



THE HIGHLANDS SMALL COMMUNITIES HOUSING TRUST

MAKING
AFFORDABLE
RURAL HOMES
A REALITY

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.

Individuals can borrow up to £175,000, which can be drawn down in stage payments similar to a traditional self build mortgage. The SBLF is designed to fund the construction phase of a new home, and upon completion the borrower will seek a mainstream mortgage to repay the SBLF.

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 via 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 or surveyor supervising 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, securing mortgage finance to repay their loan from the Scottish Government and the Scottish Government then discharges their Standard Security over the house plot, with the mortgage provider then registering their own Standard Security over the new home.

Who is eligible?

The SBLF is targeted towards new home owners, who do not presently own their own home, but who have the means to build.

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.

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