

Support for Mortgage Interest (SMI) is help that a Universal Credit claimant may receive towards interest payments on their mortgage or loans that were used for certain repairs and improvements to their home. The claimant must have Universal Credit entitlement in order to receive SMI. Where payable, the housing costs take account of the balance outstanding on the mortgage and other loans secured on the claimant's property. Support for Mortgage Interest is normally paid direct to the claimant's lender. If the claimant's lender is not on the Qualifying Lenders Register, SMI is paid direct to the claimant. Clause 2.2 of the Loan Agreement signed by all claimants as a condition of the SMI loan requires all the money to be paid to the mortgage lender. Support for Mortgage Interest is paid as an interest bearing loan. It is secured against the property and recoverable from any available equity when the home is sold, transferred or the loan holder dies. Support is available for interest payments for up to £200,000 of the outstanding loan or mortgage. A standard interest rate, based on the average mortgage rate published by the Bank of England, is used to calculate the amount of SMI that can be paid. A mortgage and / or loan specifically used for adaptations to a claimant's property (to meet the needs of a disabled person in the household) do not count towards the £200,000 limit. Eligibility for a loan Claimants may qualify for a SMI loan after they have been receiving Universal Credit continuously for 9 assessment periods with no earned income. Self-employed claimants who report a loss of earnings for 9 consecutive assessment periods qualify for SMI. If at any time during the 9 months a profit is reported, the qualifying period starts again. In a joint claim where both claimants are self-employed, if either partner reports any profit, the 9 months qualifying period starts again for both. Support is only available for claimants occupying their home or is to be treated as occupying their home. Claimants fleeing domestic violence must be treated as occupying their home and continue to receive a SMI loan. For information on earned income, see Treatment of earnings. When applying for a SMI loan, a claimant must complete a UCMI12 to check eligibility. All claimants must have an information call. The purpose of the call is to provide impartial information about the SMI loan. Claimants must correctly sign a Loan Agreement and Charge Form before receiving SMI. The Loan Agreement is a legally binding document that sets out the terms and conditions of the loan. The Charge Form enables the loan to be secured through a charge against the property for England and Wales and a Standard Security is used for Scotland. For joint claimants, both members of the claim are required to sign both the Loan Agreement and Charge Form.

Transferring a Support for Mortgage Interest loan (known as porting) When a claimant moves to a new property they will be able to transfer their SMI loan to the new property. This is known by mortgage companies and solicitors as 'porting'. This allows claimants to move property without repaying their SMI loan. The outstanding balance will be transferred to the new property. When a claimant sells their house, any proceeds may increase their capital which could affect their entitlement to Universal Credit. In some cases capital disregards may apply. Claimants who ask about porting or transferring their SMI loan must be signposted to [GOV.UK](https://gov.uk) (link is external) for more information and support. They must also be advised to report their new address when they have moved into the property. Moving onto Universal Credit from Legacy benefits IS, JSA (IB) or ESA (IR) Claimants who move to Universal Credit from IS, JSA (IB) or ESA (IR), or make a claim within one calendar month of that benefit ending (ensuring that no earned income is declared during the time spent on that benefit) will count towards the qualifying period. There are no income or earnings rules for time spent on IS, JSA (IB) or ESA (IR) but the income rule applies from the date they move to Universal Credit. If a SMI loan amount was in payment on the IS, JSA (IB) or ESA (IR), it will continue on the Universal Credit claim unless the claimant or partner have any earned income. Changes in income If the claimant or partner receives any earned income, SMI will not be payable for that assessment period or any subsequent assessment periods until they re-qualify for SMI. Earned income includes any earnings from work and certain benefits that

employers pay including Statutory Sick Pay and Statutory Maternity Pay. If there is a break in the Universal Credit claim or earned income is reported, SMI stops and the claimant must serve the qualifying period again. There is no linking period. Paying back the loan Support for Mortgage Interest is paid as a loan secured by a charge on the property and is repayable with interest when:

- the property is sold
- ownership is transferred
- the claimant dies

The loan can also be repaid on a voluntary basis. The minimum voluntary repayment is £100 unless the total outstanding balance is less than £100. Mortgage Payment Protection Insurance Following the introduction of SMI loans, Mortgage Payment Protection Insurance policies or any equivalent payments are no longer taken into account as income for Universal Credit. Service charges Claimants may qualify for help with service charges after they have been receiving Universal Credit continuously for 9 assessment periods with no earned income. For more information, see Service charges