount outstanding under an Agreement is the debt owed to the Department from postponing rates. This will include the total postponed rates, interest and any rolled up charges. It will be adjusted to reflect any repayments made plus any periods of suspension.

Authorised person, in relation to determining a market value, means a person authorised by the Department.

Equity, broadly speaking, means the value of your interest in your property (against its market value) that is not subject to a mortgage, line of credit secured against the property, statutory charge, etc, and which would reduce the amount actually realised on its sale. This will be assessed by the Department considering the solicitor's report on your property, which you must provide and pay for.

Department means the Department of Finance and Personnel. For the purpose of the scheme this will primarily mean Land & Property Services, an agency within the Department of Finance and Personnel.

Deferment of rates (postponement) means a delay in the payment of your rates beyond the date that your normal bill would have been due. This will cover the period between 1 April in the year that you enter into an Agreement and termination of the Agreement, taking account of any periods of suspension. In this guide deferment is largely referred to as postponement.

Deferment Regulations means the Rates (Deferment) Regulations (Northern Ireland) 2010.

Eligible person, in relation to a dwelling house or property used partly for the purpose of a private dwelling, means a person who occupies and owns that property and who is:

- i. of pensionable age (age 60 for 1 April 2010) on 1 April in the year that the Agreement is entered into;
- ii. the partner of the person at (i); or
- iii. the surviving partner of a person who had made an Agreement for the same property.

In order to postpone rates you will have to fall into one of these categories as well as meet the other conditions of the scheme.

LPS means Land & Property Services, an Agency within the Department of Finance and Personnel.

Market value means the amount that your property might reasonably sell for, if vacant and free from any mortgage or charge. This will be assessed by the Department or someone authorised on their behalf.

Nursing home excludes premises used or intended to be used wholly or mainly as a private dwelling.

Occupier has the same meaning it has for the purposes of the Rates (Northern Ireland) Order 1977.

Only or principal residence means the property that you ordinarily occupy as your only or principal home. Where you occupy more than one property it will be the one you occupy as your only or principal home.

Owner means a person receiving or entitled to receive, on his own account, the rent for a property. This excludes letting agents and landlords.

Partner means spouse, common law partner or civil partner.

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Pensionable age means the qualifying age for state pension credit. For any rating year this will be that age at 1 April. On 1 April 2010 this will be age 60. It will increase for rates postponement purposes, in future years, in line with intended wider government policy changes.

Postponement of rates — see definition of deferment

Qualifying property means a dwelling house or property used partly for the purposes of a private dwelling.

Residential care home means any establishment that provides or is intended to provide, whether for reward or not, residential accommodation with both board and personal care.

Statutory charge means a charge, or claim, on your property which is made by law.

Surviving partner means the partner of a person who had entered into an Agreement for the same property, which they also own and occupy.

Suspension of rates means a temporary stop to the postponement of rates and will apply to full rating years. During this period rate bills would be paid in the normal way. The amount outstanding under the Agreement would continue to attract interest.

Year means a financial (also rating) year.

