



# THE HIGHLANDS SMALL COMMUNITIES HOUSING TRUST

MAKING  
AFFORDABLE  
RURAL HOMES  
A REALITY



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

## SELF-BUILD LOAN FUND (SBLF): SCOTLAND

### FACT SHEET FOR CROFTERS

#### What is the Self Build Loan Fund?

The Self Build Loan Fund (SBLF) is a Scottish Government initiative, providing a time limited fund (September 2018 to August 2021) to assist self builders where they have been unable to obtain mainstream self build mortgage finance. The fund is available Scotland wide in order to support additional housing provision across both rural and urban areas.

Eligible individuals can borrow up to £175,000, which they can draw down in staged payments similar to a traditional self build mortgage. Borrowers must provide a Professional Advisors Certificate at each stage of drawdown. The SBLF is designed to fund the construction phase of a new home, and once this is completed, the borrower will repay the loan either via a mainstream mortgage or by using the equity from the sale of their existing home.

The Highlands Small Communities Housing Trust (HSCHT) have been appointed to administer the SBLF on behalf of the Scottish Government.

#### How does the SBLF work in practice?

The HSCHT will assess applications to the SBLF through a two stage process. In the first stage, we will consider the applicants financial circumstances and ability to proceed, with the second considering applicants' construction approach and the viability of the project. Only if both stages are satisfactory, will we consider offering applicants a loan. This process ensures that there is sufficient equity in the completed build and that the applicant can repay the loan. The loan from the SBLF is to make up any shortfall in the applicants contribution to the build cost of the property. A Croft House Grant can form all or part of an applicant's contribution.





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We will expect borrowers to follow standard industry practice, with an architect, surveyor or engineer monitoring their project. We also recommend that they take out a new home warranty to further increase the availability of mortgage products, should you seek mortgage finance to repay the loan.

Upon receiving the completion certificate from Building Control, the borrower begins the process of re-financing, either using the sale proceeds from their existing home or seeking mortgage finance to repay the loan to the Scottish Government. The Scottish Government then discharges its Standard Security over the site. If you choose to repay the loan with mortgage finance, your mortgage provider will then register their own Standard Security over your home.

The SBLF is a discretionary scheme, with no guarantee of assistance.

## **How does this affect an application from a Crofter?**

Given a Standard Security is required to secure the loan from the Scottish Government, the house plot requires to be de-crofted prior to any loan being offered from the SBLF. The crofter will need to contact the crofting Commission regarding de-crofting <http://www.crofting.scotland.gov.uk/faq>

It is common practice during the de-crofting process for a Standard Security to be attached to the newly de-crofted site. When granting a loan through the SBLF, this existing Standard Security will take second place to the Standard Security in favour of the Scottish Government securing the loan. This is achieved using a Ranking Agreement.

Please note that an application made under the SBLF does not affect your ability to apply for a Croft House Grant. Any crofter interested in applying for the Croft House Grant should contact the Scottish Governments Rural Payments and Inspections Division in Tiree, tel: 01879 220245

<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/croft-house-grant/>

Whilst both the Croft House Grant and Self Build Loan Fund are Scottish Government initiatives, they have different terms attached to them in relation to eligibility. However, both schemes can be used together to assist you in delivering your new home.



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Please note that there are ongoing conditions attached to the Croft House Grant that are in effect for 10 years after completion of your home, which will be independent from any conditions attached to the SBLF. Applications received in relation to the SBLF that also include assistance from the Croft House Grant will be discussed with the Scottish Governments Rural Payments and Inspections Division.

## Who is eligible?

The SBLF acts as lender of last resort, where the applicant has been unable to secure a mainstream self build mortgage. It can be repaid either through obtaining a mainstream mortgage upon completion or through the equity arising from the sale proceeds of your existing home.

They must however demonstrate that they can access mainstream mortgage finance upon completion and applicants are advised that they seek independent mortgage/financial advice in this regard.

To apply you need to meet the following criteria:

- ✓ Demonstrate that you have been unable to obtain mainstream self-build mortgage finance for a new home (not a conversion or extension); and
- ✓ Intend to occupy the property as your sole and only residence; and
- ✓ Own a house plot (such as de-crofting); and
- ✓ Have Full Planning Permission in place and be ready to apply for a Building Warrant; and
- ✓ Have a defined elemental build cost and construction programme; and
- ✓ Be able to demonstrate that you will be able to repay the loan upon completion of your build.

Please note that the SBLF is a discretionary scheme, with no guarantee of assistance.

For full details please see: <http://www.hscht.co.uk/scotland-self-build-loan-fund.html>



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## Further information?

Further details can be obtained from The Highlands Small Communities Housing Trust;

- e-mail: [selfbuild@hscht.co.uk](mailto:selfbuild@hscht.co.uk)
- tel: 01463 572 030
- post: 7 Ardross Terrace, Inverness, IV3 5NQ