

**Confidential****The Macfarlane Trust**

**Report to:** Macfarlane Board of Trustees  
**Date of meeting:** 25 April 2016  
**Report from:** Chief Executive and Director of Operations  
**Subject:** Beneficiary 1512 - Loan

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**Background**

In 2008 a loan was agreed for this primary beneficiary of £26,300 consisting of £4,500 of a previous secured advance on his property from 2002 and a new loan of £21,800 to enable him to clear debts. This consolidated loan is secured against his property. The loan of £4,500 is interest free whilst the loan of £21,800 attracts interest of 1% above the Bank of England rate. As at September 2015 the total loan stood at £26,210 following the addition of interest and deduction of some repayments. The beneficiary has made some voluntary repayments in the past, but is not currently doing so.

The primary beneficiary has recently separated from his wife, and the Trust has supported both the primary beneficiary and his wife with grants towards moving costs and setting up home independently. The primary beneficiary is currently living in the family home, which has been adapted for his medical needs, and has approached the Trust to ask for an increase in the current level of his loan to enable him to 'buy out' his wife and therefore continue to live in the property.

The beneficiary states that financially he is not in a position to obtain a new mortgage and whilst he may be able to 'part buy/part rent' he would not be able to do so in the local area where his family and support network are based. The property has also been adapted to meet his needs and he therefore would want to stay in the current property.

The property is on the market and the beneficiary would expect to sell it for around £182,000. The charges on the property of £45,875 mortgage, £26,210 MFT loan and £6,000 second mortgage would leave, after fees, a 'profit' of £100,000 for the beneficiary and his wife. He would therefore require £50,000 to 'buy out' his wife's share of the property to enable him to continue living there.

The beneficiary is therefore requesting to increase his loan to £76,000 to enable him stay in his current property. He has also stated that once his second mortgage is repaid he would recommence voluntary repayments of the MFT loan. A supporting letter from the beneficiary's physiotherapist is attached.

**Board's approach to loans**

As the board is aware, MFT no longer makes loans secured against beneficiaries' properties. The only 'Loans' now agreed are advances against beneficiaries' discretionary top-up payments, repayable over a maximum of two years.

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**For decision**

The board is asked to consider this request. It is recommended that the board does not agree to increase the loan as MFT no longer provides the type of loan this beneficiary is requesting. Should the proposals in the Department of Health consultation be implemented, it is likely that the beneficiary would lose his MFT discretionary top up payments. Whether a payment under the new arrangement for Skipton Stage One recipients would replace these is not known. Therefore the beneficiary may find himself unable to afford his current mortgage repayments in the future.