



Hanley
ECONOMIC
Building Society

Self-build Lending Guide

thehanley.co.uk



Introduction

The Society supports a number of lending schemes to help individuals wishing to complete a self build project for their own residence.

The scheme aims to support applicants who choose to:

- Purchase land and build a new property
- Raise capital and build a property on land that they already own
- Convert an existing structure, for example a barn into a home
- Extend their existing home, home improvements or renovate
- Purchase a new home and build an extension, home improvements or renovate

The Society can consider applications in accordance with the lending criteria and indemnity insurance provider requirements and specific products are available to support this.



Basic Requirements

Maximum Advance: (Advance Basis Only)	£500,000*	
Maximum Advance: (Arrears Basis Only)	Maximum Loan	Maximum Final LTV
	Upto £500k	Upto 80%
	> £500k – £750k	70%
	> £750k – £1m	65%
	> £1m – £1.25m	50%

- Available for house purchase and remortgage in England, Wales and Scotland.
- A structural warranty will be required.

Schemes Available

Advance Stage Payments Scheme

Available for borrowers who choose to have funds released in advance of each stage of the project. Restrictions apply in respect of the maximum amounts released at each stage of the build.

Arrears Stage Payments Scheme

Available for borrowers who choose to have funds released in stages as works progress and after each stage of the project is completed. Restrictions apply in respect of the maximum amounts released at each stage of the build.

Custom Build Scheme

Available for, borrowers who choose to have input into the design of their home, and to purchase a serviced plot which has reached foundation stage (Golden Brick).

The borrower is able to bespoke the property to their requirements, subject to this being within the guidelines of the developer, planning rules and conditions within the footprint of the property.



Loan to Value – During Construction & Final Value

Advance Basis	Arrears Basis
Maximum 85% of build costs during construction. Maximum 80% at final value upon completion.	Maximum 80% of valuation during construction. Maximum 80% at final value upon completion upto £500k. For loans in excess of £500k refer to the maximum final value details. A valuation will be required at every stage.

Custom Build (Arrears) Scheme

Maximum 80% during construction. Maximum 80% Final Value. Maximum advance £500k.

Loan Basis

- Repayment – (Capital and Repayment)
- Interest Only – maximum 2 years

What will Hanley Economic lend on?

Acceptable property and construction types are shown at the end of this document.

Duration of Project & Timescales

Works must start within 6 months of the mortgage commencing. The Society will undertake monitoring of build progress on a 3 monthly basis, or more regularly if deemed necessary. All works must be completed and a final completion sign off received from the warranty provider within 2 years from the first date of funds being released, or 6 months following release of the final stage payment (whichever occurs first).

Site Insurance Minimum Requirements

A copy of the insurance schedule is required to include the following:

- £5 million public liability
- £10 million employers' liability
- Contract works (for the re-instatement value)
- Reinstatement cover for any existing structure
- Hanley Economic Building Society to be noted as mortgagee



Planning Permission

You will need to provide planning permission for the project, which must have a minimum of 12 months to run. Outline planning permission is acceptable for the purchase of the plot, however full planning permission is required prior to release of the first stage advance.

Plans

A copy of the plans will be required for the Society and Valuer, and which should be to scale, or have the room sizes clearly marked. Where available elevations of the proposed property should also be submitted.

As a mortgage condition, an undertaking signed by the applicants will be required confirming that the plans on which the original valuation is based are / have / will not be altered.

The Society will require a schedule of works for proposed alterations where plans are not required for conversions or renovations.

Building Regulation

Copies of Building Regulations are required for all self-build, conversion and renovation projects. The society does not accept a Builders Notice as suitable approval for the works carried out.

Valuation

The Society will instruct all valuations.

Interim & Final Valuations

Valuations will be carried out at each stage release. In addition, the Society reserves the right to carry out interim valuations during any stage of the build / renovation.



Acceptable Warranty Certification

- Premier's "Guarantee for New Homes" (minimum warranty term 10 Years)
- NHBC 'Buildmark' (minimum warranty term 10 years)
- Self-Build Zone (minimum warranty term 10 years)
- LABC Warranty (minimum warranty term 10 years)
- Architects Certificate (minimum warranty term 6 years)
- Building Lifepans Ltd (BLP Allianz Guarantee) (minimum warranty term 10 years)
- Castle 10 (Checkmate) (minimum warranty term 10 years)
- Protek (minimum warranty term 10 years)

Acceptable Certifying Professionals

All Architects supervising the build must have Professional Indemnity Cover of no less than £1m and one of the qualifications below.

ARB UK	Architects Registration Board UK (previously known as ARC)
*RIBA / ARIBA / FRIBA	Chartered Member/Associate/Fellow of the Royal Institute of British Architects
MCIAT	Corporate Member of the Chartered Institute of Architectural Technicians
MASI / FASI	Corporate Member/Fellow Member of the Architects and Surveyors Institute (excludes AMSI)
C. Build E MCABE / C. Build E FCABE	Chartered Member/Chartered Fellow of the Chartered Association of Building Engineers (excludes A B Eng)
MICE / FICE	Member/Fellow of the Chartered Institute of Civil Engineers (Excludes AMICE)
FCIOB / MCIQB	Fellow or Member of the Chartered Institute of Building
MRICS / FRICS	Member or Fellow of the Royal Institution of Chartered Surveyors (RICS)
MI Struct Eng / FI Struct Eng	Chartered Member or Fellow of Institute of Structural Engineers

*only acceptable if also registered with the Architect's Registration Board (ARB)



Further Advance Borrowing

Further advance borrowing will not be considered until the total advance has been released, and only available on an arrears based scheme.

Where the borrower requires a further advance to complete the project, the borrower should contact the Society to discuss their requirements.

A referral will be made to the Insurance provider to establish if insurance is available, and any conditions which may be applied. Confirmation will be required in writing from the insurance provider.

A valuation will be required.

The account must have been conducted satisfactorily for a minimum of 6 months, with no arrears.

Making an Application

Please refer to the Societys website for details on the application process, together with the required documentation.



Hanley Economic Lending

Self-build & Renovation / Conversion Property Types

The Society lends in England, Wales and Scotland.

Acceptable Properties – Self-build & Renovation / Conversion

	Self-build Construction	Renovation / Conversion
Freehold houses and bungalows of standard construction.	●	●
Leasehold houses and bungalows of standard construction with an unexpired lease of a minimum of 85 years at valuation.	●	●
Modern timber framed properties with external brick skin subject to a maximum of 3 storeys.	●	●
Traditional Builds.	●	●
Properties that have a granny flat or annexe. (subject to details of proposed usage and occupancy)	●	●
Properties with Thatched roof.	●	●
Modern Oak frame properties.	●	●
SIPS (Structurally Insulated Panels) with an external cladding of brick, brick slip finish, cement / polymer render or cement weatherboard. The use of treated timber cladding (eg. Larch or Western Red Cedar) will only be considered where its presence does not exceed a maximum of 50% of the total external wall surface.	●	●
ICF (Insulated Concrete Forms) with external brick, brick slip or cement / polymer render or cement weatherboard finishes. The use of treated timber cladding (eg. Larch or Western Red Cedar) will only be considered where its presence does not exceed a maximum 50% of the total external wall surface.	●	●
Modern “Kit” Built Properties such as Potton Timber Framed Systems or Huf Haus timber post and beam systems.	●	
Modern Timber Framed Properties with brick slip, cement / polymer render or cement weatherboard external clad finishes. The use of treated timber cladding (eg. Larch or Western Red Cedar) will only be considered where its presence does not exceed a maximum of 50% of the total external wall surface.	●	●



Acceptable Properties – Self-build & Renovation / Conversion

	Self-build Construction	Renovation / Conversion
<p>Partially built properties (subject to):</p> <ul style="list-style-type: none"> • Certification and inspection certification; • Confirmation that the property has been constructed in accordance with planning / building requirements; • Valuer confirmation they have viewed all documentation and guarantees are available for the work completed to date). 	●	●
<p>Plots / properties bought at auction subject to details below being provide to the Society within 15 days prior the auction:</p> <ul style="list-style-type: none"> • A minimum of outline planning permission; • A full report and valuation; • Decision in Principle (DIP)¹. 	●	●
<p>Plots / properties subject to Section 106 agreement.</p>	●	●
<p>Plots / properties subject to Restrictive Covenants – considered individually by the Society on a case by case basis.</p>	●	●
<p>Semi-detached properties where the building is being built onto an existing house and not dependant on a third party to complete another adjoining property. (eg.) Detached property to semi-detached or semi-detached to terrace (total of 3 properties)</p>	●	●
<p>End terraced house, where the building is being built onto an existing house and not dependant on a third party to complete another adjoining property. (eg.) Terraced properties with 1 additional property added.</p>	●	●
<p>Properties with bat boxes located on either the main dwelling or outbuilding (eg.) garage. Where a bat report requires provision for free flying space in the main property the case should be referred to the Society prior to a full application being submitted.</p>	●	●
<p>Grade II listed buildings subject to valuation, together with listed building consent and no onerous encumbrances.</p>	●	●
<p>Private water supply subject to certification for the water being fit for consumption, the Local Authority will be required to undertake the testing. In respect of shared private water supplies these will be referred to our solicitors on any anomaly.</p>	●	●
<p>Build Off Site Property Assurance Scheme (BOPAS). The Society will consider certified BOPAS components. Each case will be considered on individual merit and referred to the Society's panel valuer where appropriate.</p>	●	●

¹ The DIP is made on the information provided at the time. The Society reserves the right to decline a DIP following the receipt of further information.



Acceptable Properties – Self-build & Renovation / Conversion

	Self-build Construction	Renovation / Conversion
Properties with 100% flat roof subject to referral and valuer's comments to HLC (excluding "living roof" e.g. grass, vegetation planting)	●	●
Modern steel frame properties subject to referral and valuer's comments to HLC	●	●
Septic Tank – where a shared septic tank is in place, the Society will consider these subject to formal documented responsibilities being in place for all parties in respect of maintenance and repair / replacement and confirmation that the tank fully complies with statutory requirements.	●	●
Second Homes – where the property will only be occupied by the borrower, typically as a holiday / weekend home.	●	●



Unacceptable Properties – Self-build & Renovation / Conversion

Log Homes (including Erland House log homes & Jim Barna Log homes), Easiform cavity walled concrete houses, Wimpey no fines, Elliot eHouse and PRC systems designed defective

Right to Buy Properties.

Holiday Homes.

Back to Back terrace or cluster.

Property/land with agricultural ties.

Any property or land with commercial use.

Properties above commercial premises.

Properties with possessory title.

A group development eg, builder/developer offering multiple plots.

Smallholdings.

Properties made of concrete (apart from ICF only).

Properties subject to a local occupancy clause.

Woolaway houses as named in the Building Research Establishment Report 1983 and built between 1945 and 1960.

All Flats or Maisonettes.

Live / eWork units.

Steel framed construction.



Unacceptable Properties – Self-build & Renovation / Conversion

High Alumina Cement.

Land only in any circumstances.

Any purchase where part-exchange is involved.

Houses subject to Flying Freehold.

Former Local Authority Houses.

Properties with statutory tenants.

Properties of non-traditional construction deemed defective under the Housing Defects Act which have not been modernised under an approved scheme.

Properties with ongoing structural movement.

Underpinned properties with no guarantees available.

Second Homes.

Properties designated with HMO.

Properties that have previously flooded.

Properties that are reported to be contaminated land or within a contaminated land area.



We're never too far away...

For more help from a friendly face why not visit one of your local branches.

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Hanley
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YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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