

Self-build Lending Guide



Hanley
ECONOMIC
Building Society

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

The maximum loan in respect of Self-Build is £500,000

Available for house purchase and remortgage in England and Wales only.

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 Stage Payment – Maximum 85% during construction. Maximum 80% Final Value

Arrears Stage Payment – Maximum 80% during construction. Maximum 80% Final Value

Custom Build (Arrears) Scheme – Maximum 80% during construction. Maximum 80% Final Value.

LOAN BASIS

Repayment – (Capital and Repayment)

Interest Only – maximum 2 years

WHAT WILL THE HANLEY 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)

ACCEPTABLE CERTIFYING PROFESSIONALS

PROFESSIONAL QUALIFICATIONS.

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/MCIOB	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.

Festival Park (Head Office)

Granville House, Festival Park,
Hanley, Stoke-on-Trent, ST1 2TB

01782 255161
e: festivalparkbranch@thehanley.co.uk

Opening Hours
Monday: 9am-5pm / Tuesday: 9am-5pm
Wednesday: 9am-5pm / Thursday: 9am-7pm
Friday: 9am-5pm / Saturday: 9am-4pm

Biddulph

51 High Street, Biddulph,
Staffordshire ST8 6AD

01782 255140
e: biddulphbranch@thehanley.co.uk

Opening Hours
Monday: Closed / Tuesday: 9am-4pm
Wednesday: 9am-4pm / Thursday: 9am-7pm
Friday: 9am-4pm / Saturday: 9am-4pm

Cheadle Agency

Cheadle Shopping Centre, Cheadle,
Staffordshire ST10 1UT

01538 751976
e: cheadle@thehanley.co.uk

Opening Hours
Monday: Closed / Tuesday: 10am-3pm
Wednesday: 10am-3pm / Thursday: 9.15am-5pm
Friday: 9.15am-5pm / Saturday: 9.15am-12pm

Hanley

5 Lamb Street, Hanley, Stoke-on-Trent,
Staffordshire ST1 1PF

01782 255110
e: hanleybranch@thehanley.co.uk

Opening Hours
Monday: Closed / Tuesday: 9am-4pm
Wednesday: 9am-4pm / Thursday: 9am-7pm
Friday: 9am-4pm / Saturday: 9am-4pm

Longton

93 The Strand, Longton,
Stoke-on-Trent, Staffordshire ST3 2NS

01782 312027
e: longtonbranch@thehanley.co.uk

Opening Hours
Monday: Closed / Tuesday: 9am-4pm
Wednesday: 9am-4pm / Thursday: 9am-7pm
Friday: 9am-4pm / Saturday: 9am-4pm

Newcastle

83 High Street, Newcastle-under-Lyme,
Staffordshire ST5 1PS

01782 615262
e: newcastlebranch@thehanley.co.uk

Opening Hours
Monday: Closed / Tuesday: 9am-4pm
Wednesday: 9am-4pm / Thursday: 9am-7pm
Friday: 9am-4pm / Saturday: 9am-4pm

Stone

1 Mill Court, Mill Street, Stone,
Staffordshire ST15 8BA

01785 814776
e: stonebranch@thehanley.co.uk

Opening Hours
Monday: Closed / Tuesday: 9am-4pm
Wednesday: 9am-4pm / Thursday: 9am-7pm
Friday: 9am-4pm / Saturday: 9am-4pm



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Acceptable and Unacceptable Property Types

HANLEY LENDING – ACCEPTABLE AND UNACCEPTABLE PROPERTY TYPES FEB 18

The society lends in England, Wales and the Isle of Wight.

ACCEPTABLE PROPERTIES - RESIDENTIAL AND BUY TO LET

Type	Residential	Buy to Let
Freehold houses and bungalows of standard construction	✓	✓
New build houses subject to no cash incentives/builder deposit.	✓	✓
Houses with a Flying Freehold subject to valuation and legal opinion.	✓	✓
Former Local Authority houses.	✓	✓
Right to buy – houses of standard construction only.	✓	X
Grade II listed buildings subject to valuation.	✓	X
Leasehold houses, bungalows, flats and maisonettes of standard construction purpose built or converted (unexpired lease term at valuation a minimum of 85 years)	✓	✓
New build flats subject to no cash incentives/builder deposit and no resale issues raised by the Valuer (subject to HLC referral).	✓	X
Shared ownership new build flats up to 95%. Subject to a maximum of 5 floors.	✓	X
Converted Flats – subject to conversion being undertaken with full planning and building regulation consent and that there are no onerous conditions contained within the lease and that the building is being professionally managed. Commercial to Residential are not acceptable.	✓	X

ACCEPTABLE PROPERTIES - RESIDENTIAL AND BUY TO LET

Type	Residential	Buy to Let
Flats above commercial premises (subject to classification A1 and A2 only).	✓ 95% LTV	✓ 80% LTV
Shared Ownership properties.	✓	X
Underpinned properties with guarantees.	✓	✓
Modern timber framed properties with external brick skin.	✓	✓
WIMPEY No Fines construction in good condition.	✓	✓
Solar panels provide that the following applies: <ul style="list-style-type: none"> - subject to an up to date EPC Certificate with a rating of D or above (residential) or E or above (buy to let) - Where solar panels are subject to a lease, confirmation from the Society's Solicitor and valuer that the lease does not affect the Society's security. 	✓	✓
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.	✓	X
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.	✓	X

UNACCEPTABLE PROPERTIES – RESIDENTIAL AND BUY TO LET

Type
Freehold flats and maisonettes.
Flats with an internal floor area of 35 square metres or less.
Studio Flats.
Flats in blocks over 5 storeys with the exception of flats located in London with a minimum property valuation of £250,000.
Local Authority built flats and maisonettes.
Properties with statutory tenants.
Properties subject to agricultural or other restriction.
Properties of non-traditional construction deemed defective under the Housing Defects Act 1984 which have not been modernised under an approved scheme.
Properties with ongoing structural movement.
Properties identified with contaminated land or within the vicinity of the property.
Properties designated with HMO.
Live/Work units.

HANLEY LENDING – SELF-BUILD AND RENOVATION/CONVERSION

The society lends in England, Wales and the Isle of Wight.

ACCEPTABLE PROPERTIES – SELF-BUILD AND RENOVATION/CONVERSION

Type	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.	✓	x

ACCEPTABLE PROPERTIES – SELF-BUILD AND RENOVATION/CONVERSION

Type	Self-build construction	Renovation / Conversion
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.	✓	✓
Partially built properties (subject to: <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). 	✓	✓
Plots/properties bought at auction subject to details below being provide to the Society within 15 days prior the auction: <ul style="list-style-type: none"> - A minimum of outline planning permission; - A full report and valuation; - Decision in Principle (DIP)¹. 	✓	✓
Plots/properties subject to Section 106 agreement.	✓	✓
Plots/properties subject to Restrictive Covenants – considered individually by the Society on a case by case basis	✓	✓
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. E.g. Detached property to semi-detached or semi-detached to terrace (total of 3 properties)	✓	✓
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. E.g. Terraced properties with 1 additional property added.	✓	✓

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 AND RENOVATION/CONVERSION

Properties with bat boxes located on either the main dwelling or outbuilding e.g. 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.	✓	✓
Grade II listed buildings subject to valuation, together with listed building consent and no onerous encumbrances.	✓	✓
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.	✓	✓
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.	✓	✓

UNACCEPTABLE PROPERTIES – SELF-BUILD AND RENOVATION/CONVERSION

Type
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/Work units.
Steel framed construction.
High Alumina Cement.
Land only in any circumstances.

UNACCEPTABLE PROPERTIES – SELF-BUILD AND RENOVATION/CONVERSION

Type
Any purchase where part-exchange is involved.
Properties where the whole of the roof is flat.
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.