



THE HIGHLANDS SMALL COMMUNITIES HOUSING TRUST

MAKING
AFFORDABLE
RURAL HOMES
A REALITY



Scottish Government
Riaghaltas na h-Alba
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FACT SHEET FOR MORTGAGE LENDERS

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 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 can be drawn down in stage 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. The borrower then has the option to repay the loan upon completion, using either 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, ensuring that there is sufficient equity in the completed build and that the applicant can access post completion mortgage finance. The loan from the SBLF is to make up any shortfall in the applicants contribution to the build cost of the property.

The borrower requires to follow standard industry practice, with an architect, surveyor or engineer monitoring their project. We are aware that most lenders seek in addition, a new home warranty to further increase the availability of mortgage products.

Upon receiving their completion certificate from Building Control, the borrower begins the process of re-financing, either using the sale proceeds from their existing home or securing mortgage finance to repay their loan to the Scottish Government.

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The Scottish Government then discharges their Standard Security over the house plot. If the borrower chooses to repay the loan with mortgage finance, the mortgage provider would then register their own Standard Security over the new home.

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 the borrowers existing home.

To apply the following criteria apply:

- ✓ 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; 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.

For further information

For further information, please contact the Highlands Small Communities Housing Trust;

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May 2019

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