

## Self-Build Mortgages – Information Sheet

Applications for stage payments can be considered where the property is to be constructed on a self-build basis.

- **LTV**

The ultimate LTV must not exceed 80%, although this is restricted to a maximum of 75% during the build period.

- **Affordability**

Affordability will be assessed in the usual way and any existing residential mortgage balance will be included in this assessment (if this will not to be repaid upon completion of the purchase / remortgage of land – the first stage release)

- **Schedule of Costs**

The Society's *Schedule of Costs* must be completed with each application submitted, providing a full breakdown of the costs allocated for the build. The application will not be assessed until this is completed and the application and valuation fees have been paid.

- **Valuation**

The Society will instruct its own valuation (irrespective of whether the applicant has already obtained their own valuation) – valuation transcripts will not be acceptable.

- **Building to be Demolished and Land Purchased**

If there is an existing building on the land, either the cost of demolition will be deducted from the amount of the advance available **OR** the cost of demolition will be retained from the first Stage Payment.

- **Planning Permission**

Outline Planning Permission to erect a residential dwelling will be acceptable for loans representing **up to 60%** of the value of the land. The planning permission must be valid for at least 2 further years at the point of application.

Full Planning Permission will be required for loans **over 60%** LTV up to the maximum available LTV of 75%. The planning permission must be valid for at least 2 further years at the point of application.

Confirmation of Building Regulation Approval will be required **prior to** the release of any subsequent funds (after the purchase of land).

- **Construction Types**

Standard construction types will be acceptable and will be subject to a satisfactory assessment and valuation by the Society's valuer.

- **Mortgage Offer**

The Mortgage Offer is valid for a period of 3 months (until the first stage is released).

- **Self Employed Builders**

Applications from self-employed builders requiring building finance **will not** be accepted.

- **Release of Monies**

Funds will be **released upon completion of each stage** of the build (see stages below) and funds are not released in advance.

The advance will be released in accordance with the following stages of construction and the Society's valuer will be instructed to inspect the property and provide an updated valuation at each stage. A fee will be charged, in accordance with the Fees for Mortgage Related Services and Tariff of Costs.

| Stage | Stage of Build<br>(Note - funds released on completion) | Approximate funding allocation (build costs)* | Release up to:   |
|-------|---|---|--|
| 1     | Land Purchase   |   | 60% of current value<br>(with outline planning permission only)<br>75% of current value<br>(with full planning permission) |
| 2     | Wall Plate  | 30%   | 75% of current value   |
| 3     | Roofed In   | 25%   | 75% of current value   |
| 4     | Plastered Out   | 25%   | 75% of current value   |
| 5     | Completed   | 20%   | 80% of current value   |

\* for guidance purposes only

- **Monitoring Progress**

The Society will monitor the progress of the build maintaining regular contact with the customer and will reserve the right to instruct a valuer to inspect the site if it is considered appropriate and charge a fee in accordance with the Fees for Mortgage Related Services and Tariff of Costs.

- **Professional Supervision**

Architect supervision will be acceptable subject to production of the appropriate level of professional indemnity insurance cover (which must exceed the completed property value and be at least £500k) and membership of the following professional bodies:

- Royal Institution of Chartered Surveyors (FRICS or MRICS)
- Institution of Structural Engineers (F.I.Struct.E or M.I.Struct.E)
- Chartered Institute of Building (FCIOB or MCIQB)
- Architecture and Surveying Institute (FASI or MASI)
- Association of Building Engineers (FB.Eng or MB.Eng)
- Chartered Institute of Architectural Technologists (formerly British Institute of Architectural Technologists) (MCIAT)
- Architect registered with the Architects Registration Board (ARB). An architect must be registered with the Architects Registration Board, even if also a member of another institution, for example the Royal Institute of British Architects (RIBA)
- Institution of Civil Engineers (FICE or MICE)

**Important** - Please note that the Society's valuer will still be required to inspect the property prior to each stage release.

- **Insurance**

The same insurance requirements apply as for new properties (i.e.: where the property is architect supervised, the latest certificate will be required for each re-inspection).