

**LONG SERVICE ADVANCE OF PAY**  
*(The accuracy of this document must be confirmed  
by your unit admin officer)*

**GENERAL**

**02.0401. Aim.** The aim of Long Service Advance of Pay (LSAP) is two fold:

- a. To assist eligible personnel to enter the UK housing market; and/or
- b. To help meet UK housing needs arising from changing personal circumstances during an applicant's Service career.

**02.0402. Income Tax.** In accordance with ITEPA 2003 Section 180 LSAP will attract an individual liability to tax (because such an advance is classed by HM Revenue and Customs (HMRC) as being a beneficial loan) if the average amount outstanding during the tax-year exceeds £5000. The amount liable to tax equates to the notional interest that would have been paid by the recipient had they taken the loan from a commercial lender (a rate set by HM Treasury). Where applicable, tax is normally collected by adjusting the individual's PAYE tax code.

**02.0403. National Insurance Contributions (NICs).** Employee NICs are not payable.

**02.0404. Scope of LSAP.** LSAP is for Service personnel and is not related to other Government funded schemes, such as the Key Worker Living programme. LSAP is intended to assist towards the balance of the purchase price (taking into account, for example, legal expenses, surveyor's fees, land registration and estate agent's fees) when buying a property for which a Building Society, Local Authority, recognised Bank or Insurance Company is willing to advance a mortgage.

**DEFINITIONS**

**02.0405. Property Owner.** A Service applicant is deemed to be a property owner if, by virtue of purchase, inheritance, gift or other circumstance, their name appears on the deeds of a property.

**02.0406. Terminal Benefits.** Terminal benefits (according to membership of the Armed Forces Pension Scheme (AFPS)75 or AFPS05 respectively) are defined as any retired pay or pensions, gratuities, resettlement grants, special capital payments, invaliding pensions/gratuities, Early Departure Payments (EDP), Ill-Health pensions, Ill-Health lump sums or other emoluments, which are paid upon exit from the Service.

**02.0407. Definition of Letting.** For the purpose of this scheme (except under the circumstances described at paragraph [02.0440](#)), an individual will be considered to be letting the property when they receive rent under a formalised rental agreement, as with a Short Term Let, a Short Hold Tenancy Agreement, a Holiday Let, rentals under the 'Rent a Room Scheme' or under any other formal tenancy agreement.

**02.0408. Relevant Authorities.** The relevant authority:

- a. For matters other than the waiver of the recovery of a LSAP is:

Joint Personnel Administration Centre (Long Service Advance of Pay)  
(JPAC(LSAP))  
Service Personnel and Veterans Agency(Centurion) (SPVA(C)),  
Centurion Building,  
Grange Road,  
Gosport,  
Hants  
PO13 9XA

Tel: Internal – 94560 3600  
External – 0141 224 3600

- b. For matters associated with the waiver of the recovery of any outstanding balance of a LSAP (see paragraph [02.0433](#)) the relevant authority is the SPVA JPAC Pay and Allowances Casework Cell Recoveries and Write-Offs (PACCC R&WO), however, all requests for waivers must be submitted via JPAC(LSAP).

## ELIGIBILITY

**02.0409. Eligible Service Personnel.** Service personnel are eligible for a LSAP provided they meet the following appropriate criteria:

- a. **RN/RM Personnel.** They have been accepted onto the trained strength (ie in a complement billet). For Naval probationary medical/communications technicians this will be on the move from first to second year rates of pay and for officers on completion of the Fleet Board.
- b. **Army and RAF Personnel.** They have completed 4 years service from completion of Phase One training.
- c. **All Personnel:**
- (1) They have not yet drawn any terminal benefits; and
  - (2) They have not given notice or applied for early termination unless they have qualified for a terminal grant which is greater than the LSAP, and from which, the loan can be repaid (see paragraph [02.0428](#)); and
  - (3) They are not under warning for discharge (RN), 3-month Warning Order (Army) or Formal Warning (RAF); and
  - (4) They are considered suitable in all respects by their CO to receive a LSAP; and
  - (5) They have more than 6 months remaining before termination from the Services.

**02.0410. Financial Restrictions Imposed on a LSAP.** Existing and recent property-owners are not deemed to warrant the same financial assistance as other eligible applicants, and they must utilise all of the capital realised from the sale of the previous property in the purchase of a new property. Accordingly, certain financial conditions are imposed on a LSAP when the applicant already owns property, or has owned property during the previous 12 months (see sub-paragraph [02.0413e](#)).

**02.0411. An Existing Medical Condition.** The Unit Medical Officer (UMO) will be required to certify that the Service applicant is medically fit (at the time of application) and that any condition causing a restriction on the Service person's current medical category should not, in the UMO's opinion, lead to medical discharge from the Service. However, irrespective of medical category at the time of application for LSAP, should a Service person have a medical condition prior to application which later leads to invaliding from the Service then recovery of LSAP may not necessarily be waived. Applicants are required to acknowledge this on the application form. Personnel serving on a restricted medical category are required to acknowledge (on the application form) that recovery of any outstanding LSAP balance will not necessarily be waived if they are subsequently invalided for the medical problem that necessitated the downgrading (see paragraph [02.0433](#)).

## INELIGIBILITY

**02.0412. Reserve Forces and Military Provost Guard Service (MPGS).** Members of the Reserve Forces and Military Provost Guard Service are not eligible to receive a LSAP.

## ENTITLEMENT

**02.0413. Amount of LSAP.** Applicants who qualify in all respects will be permitted an interest free LSAP recoverable from pay and, if necessary, terminal benefits. The amount of the LSAP approved will be limited to the lowest of the following calculations:

- a. 182 days' gross basic pay including all forms of specialist pay (this excludes allowances); or
- b. £8,500; or
- c. In the case of a redundee, a sum not exceeding 90% of the terminal benefits due to the applicant at the earliest expected date of retirement or discharge; or
- d. The difference between the mortgage obtained and the purchase price of the new property, abated by any capital realised from the sale of the previous property. The purchase price of the new property may include associated legal, surveyors, land registration and estate agent's fees plus the cost of any repairs, which are an explicit condition of the mortgage obtained. In the case of flexible mortgages, the "mortgage obtained" will be regarded as the maximum sum that may be borrowed under the flexible mortgage arrangements; or
- e. In the case of an applicant who has owned property within the previous 12 months, the difference between the mortgage obtained and the purchase price of the new property will be abated by any capital realised from the sale of the previous property;

f. In the case of an applicant buying equity in an already owned property the amount of mortgage obtained on behalf of the applicant in order to purchase a share in the property. This 'purchase price' may include associated legal, surveyors, land registration and estate agent's fees plus the cost of any repairs which are an explicit condition of the mortgage obtained. In the case of flexible mortgages, the 'mortgage obtained' will be regarded as the maximum sum that may be borrowed under the flexible mortgage arrangements. On completion of the transaction the applicant must own a portion of the property (see paragraph [02.0405](#)).

## CONDITIONS

**02.0414. Points to Note.** Applicants should note that:

- a. A LSAP for home extensions may be obtained only in the circumstances described in paragraph [02.0423](#).
- b. No part of the LSAP may be used towards the cost of furnishings and fittings.
- c. **An applicant must await confirmation that the award of a LSAP has been approved, and payment despatched by the JPAC(LSAP), prior to completion of purchase (see also sub-paragraph [02.0451c](#) and paragraph 3 to [Annex A](#) of this Section).**

**02.0415. Qualifying Property.** *Any property purchased with the assistance of a LSAP must meet all the following criteria:*

- a. The property is intended for the applicant's own immediate occupation or that of their immediate family. In the case of families and single personnel who will be unable to occupy the property during the working week, occupation at weekends and/or during periods of leave is deemed to qualify.
- b. The property will be wholly or partially owned by the applicant.
- c. The property is not a mobile home, houseboat or caravan.
- d. The property will not be a dedicated business premises or residential accommodation with integral business premises (eg post office, shop with flat above, guest/boarding house). The property may also be one that is purchased for renovation or as a conversion, either as part of a "Brown Field Site" or as an agricultural or commercial property conversion to residential accommodation. Planning permission for the conversion as well as permission for the change of function must have been obtained before a LSAP can be approved.
- e. The property is situated in the UK or, for those recruited in the Republic of Ireland or of Southern Irish parentage, the Republic of Ireland.
- f. It is a property on which a Building Society, Local Authority, recognised Bank or

Insurance Company is willing to advance a mortgage. This applies even if a mortgage is not required.

g. The property is one on which the applicant has agreed to sign a Promissory Note (see paragraph [02.0416](#)).

**02.0416. Promissory Note.** A Promissory Note agreeing to repay the LSAP will be forwarded to the applicant's solicitor once entitlement has been established. The Solicitor will forward this to the Service applicant prior to the payment of the LSAP. Failure to sign and return the Promissory Note will result in non-payment of the LSAP.

**02.0417. Self-Build.** Land, with planning permission to build a suitable property, may be purchased under the LSAP scheme for the purpose of housing the applicant and their immediate family. When built, the property must be for the immediate occupation of the applicant or their immediate family; it must be wholly or partially owned by the applicant; and it must be solely residential accommodation. The options to facilitate the build are:

- a. A payment to purchase the land, either in full or as part of a mortgage.
- b. Monies for use to pay builders direct on presentation of the invoice(s), or if the applicant carries out the work themselves, payments of LSAP will be limited to the cost of building materials necessary to complete the undertaking and receipted invoices are to accompany the claim. A mixture of payments direct to a builder and to the applicant is also permissible, within the maximum amount calculated for the LSAP.
- c. A combination of sub-paragraphs [02.0417a](#) and [b](#).

**02.0418. Second Property.** No LSAP will be given for the purpose of purchasing a second property, regardless of the location, occupancy or usage of the first property. Mobile homes, houseboats and caravans will not be counted as a first property for the purpose of this scheme.

**02.0419. Joint Purchase.** Two or more Service applicants may not each obtain a LSAP for the joint purchase of the same property.

**02.0420. Personnel Who Have Never Owned a Property.** *Eligible applicants who have never owned a property may be granted a LSAP to purchase a qualifying property in accordance with the conditions specified in paragraph [02.0415](#). Applicants are reminded that the property must be intended for their own immediate occupation or that of their immediate family (see sub-paragraph [02.0415a](#)).*

**02.0421. Current or Former Property Owners.** A current or former property owner may be granted a LSAP to purchase a qualifying property, subject to certain conditions. If the applicant currently owns a property, or has done so within the 12 months preceding application, the capital realised from the sale of the current/former property will be taken into account in calculating the maximum LSAP that may be granted (see paragraph [02.0413e](#)). If the applicant already has a LSAP that they have not yet repaid in full, the amount of the new LSAP will be abated by the outstanding balance of the previous LSAP. This will be shown as

a full repayment of the previous LSAP in the applicant's pay/LSAP record, followed by a full credit of the new LSAP amount.

**02.0422. Qualification.** A LSAP will not be authorised for Service personnel wishing to purchase a property within 50 miles of a property owned or partly owned by them within the previous 12 months or at any time during the current assignment. However, the applicant is not disqualified where the property from which they are moving is more than 50 miles from their next duty unit. The application must qualify within one of the categories detailed at sub-paragraphs [02.0422a](#) and [b](#) below (unless qualifying under paragraph [02.0423](#) or sub-paragraph [02.0439b](#)):

**a. Purchase of a Residence at Work Address (RWA).**

- (1) Where the property is to be occupied as a RWA during a current assignment, the applicant must have an expectation of at least 6 months left to serve in that assignment.
- (2) Where the property is to be occupied as a RWA during the applicant's next assignment, they must have received official notice of such an assignment and the assignment must be for a minimum period of 6 months.

**b. Purchase of a Selected Place of Residence (SPR).**

- (1) The applicant must certify (on the application form) that they wish to purchase a SPR; and
- (2) The applicant should further certify that receipt of a LSAP for purchase of a SPR will disqualify them from any further LSAP.
- (3) However, where the applicant has received official notification of a designated unaccompanied assignment, or notification of a sea assignment of at least 12 months duration, or they have at least 6 months left to serve in such an assignment, they will not be disqualified from receiving further LSAP under the provisions of sub-paragraph [02.0422b\(2\)](#).

**02.0423. Extenuating Medical/Family Circumstances.** An applicant who would normally be disqualified from receiving a LSAP because they have owned a property within 50 miles of the chosen location, or within 50 miles of a current duty unit or next duty unit (as appropriate) during the 12 months preceding application (or, in the case of current duty unit, at any time during the current assignment) may nonetheless qualify for a LSAP if able to demonstrate extenuating medical/family circumstances. The applicant may apply for a LSAP either to purchase a new qualifying property, or to extend an existing property. In addition, the following conditions may apply:

**a. Applicable Circumstances.** One of the following medical/family circumstances must apply:

- (1) Since the purchase of the current property, there is a specific medical requirement (defined as an existing condition which has deteriorated or a new medical condition) for more space than is available in the current property.

Such an application must be supported by a medical certificate.

(2) In the case of personnel in PStat Cat 1 or 2, there are insufficient bedrooms for each child to have a separate one. A box room of 50 sq ft (4.75 sq m) or less may be disregarded in considering whether there are sufficient bedrooms in a property; so may any larger box rooms in which it is impossible to fit windows. For the purpose of this scheme an unborn child(ren) expected to be born within 6 months is to be counted as a member of the immediate family. The extenuating circumstances are:

(a) Additional dependant children since the purchase of the current property; or

(b) Dependant children, at the time the property was purchased, subsequently reaching the age of 11 years and over (only one move every 2½ years within the same area is permitted).

(3) Since the purchase of the current property, there is a requirement for an additional bedroom or space to accommodate, on a permanent basis, an elderly or disabled member of the close family. Any application must be supported by a statement signed by the applicant to the effect that they are providing, or about to provide, accommodation for an elderly or disabled member of the close family on a permanent basis.

b. **Purchase of New Qualifying Property.** Where an application is made for the purchase of a new property in extenuating medical/family circumstances, the new property must be in the same immediate area (within 50 miles) as the former property.

c. **Supporting Evidence.** Applications made for the purchase of a new property under sub-paragraphs [02.0423a](#) and [b](#) must be supported by documentary evidence. This can comprise a letter from a solicitor or estate agent to show that the existing or former property no longer satisfies the applicant's needs, but that the new property will do so.

d. **Building Work to an Existing Property.** Where application is made for building work to make a property fully habitable, or an extension to an existing property to meet extenuating medical/family circumstances, the application must be supported with relevant evidence. For example, a solicitor's letter, a medical certificate, surveyor's report and plans of the existing property and proposed building work. LSAP cannot be used to cosmetically modernise a property. For example, to update a kitchen or bathroom suite where the existing one is deemed fit for purpose.

e. **Payment for Building Work.** Any LSAP so approved may be paid to the builders direct on presentation of the invoice(s). If the applicant carries out the work, payments of LSAP are to be limited to the cost of building materials necessary to complete the conversion. Receipted invoices are to accompany the claim. The following are examples of items which are not eligible for inclusion:

(1) Tools (either purchased or hired).

- (2) Fittings and Furnishings.
- (3) Installation of double-glazing (unless part of a new extension).
- (4) Decoration (unless part of a new extension).

f. **Payments.** A mixture of payments direct to a builder and to the applicant is also permissible, within the maximum amount calculated for the LSAP. Apart from the circumstances described in paragraphs [02.0423d](#) and [02.0423e](#), LSAP will not be paid retrospectively.

**02.0424. Transfer of a LSAP Balance to a New Qualifying Property.** Eligible Service personnel who have received a LSAP, and who do not qualify for a new LSAP (or do not wish to have a new LSAP) may transfer the outstanding balance to a new qualifying property as defined in paragraph [02.0415](#), provided that the new property is bought within 6 months of selling the previous property. In the event that the transfer is not completed within 6 months, the outstanding balance must be repaid in full. Thereafter, the applicant must re-qualify under the terms of paragraph [02.0422](#) before a further LSAP may be granted.

**02.0425. LSAP Waiver Premiums.** *To permit waivers of recovery in certain circumstances (see paragraph [02.0433](#)), an annual premium will be payable by the LSAP recipient. This will be paid in equal monthly instalments through their pay account, starting from the month following that in which the LSAP was made and finishing when the whole of the LSAP has been recovered.*

**02.0426. Repayment of the LSAP.** *The following circumstances govern repayment of a LSAP:*

- a. **Personnel with 12 Years or More to Serve.** Repayment will be made at the rate of 10% per annum by recoveries from pay in equal monthly instalments over a period of 10 years, commencing 2 years after the date of payment of the LSAP.
- b. **Personnel with More than 10 but Less than 12 Years to Serve.** Repayment will be made at the rate of 10% per annum by recoveries from pay in equal monthly instalments, over the last 10 years of service.
- c. **Personnel with Less than 10 Years to Serve.** Repayment will commence immediately, at the rate of 10% per annum by recoveries from pay in equal monthly instalments, the balance being recovered from [their final salary/](#) terminal benefits.
- d. **Number of Years Left to Serve Undetermined.** Where an applicant has an Optional Retirement Date available in the future and they have not yet decided whether to waive the option, repayment terms will be based on the Normal Retirement Date. Any outstanding balance on termination will then be recovered from the Service person's terminal benefits.
- e. **Service Beyond Pension/Early Departure Payment Points.** Where an

applicant serves beyond any point when a pension/early departure payment or lump sum could be taken, repayment will continue at the previous monthly rate either until repayment has been completed, the Service person retires or is discharged.

f. **Increase of Repayment.** The rate of repayment may be increased at the request of the applicant over any period, but may not be reduced below the minimum rate of 10% per annum of the original LSAP (regardless of whether the applicant has made part repayment in accordance with paragraph [02.0452](#)).

g. **Bankruptcy.** Any participant who is declared bankrupt or insolvent is to notify JPAC(LSAP) through their parent unit. JPAC(LSAP) will forward the case to SPVA PACCC for recovery or write-off action as appropriate.

h. **Outstanding LSAP Balance.** The outstanding balance of a LSAP shall constitute a debt owed by the borrower to the MOD, and shall therefore be susceptible to recovery action in accordance with Service regulations.

**02.0427. Transfer Between Services.** A Service person already in possession of a LSAP who transfers from one Armed Service to another may retain the LSAP (which should be transferred to the new pay account) under the Terms and Conditions of Service in which they were serving when they received the LSAP, provided there has been no break in Service. However, any subsequent request for a LSAP will be considered under the qualifying criteria for their new Service.

**02.0428. Application for Early Termination, or Transfer to a Shorter Engagement.**

Personnel in receipt of a LSAP will not normally be granted early termination, be allowed to apply for early termination, or transfer to a shorter engagement, unless the LSAP has been repaid in full or they have made acceptable arrangements to repay the LSAP in full. Applications for early termination must include details of any LSAP balance outstanding, plus the applicant's proposals for its repayment. A proposal to continue repaying the LSAP after discharge from the Service will not be accepted. Moreover, a promise of payment at a future date is not considered to be a firm basis for repayment. Proposals for repayment of a LSAP balance may include:

- a. An immediate lump sum payment.
- b. Commencement of deductions from pay, or increase of deductions from pay, prior to release.
- c. Recovery from any immediate terminal benefits which may be due.
- d. Transfer of the outstanding balance to another Service person (see paragraphs [02.0431](#) and [02.0432](#)); or
- e. Any combination of the above.

**02.0429. LSAP during Career Breaks (CB) and Secondment.** No new claims for LSAP will be admissible during the period of any CB or a secondment as defined in para [01.0252](#). Any applications submitted, but not paid, prior to the CB or secondment start date will be honoured provided all other criteria for entitlement are fully met. LSAP repayments may

cease for the period of any CB, except when full payment of the LSAP will not be made before a service persons termination date, when sub paragraph 02.0429a is to be applied. The insurance premium must continue to be paid. LSAP repayments for periods of Secondment are to continue.

a. **Career Breaks (CB).** Service personnel in receipt of LSAP prior to a CB must continue to pay the insurance premium levied. Insurance payments will need to be made through private arrangements agreed with the LSAP section prior to the commencement of the CB. If, due to the break in repayments caused by the CB, the LSAP will not be repaid in full before the terminal date, then either;

(1) Arrangements can be made for repayment of the LSAP repayment and insurance premium to continue via private arrangements throughout the CB.

(2) Upon completion of the CB, higher monthly repayment's can be paid that will ensure the LSAP is repaid by the terminal date.

(3) Repayments can continue at the usual rate, with any outstanding LSAP balance recovered from immediate terminal benefits [or the Resettlement Grant]

In all instances approval must be granted in advance by the LSAP Section, and arrangements agreed.

b. **Secondment.** Service personnel in receipt of LSAP prior to secondment as defined at para must continue to make their repayments (and premium) throughout the period of secondment. However, such repayments cannot be made via pay accounts and will need to be made through private arrangements with the LSAP section, either by cheque or Standing Order. Such arrangements must be agreed in advance.

The address of the LSAP Section is;

LSAP Section  
Centurion Building  
Grange Road  
Gosport  
Hants  
PO13 9XA

Tel: 0800 085 3600  
Mil: 94560 3600  
Fax: 02392 702506

**02.0430. Other Service Debts.** Other Service debts chargeable to the applicant's terminal benefits will be taken into account when considering proposals for repaying the LSAP and, until satisfactory arrangements for repaying the LSAP are approved by the SPVA PACCC, no arrangements will be made for the applicant's release.

**02.0431. Transfer of LSAP to a Second Qualified Service Person – Early Termination or Change of Personal Circumstances.** In the case of early termination or a change of personal circumstances (for example relationship breakdown), of a recipient of LSAP the

outstanding balance of the LSAP may be transferred to another eligible member of the Services. For such a transfer to be made, the Service person to whom the LSAP is to be transferred ('the transferee') must qualify in all respects for a LSAP. In addition, the transferee must own (whether solely or jointly with the original recipient) the property in question on the date of early termination or change of personal circumstances of the original recipient. Under this arrangement, the transfer may be completed as a paperwork exercise subject to the prior written agreement of the transferee and original recipient and no money need change hands. The new LSAP will be granted to the transferee on the same terms (including the same date(s) of repayment) as the original LSAP and the transferee will be expected to sign the agreement (JPA Form E024) acknowledging their sole liability to repay the LSAP.

**02.0432. Premature Discharge or Release - Disciplinary or Administrative Grounds (Not at Own Request).** If a LSAP recipient is discharged or released prematurely on disciplinary or administrative grounds (ie not at the Service person's own request), in circumstances where they will receive sufficient terminal benefits to clear the outstanding LSAP balance, the balance will be recovered from those terminal benefits. When premature discharge or release is being considered on disciplinary or administrative grounds, the fact that a person may receive no terminal benefits, or insufficient terminal benefits to clear any outstanding LSAP balance, is not to affect consideration of the case for that person's discharge. Nevertheless, as much of the money due to the MOD as possible is to be recovered before the person leaves the Service and the Service person is to be directed to make proposals for repayment of any outstanding LSAP following discharge or release. Any outstanding LSAP following discharge or release will be converted to a Crown Debt and will attract interest. A Crown Debt must be repaid in full before a further LSAP can be awarded, should the Service person subsequently be allowed to rejoin the Services.

**02.0433. Waiver of Recovery of LSAP.** *LSAP recipients will be required to refund without delay any balance outstanding at the time of leaving the Service, except:*

- a. In the case of death of the Service person, recovery will be waived.
- b. In the case of invaliding of the Service person, recovery will be waived, as long as the medical condition causing the invaliding did not exist when the LSAP application was originally approved (see paragraph [02.0411](#)). Any such waivers will be forwarded by JPAC(LSAP) for consideration by SPVA PACCC, who will consult the medical authority as necessary.
- c. In the case of premature discharge or release, recovery may be waived as a very exceptional measure, depending on the merits of the case. Any recommendations for a waiver are to be forwarded to SPVA PACCC.

**02.0434. Breach of Regulations - Impact on Interest Charges.** A LSAP will be interest-free except where otherwise indicated (see paragraphs [02.0407](#) and [02.0440](#)). However, if the applicant commits, or causes to be committed, a breach of any of the conditions of the LSAP scheme the outstanding LSAP will be converted to a Crown Debt and the Service person shall be required to pay interest from the date of that breach until the final recovery of all sums outstanding at a rate to be determined by the Secretary of State for Defence

(normally at the HMRC Official Rate). This requirement does not affect any of the applicant's other liabilities and obligations under the conditions of the LSAP scheme and at law. Any interest due will be deducted from the applicant's salary and from any terminal benefits to which they may be entitled.

**02.0435. Permission to Let.** Following initial occupation of the property by an applicant and/or immediate family (see sub-paragraph [02.0415a](#)), a LSAP claimant may apply to their CO for permission to let a property purchased or extended with the aid of a LSAP.

**02.0436. Letting and Interest Charges.** If letting is approved, interest charges will be levied at the HMRC Official Rate. Charges will be calculated monthly by JPAC(LSAP) and debited on the claimant's pay account. The interest charge is calculated on the amount of the LSAP outstanding at the end of each month. Reducing monthly charges therefore occur and will be shown as a monthly charge on the claimant's pay statement. It is to the advantage of a claimant to include the amount of such interest paid to MOD in their Income Tax return. A statement of interest paid will be forwarded to the HMRC by JPAC(LSAP) on receipt of a written request from the claimant.

**02.0437. Commencement or Termination of Letting.** A letting or cessation of letting must be reported immediately to JPAC(LSAP) through the claimant's parent unit. A delay of more than 3 months in reporting should be accompanied by a written explanation from the claimant. Service personnel should also note that when ceasing a letting a delay of more than 3 months in notifying JPAC(LSAP) of the cessation will preclude a claimant from receiving a full refund of interest charges. This is because of the tax ramifications of the letting of property and the declaration of interest to the HMRC.

**02.0438. Sale of LSAP Property.** A participant in the LSAP scheme may sell or otherwise dispose of a property purchased or extended with the aid of LSAP. If a LSAP remains outstanding at the date of sale or other disposal, the claimant must immediately inform JPAC(LSAP). The LSAP must be repaid immediately and in full (see paragraph [02.0452](#)), unless the outstanding balance is to be used to offset a new LSAP (see sub-paragraph [02.0421](#)) or is to be transferred immediately to another qualifying property (see paragraph [02.0424](#)). Failure to report the sale or disposal of the property or, if appropriate, to repay the outstanding balance immediately, will be regarded as a breach of the regulations (see paragraph [02.0434](#)) and will result in interest charges being levied against the outstanding balance from the date on which the sale took place.

**02.0439. Effects of Divorce/Dissolution of Civil Partnership - Sale or Transfer of LSAP Property.** A married Service person or one in a civil partnership who currently owns a property (or who has owned a property within the 12 months preceding sale or transfer) may be obliged to sell the property, or to transfer ownership of the property to the Service person's ex-spouse/civil partner, as part of a settlement on divorce or dissolution of a civil partnership. In these circumstances, the Service person would cease to be the legal owner of the property. Regardless of whether the sale/transfer forms part of a voluntary settlement or is by direction of a Court Order, the following regulations apply:

- a. If the property, which is sold or transferred was purchased (or extended) with the aid of a LSAP, and the LSAP has not been repaid in full, the procedures for "Sale of Property" apply; (see paragraph [02.0438](#)).

b. *If the Service person subsequently wishes to re-enter the housing market with the aid of a LSAP, the Service person may apply for a LSAP in accordance with paragraph [02.0422](#). For purposes of assessment, however, it will be considered that the applicant has not owned property within the 50 miles of the chosen location during the previous 12 months (or, if purchasing a RWA for their current assignment, at any time during the current assignment). The Service person is required to submit a certified true copy (certified by Unit HR) of the Decree Absolute or Decree Niciis with any future LSAP application form.*

c. In circumstances where a Service person is obliged to pay the mortgage on a property as part of a divorce settlement, that person may subsequently qualify for an LSAP under the conditions of sub-paragraph [02.0439b](#). However, when applying for any subsequent LSAP, applicants are to make any such financial commitments known to JPAC(LSAP).

**02.0440. Effects of Divorce/Dissolution of Civil Partnership - Continued Ownership.**

If, consequent upon divorce or dissolution of a civil partnership, the claimant remains the legal owner of a property purchased or extended with the aid of a LSAP, but allows their ex-spouse/civil partner to continue living there either by mutual agreement or Court Order, the Service person will be liable to interest charges for "Letting". However, if child(ren) of the marriage/civil partnership reside with the claimant's ex-spouse/civil partner, the claimant will be deemed, for the purposes of LSAP, to be providing a home for the Service person's immediate family and in these circumstances interest charges will not be due. The fact that a debt is still owed by the Service person who has left the family home will not affect their right to occupy SLA.

**02.0441. Change in Circumstances - Periodic Spot Checks.** Recipients of a LSAP will be asked periodically to confirm that the property has not been let, disposed of, or sold. JPAC(LSAP) will forward a proforma through the recipient's parent unit for completion and return. This action in no way absolves Service personnel in receipt of a LSAP from their responsibility to report, without delay, the date of letting, sale or disposal of the property, if and when it occurs.

**02.0442. Refund of Legal Expenses (RLE) for Purchase and Sale of Property.**

*LSAP claimants may also be eligible for RLEs in accordance with [Chapter 7 Section 5](#). However, if RLEs are claimed, only those expenses which are not refunded under RLE regulations will be taken into account in calculating the amount of LSAP payable.*

**02.0443. Re-Mortgage – Increase in Mortgage Loan.** In circumstances when a recipient of LSAP wishes to re-mortgage in order to raise additional capital, the Service person must notify JPAC(LSAP) prior to taking any further advance of monies against the property as the sum of the mortgage(s) plus LSAP is not to exceed the value of the property. The Service person is to provide either a copy of the valuation for the re-mortgage or confirmation from the lender that they are willing to lend the additional monies without requiring a formal revaluation. Should the value of the mortgage, plus the amount secured as a second

mortgage, plus the outstanding LSAP exceed the value of the property the LSAP must be repaid in full.

**02.0444. Second Mortgage.** The LSAP is not to be used as security to obtain a further mortgage. Inability to repay the outstanding balance upon sale of a property, because of the redemption of a second or subsequent mortgage, will result in interest being charged at the HMRC Official Rate.

**02.0445. Re-Mortgage – Change of Mortgage Provider.** In circumstances when a recipient of LSAP wishes to re-mortgage in order to change their mortgage provider, for example to benefit from a lower interest rate, and does not increase the actual value of the outstanding mortgage loan the circumstances at paragraph [02.0443](#) above do not apply and a direct transfer of LSAP capital may take place.

**02.0446. Entitlement to Service Families Accommodation (SFA).** Personnel assigned with their immediate family to an area (within 50 miles) in which they own a property purchased or extended with the aid of a LSAP are required to occupy that property and are disqualified from occupation of SFA or SSFA, at the new place of duty, except for the following reasons:

- a. Their CO is satisfied that the property remains beyond a reasonable daily travelling distance; or
- b. They are required to occupy SFA by virtue of their appointment.
- c. They are separated from their spouse/civil partner (who continue to live in the property purchased using an LSAP) and they require SFA to facilitate staying in contact with their children.

## RATES

**02.0447. LSAP Rate.** The maximum rate of LSAP is set at £8,500 and, when set, was considered to be sufficient assistance towards a house deposit based on the average house price at that time. It is recognised that this sum will now be insufficient to meet this need, but funding constraints have precluded its uplift. Within that limit the amount of LSAP approved is limited to 182 days gross basic pay (including Specialist Pay). It is further limited to the difference between the mortgage obtained and the purchase price of the property (which, for the purposes of LSAP, can include associated legal, surveyor's, land registration and estate agent's fees plus the cost of any repairs which are an explicit condition of the mortgage obtained). This difference is abated by any capital realised by the sale of a previous property. The amount of the LSAP is reviewed every 5 years by SP Pol P&M (Allces) in conjunction with SP Pol AFW.

**02.0448. Rate of LSAP Waiver Premium.** The premium rate is reviewed annually by SP Pol P&M (Allces) and published in the annual MOD SP Pol P&M (Allces) Directed Letter "Rates of Entitlement for Allowances for Service Personnel". The waiver premium payable by every LSAP recipient is calculated by dividing the total cost of waivers granted in the previous

financial year by the total number of LSAP recipients at the time of the review.

**02.0449. Rate of Interest Charges.** The interest rate is reviewed annually by SP Pol P&M (Allces) and published in the annual MOD SP Pol P&M (Allces) Directed Letter 'Rates of Entitlement for Allowances for Service Personnel'. The interest rate charge is set in accordance with the HMRC Official Rate for beneficial loans. The rate is normally reviewed at the beginning of the tax year and announced in the Budget. This rate is payable by those Service personnel who let a property on which there is an outstanding LSAP.

## **METHOD OF CLAIM**

**02.0450. Method of Claim.** The method of claim is detailed at [Annex A](#). All applications must be received by the JPAC (LSAP Section) a minimum of 6 weeks before the expected purchase completion date to ensure that payment deadlines are met.

## **METHOD OF PAYMENT**

**02.0451. Payment of LSAP.** Payment, if approved, will be made by JPAC(LSAP) direct to the applicant's legal representative, except in the case of certain property extensions (see paragraphs [02.0423d](#) to [f](#)). Applicants should note that:

- a. For purchase of a property in the course of construction, the LSAP will not be paid until purchase of the property is nearing completion.
- b. Payment will be made when (and not before) the deposit is required. This is on condition that the money will immediately be refunded if there is any change in financial details after payment of the LSAP has been approved (including any apportionment of purchase price to fixtures and fittings).
- c. Approval for payment of LSAP will not be made, or will be revoked if already given, if the applicant's appropriate legal representative legally completes the property purchase prior to receipt of LSAP.

**02.0452. Full or Part Repayment.** Full or part repayment of the outstanding balance will be allowed at any time. A sterling cheque or banker's draft (raised either by the Service person or their legal representative) can be made payable to "JPA UK receipts HMG 3601" and forwarded to JPAC(LSAP). The Service person's name, Service number and UIN are to be annotated clearly on the back of the cheque.

**02.0453. Casework Procedure.** Any Service person wishing to dispute a decision regarding eligibility for LSAP, or any other facet of the scheme, may submit casework detailing their circumstances. Casework should be accompanied by the written support of the applicant's CO (in accordance with paragraph [01.0108](#)) and be submitted to the SPVA PACCC.

Annex:

A. LSAP Method of Claim.

**LSAP METHOD OF CLAIM**

1. **Applications.** Completed applications (JPA Form E024) must be forwarded at least 6 weeks before the expected purchase completion date. Proof of purchase will be sought by JPAC(LSAP) from the appointed legal representative. In cases where the applicant has owned property within the previous 12 months, a legal representative's statement of sale (actual or intended) and purchase must accompany the application form.

2. **Entitlement Assessment.** If a potential applicant wishes to seek assessment of their entitlement to receive a LSAP prior to formal application, they may do so by completing the JPA Form E024 for submission to JPAC(LSAP). The applicant should complete the form as far as possible but need not seek further certification/recommendation by unit authorities at this stage. The top of the form should be clearly marked in red ink "For Entitlement Only".

3. **Reassessment of Eligibility.** Personnel who are initially assessed as "entitled" prior to formal application are reminded that both eligibility and the maximum amount of the LSAP which may be awarded will be fully reassessed once formal application is submitted (subject to certification/ recommendation by unit authorities). At this point, if any information supporting the application has changed, it is possible that entitlement may be affected.

4. **Application Procedure.** When an eligible applicant has found a qualifying property they wish to purchase, has arranged as necessary for a mortgage and has obtained the services of a legal representative, they may submit an application to JPAC(LSAP), through their CO (or an officer authorised by the CO), by completing JPA Form E024, in duplicate.

5. **Prior to Application.** Applicants are to satisfy themselves that they have read and understood the provisions of these regulations. In particular, applicants are reminded that they must await confirmation that award of a LSAP has been approved, and payment received by their appropriate legal representative, prior to completion of property purchase.

6. **Certification of Application Form.** Applications are to be certified by the Unit Medical Officer and by the CO (or an officer authorised by the CO) of the unit, which parents the applicant for pay and allowances purposes. The CO is to be satisfied that there are no financial, medical or other reasons why the application should be refused.

7. **Application Form Scrutiny.** In certifying an application, a CO (or an officer authorised by the CO) must take into account an applicant's current financial situation, notably where repayment of a LSAP would increase existing difficulties; if appropriate, the application must be refused at this juncture. If an applicant is subject to any administrative or disciplinary action, which may result in a significant/material change in circumstances (eg premature termination of Service, assignment, detention, reduction in rank), the application is either to be rejected or held in abeyance until the outcome of the action is known. Otherwise, the application may be recommended by the CO (or an officer authorised by the CO) and forwarded to JPAC(LSAP).

## ANNEX A TO SECTION 4 TO CHAPTER 2

8. **Short Notice Appointment.** Applicants who are at risk of being assigned to a seagoing ship (or assigned overseas) at short notice, before the purchase of their new property is completed, should discuss with their solicitor the arrangement of a limited Power of Attorney, or similar. This is to ensure that purchase can be completed in their absence. It is emphasised, however, that the additional expense of such a course of action is not necessary in normal circumstances. Any additional expenses incurred in association with the Power of Attorney are the responsibility of the Service person.

**ANNEX A TO SECTION 4 TO CHAPTER 2**