



specialist self build and renovation mortgages



Exclusive homebuilding mortgage solutions
Delivered by your local mortgage adviser

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Embarking on a **self build project** is a huge challenge. But it can also be one of the most rewarding experiences of your life.

Whether you're a first-time self builder or an old hand at this game, you'll need funding in place to drive your build through its various stages. The chances are at least some of that funding will come from a mortgage, so its vital that you get the right one.

Although the definition of self build is broad – from designing and building your home from scratch to renovating an existing property, or even retro-fitting an existing home with the latest eco products and technology – there's no doubt that in every case the key to success is a sound financial base.

Whether you've already found your plot and have your architect's plans in place, or are just starting to think about the advantages of creating your own home, you're embarking on a journey that will be exciting and challenging in equal measures.

We know that one of the main hurdles self builders face is, quite simply, finding enough money to keep their project running smoothly. And, that's where we can offer critical support.

This brochure will give you the lowdown on securing – and managing – the funding for your self build project with the help of your local mortgage adviser.

Specialist finance solutions for self builds, renovations, conversions and refurbishments

- Exclusive funding solutions for your self build, renovation, conversion, refurbishment, home improvement or property development project
- Traditional or advance stage payments – cash before every stage of your build
- Higher lending percentages – up to 85% on land with only Outline Planning Permission and up to 85% on build costs
- Stay in your own home as your build your new one
- Mortgages can be repayment, interest only or a combination of both
- Over payments without penalty
- Product availability in England, Wales, Scotland and Northern Ireland
- Choice of lenders and competitive rates
- Range of support services including land-finding, site insurance, structural warranty and project costings.



Making the money go round

Cashflow is the lifeblood of your self build or renovation project – so if it slows down, or dries up, it can throw the whole project off schedule

While there may be no such thing as a typical self build project – each coming with its own unique set of challenges – every project does have identifiable stages of development, from the initial digging of the foundations to the final fix. And at each stage, as the value of the build increases, your lender will release a percentage of your overall funds, so it's critical that you understand exactly what your project is going to cost at each stage, so that you have enough money to meet your expenses.

Make sure that you've worked out precisely how much money you'll need to pay out for materials, tradesmen and specialist services at each stage so that your available funds match your project.

For example, a timber frame construction is more expensive in the early stages than a brick and block build as you have to pay for the whole system up front. It's also essential to have agreed

payment terms with builders and other tradesmen in advance of work starting.

If you don't have a good handle on your cashflow – that is, if you haven't matched your finances to your projected expenses at each stage – then you might find that you're unable to meet your builders' invoices or pay for the materials you need. Either situation can hinder progress and in the worst case scenario, your builders may leave your project and move onto another job if they haven't been paid, or don't have materials to work with.



Our exclusive mortgage schemes can help cashflow

We are acutely aware of the importance of matching cashflow to project stage and will look at each customer's situation individually and work out a tailored package with the

lender (subject to valuation) which ensures that adequate funding is available at each stage of your project.



The house we have now would not have been possible without the additional cashflow offered by BuildLoan. Being able to keep our young family in their own home during the build was a great weight off our shoulders too!

What's more, if you don't have a large amount of cash sitting in the bank at the start of your project, you'll find that our Traditional and Advance Stage Payment mortgages with their higher lending percentages (up to 85% on land and build costs) will give you greater funds which will ease your cashflow.

Budgeting for your project

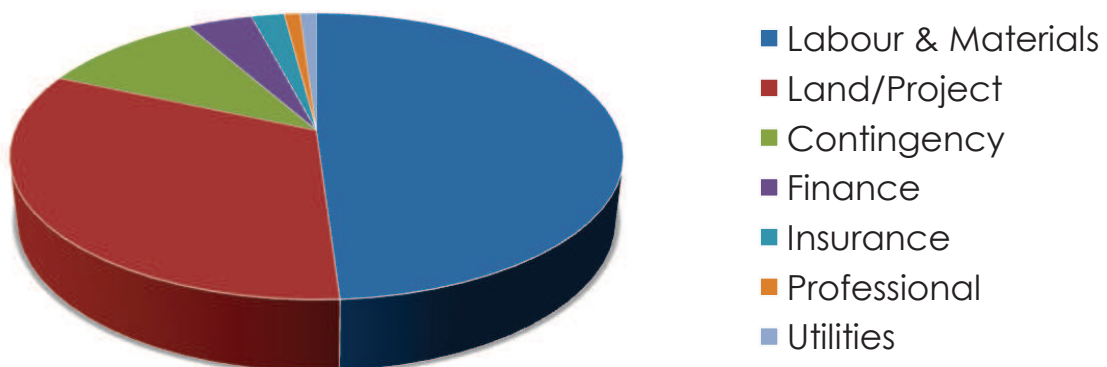
Don't even think about working without a budget – it's incredibly easy for unforeseen costs to send things spiralling out of control.

For many people, the whole point of self building is to make the money they have available for a home go further – so it follows that accurately planning and managing a budget should be a primary concern. This process should start well before you even buy your plot of land, and shouldn't finish until you've paid the final contractor and jumped through all the hoops to reclaim VAT on your building materials.

When you first begin to work out your budget it makes sense to plan out and weigh up the costs of all the different aspects of your project – even if that means working in round numbers. You should have a total figure in mind that you want to work to – whether you are borrowing money or not – and the pie chart below is a good ready reckoner to start with.

For the self builder or renovator, getting your budget right has always been important. But in these post credit crunch times, it's absolutely critical. Once you've got the basic figures in place, you'll then need to spend significant amounts of time planning everything down to the smallest detail because today it is more difficult than ever to negotiate extra lending if you overspend in the early stages of the build.

To find out how much you can borrow, speak to your mortgage adviser – and remember lending partners look at income and expenditure on an individual basis, and their offer will be tailored to suit your circumstances.



If the right funds aren't available at the right stages of the build, delays are inevitable (*and often expensive*). In the worst case scenario, materials may not be delivered and your builders may be forced to move onto projects elsewhere.



Solid financial foundations

The amount that can be borrowed for a self build or renovation project is subject to much the same criteria as a house purchase mortgage – the chief factor being that you have enough income to meet the monthly repayments

The main difference between a self build mortgage and a house purchase mortgage is that self build funding is released in stages as the build progresses, rather than as a single amount. The table below illustrates the typical stages for a brick and block build, a timber frame build and a renovation or conversion project.

We have connections with lenders, developed two unique mortgage packages which are designed to suit the very specific needs of the self builder. They are defined by when the funds are released to you during the build process (in arrears or in advance) and are tailored to suit both your income and the stages of your project.

Our exclusive mortgage packages, provided by a panel of lenders, offer higher lending percentages on land and build costs, to maximise your cashflow during your build, and features like interest only during the build to keep mortgage repayments low.



STAGE	BRICK & BLOCK	TIMBER FRAME	RENOVATION / CONVERSION
1	Purchase of land	Purchase of land	Purchase of property
2	Preliminary costs & foundations	Preliminary costs & foundations	Preliminary costs & structural overhaul
3	Wall plate level	Timber frame kit erected	Wind & watertight
4	Wind & watertight	Wind & watertight	Plastering & services
5	First fix & plastering	First fix & plastering	Second fix
6	Second fix to completion	Second fix to completion	To completion

Stage payment mortgages

You can access two unique mortgage packages which are designed to suit the very specific needs of the self builder

Traditional Stage Payment Mortgage



Our Traditional mortgage works on a typical arrears stage payment basis. But what you'll find with us is that their lending partners are able to offer up to 85% of both land and build costs – 10% more than most other lenders – and this makes life easier all round.

These higher percentages quite simply mean that you'll have more money, enhanced cashflow and greater flexibility if you only have a small deposit. It may even make the difference between having to sell your existing home or being able to stay in it during your build project.

KEY FEATURES

- ✓ Borrow up to 85% of the cost of your plot
- ✓ Borrow up to 85% of the cost of your build
- ✓ Receive your money in agreed stage payments subject to valuation
- ✓ Stay in your current home as you build
- ✓ Choice of lenders, products and competitive rates.

Advance Stage Payment Mortgage

We recognise that not everyone has the cash required to complete the early stages of their build – or is able to release equity from their existing property to buy or put down a deposit on land. That's why they've created an alternative.

Our unique Advance Stage Payment Mortgage releases the funds at the beginning of each stage rather than the end.

With the Advance Stage Payment Mortgage, it's possible to borrow up to 85% of the cost of the land or a renovation property and up to 85% of the cost of the building works.

Building a green home? We offer an Eco Advance Stage Payment Mortgage with a very attractive discounted rate – as rewarding to you as it is to the planet.

KEY FEATURES

- ✓ Borrow up to 85% of the cost of your plot
- ✓ Borrow up to 85% of the cost of your build
- ✓ Receive your money in guaranteed advance stage payments at the start of each build stage
- ✓ Stage payment amounts are not determined by interim valuation
- ✓ Receive the money to pay for your timber frame when required
- ✓ Choice of leading lenders, products and competitive rates

Case Study 1

Research, Research, Research

For Osh Roberts, reading volumes of house building and renovation magazines and watching hours of Grand Designs, convinced him that self build was done by 'ordinary people' and that he could do it too.

Once they'd decided to embark on a self build, Osh and his partner Sarah Campbell spent weeks and months considering the layout of their house and what they wanted for each room – a master bedroom with sun in the morning, a living room at the back of the house for privacy, and the option to have a semi open-plan layout between the living room and kitchen. Now that they've moved in, and are living the dream, Osh is convinced it was time well spent.

The couple's meticulous approach to planning extending to undertaking a huge amount of research to ensure that they properly understood the build process and methods involved. As a result Osh decided to employ a builder, preferring to "utilise other people's experience and contacts rather than trying to do it myself". What's more, he managed to find a builder who had already worked with their type of timber frame kit (from Polish company Dan Wood Ltd so they didn't hit any major obstacles during the build. However, Osh is the first to admit that some things can't be



planned or accurately costed too far in advance, such as foundations or utility connections – the only areas which went over budget.

In fact for Osh and Sarah, the biggest hurdles were at the outset. It took 18 months to find the perfect plot, followed by a long period of negotiation to change the existing planning for a bungalow to permission for a house. And more frustratingly their high street lender changed their mortgage policy for lending to self builders at the last minute.

With inheritance money to start them off, and funds from the sale of Osh's flat, the couple chose a Traditional mortgage with stage payments in arrears to see their project through. It suited their tightly planned project – and Osh's excellent budget control – perfectly.

As well as being able to spec your home to suit your tastes and lifestyle, self building is VAT free, so you'll get more for your money than you would by buying an existing property.

Self build and renovation loans are arranged by introduction only. Your home may be repossessed if you do not keep up repayments on your mortgage.