



**Hanley**  
ECONOMIC  
Building Society

# Self-build Lending Guide

Everything you need to know about  
self-build mortgages with Hanley Economic

[thehanley.co.uk](http://thehanley.co.uk)  
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# Welcome to our Self-build Lending Guide

Here at Hanley Economic, we offer a range of products to help those wanting to build their own home. This guide is here to introduce to you how we work with you to make your dream home a reality!

Our products aim to help those who want to;

- Purchase land and build a new property
- Raise capital and build a property on land that they already own
- Convert an existing structure (example – a barn into a home)
- Extend their existing home (including making home improvements or renovation)
- Purchase a new home and build an extension (including home improvements and renovation)

Please note, the information is only a guide and we consider applications based on our lending criteria, indemnity insurance providers and individual products requirements.

**With us, you deal directly with your lender and no middle man is needed. Our mortgage advisers offer advice completely free of charge!**

**We do late night appointments and Saturdays, whether you want to chat face to face, over the phone or video call, just get in touch.**

## Where we lend...

We offer self-build mortgages throughout England (inc. Isle of Wight), Wales and Scotland.

Plus the following Scottish Islands...

- The Orkneys
- The Shetlands
- Arran
- Bute
- Harris and Lewis
- Islay
- Mull
- Skye



We do not lend in the Isle of Man or Ireland.



## The Stages of a Self-Build...



### Stage One: Foundations

Foundations are where it all begins with drainage, brickwork and floor slabs that will start to create the outline of your build.



### Stage Two: Wall Plate

Now, your walls and frames come in to action, everything before your roof is placed on top! This could include the timber frame if that is the type of house you are building, you will see your first floor start to take shape and load bearing walls will be placed.



### Stage Three: Wind and Watertight

During this phase of your build, you will begin to see your roof installed along with your doors and windows. Your house may still not quite be completely watertight until your roofing has been completely assembled with cladding and so on – but it should be watertight fairly quickly!



### Stage Four: First Fix and Plastering

Your joinery work will start to happen quickly here, internal walls will begin to make your rooms a reality. Electrical works begin as well as piping for your water, staircases and door frames will all make your home really start to take shape.

All your electrics and plumbing will be placed and then plastered over, which is why it is so important to make sure everything is in place correctly as this can be costly (and really inconvenient) to change after.



### Stage Five: Second Fix and Completion

The most exciting stage for most people... the second fix means your bathroom, kitchen and more will be installed. You can start to decorate and work on the external things like your garden. This will then see you through to completion before you can move in!

For a self-build mortgage with Hanley Economic, the project must have a minimum of 2 stages of the build remaining at the point of application.

## 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.

**Please note, the availability of any scheme with Hanley Economic will depend on the individual product.**

## Loan Amounts

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

- Available for house purchase and remortgage in England, Wales, Scotland and selected Scottish Islands.
- A structural warranty will be required, a retrospective warranty will not be acceptable.



## Loan to Value - During Construction & Final Value

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

### Custom Build (Arrears) Scheme

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

## Loan Basis

Depending on your lender, your self-build mortgage could be;

**Repayment:** You pay both capital and interest.

**Interest Only:** Interest only allows you to pay just the interest during the build.

**So how does Hanley Economic work?** All our self-builders are placed on Interest Only repayments during the build, or up to a maximum of 2 years.

With us, as soon as your build is finished, or after 2 years (whichever happens first), we will switch you to one of our classic residential mortgage deals!

## Duration of Project & Timescales



**Works must start within 6 months of the mortgage commencing**

Once your build has started, the Society will undertake regular monitoring of the progress every 3 months (but may become more regular if the Society deems necessary).

All building 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
- no later than 6 months following the release of the final stage payment... whichever occurs first!

## Site Insurance Minimum Requirements

A copy of the insurance schedule is required upon application and must 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

Finding suitable insurance to see you through your self-build project can be confusing and sometimes difficult. We can help you find the right specialist cover, to keep your build protected and help to make your dream home a reality. You can find out more information during your appointment with our Mortgage Adviser or call us to speak to one of our specialists.

## Planning Permission

- You will need planning permission for the build
- Outline planning permission is acceptable for the purchase of a plot (but this will need to be full planning permission before the first stage payment is released)

## 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 Regulations

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.**

## Interim & Final Valuations

A valuation is required at each stage of the build, this ensures the project moves along as planned.

We instruct all valuations, however, applicants will pay the cost (you can find a list of valuation charges and more on our website).

## Acceptable Warranty Certification

- 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)
- LABC Warranty (minimum warranty term 10 years)
- NHBC 'Buildmark' (minimum warranty term 10 years)
- Premier's "Guarantee for New Homes" (minimum warranty term 10 Years)
- Protek (minimum warranty term 10 years)
- Self-Build Zone (minimum warranty term 10 years)

**Your structural warranty is needed from the beginning of the project, a retrospective warranty will not be accepted. We require a Professional Consultants Certificate or Warranty provider to oversee and sign off your project.**

## Acceptable Certifying Professionals

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

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

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



## Further Borrowing

If you need further borrowing once your mortgage is approved – get in touch with your Mortgage Adviser to chat through your options.

There are things to consider...

- Any further borrowing would be on an arrears basis only
- We will need to refer to the Insurance provider to establish if insurance is available (as well as any conditions applied) and confirmation will be required in writing
- We will instruct a valuation as required
- Your account must have been conducted satisfactory for 6 months

## Making an Application

### Starting the process...

First, you need to speak to one of our friendly Mortgage Advisers. They will talk you through the self-build mortgage process in more detail, recommend a suitable product based on your individual circumstances then – if you are happy, help you to submit your application!

### Your application is in...

Once we receive the application, our underwriters will assess your case with the help of a Quantity Surveyor. The Surveyor will look at your costings, planning permission and more to ensure your project is suitable for us to lend you money.

### Mortgage is approved!

If all the costings and information is approved – your mortgage offer will be issued!

### And you can find even more information on our website...

To help you during the process – check out [thehanley.co.uk](http://thehanley.co.uk) where you will find lots of handy downloads. We have a costings sheet so you can see how your figures look, an application checklist and more!

## Hanley Economic Lending

### Self-build & Renovation / Conversion Property Types

The Society lends in England, Wales, Scotland and selected Scottish Islands.

## Acceptable Properties – Self-build and Renovation / Conversion

	Self-build Construction	Renovation / Conversion
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. Only available in England and Wales.	●	●
Modern timber framed properties with external brick skin.	●	●
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 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"> <li>• Certification and inspection certification;</li> <li>• Confirmation that the property has been constructed in accordance with planning / building requirements;</li> <li>• Valuer confirmation they have viewed all documentation and guarantees are available for the work completed to date).</li> </ul>	●	●



## Acceptable Properties – Self-build and Renovation / Conversion

	Self-build Construction	Renovation / Conversion
Plots / properties subject to Section 106 agreement.	●	●
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"> <li>• A minimum of outline planning permission;</li> <li>• A full report and valuation;</li> <li>• Decision in Principle (DIP)<sup>1</sup>.</li> </ul>	●	●
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. (eg.) 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).	●	●
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.	●	●
Grade II and Grade II* buildings subject to valuation.	●	●
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.	●	●
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.	●	●

## Acceptable Properties – Self-build and Renovation / Conversion

	Self-build Construction	Renovation / Conversion
Second Homes – where the property will only be occupied by the borrower, typically as a holiday / weekend home.	●	●
Houses with a Flying Freehold (subject to valuation and legal opinion).	●	●
Properties with solar panels (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).	●	●
Houses subject to flying freehold (subject to valuation and legal opinion).	●	●
Underpinned properties with guarantees.		●



## Unacceptable Properties – Self-build and 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 Lets.

Back to Back terrace or cluster.

Properties subject to agricultural or other planning restrictions.

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 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.

High Alumina Cement.

Land Only in any circumstances (e.g. Land must have outline planning permission).

Any purchase where part-exchange is involved.

## Unacceptable Properties – Self-build and Renovation / Conversion

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 Housing Defects Act 1984.

Properties with ongoing structural movement.

Underpinned properties with no guarantees available.

Properties designated with HMO.

Properties that have previously flooded.

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

Over 55s residential to retirement properties.

## Costs per Sqm

Did you know that self-build projects have an expected minimum amount per square metre? This minimum amount varies based on location and individual circumstances, but a good estimate to follow is...

**England: £1,350 per sqm**

**Scotland: £1,070 per sqm**

**Wales: £1,020 per sqm**

Cost per sqm which are mentioned here, have been provided by the team at Jonathan Cornes Associates, based in Staffordshire (<https://jcasociates.co.uk>). These costs are for guidance purposes only and are subject to change dependent on individual circumstances and build.



“The build took 9 months and once the build was complete, it was seamless to transition to a residential mortgage which had a lower interest rate than our specialist self-build mortgage!”

Andy, Hanley Economic Self-Build Customer

## We're never too far away...

Whether you are a local customer or not...

You can chat to us in one of our 7 branches throughout Stoke-on-Trent, or just get in touch via phone, email or online chat!

Call: 01782 255000

Email: [customerservices@thehanley.co.uk](mailto:customerservices@thehanley.co.uk)

Online chat: [thehanley.co.uk](http://thehanley.co.uk)

## Or visit one of our branches...

**Biddulph**

(ST8 6AD)

**Cheadle**

(ST10 1UT)

**Festival Park**

(ST1 5TB)

**Hanley**

(ST1 1PF)

**Longton**

(ST3 2NS)

**Newcastle**

(ST5 1PS)

**Stone**

(ST15 8BA)



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

Calls are recorded for training and dispute resolution purposes. Calls will be charged as per the standard "01" BT landline number, plus your phone company's access charge. Other landlines may vary and calls from mobiles may cost considerably more. The actual cost you are charged will depend on your phone provider. All our mortgage and savings products are available to UK residents only.

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