

The Self Build Wales (“SBW”) scheme has been expanded to include individuals (“Applicants”) who already own the land they wish to build their home on.

Applicants may be able to borrow up to 100% of build costs, plus up to 50% (max) of the value of the land to help with making the plot ready for development (subject to land feasibility and financial viability assessments).

There is a build cap of £350k (this cap only applies to the cost of building the property, and does not include interest, fees, or land purchase costs).

As a government backed scheme, it’s important that our products don’t cause displacement issues for other market lenders who offer self-build mortgages. It is therefore not our intention to compete with private sector lenders, but to complement them, and provide loans to individuals who can’t source funding elsewhere. We therefore need to be sure that all applicants explore private sector funding options before formally applying to the SBW scheme.

To determine whether your plot is suitable for the SBW scheme, the following information is required; please include as much detail as possible in your response:

- Where is the land located? (Address)
- What is the size of the plot/site?
- What is the size of the home you want to build?
- How many plots will fit on the site. If more than one, what size are the plots?
- Does the plot/site have detailed planning permission, outline planning permission; or has a planning application been submitted?
- Has the land been valued professionally? If so, please provide a copy of the valuation report. If not, how much do you believe the land to be worth?
- Has the plot/site undergone a development appraisal?
- Are there any known restrictions on the land? If so, please provide as much detail as possible.
- Are there any existing structures on the land? If so, what do you intend to do with them?
- Does the plot/site have road access in place?
- Are services (namely utility connections – gas, electricity, water, broadband) in place to the site boundary? Please provide full details.
- Are there any legal charges or encumbrances on the land from other lenders?
- Who is the legal owner of the land?
- Who is responsible for selling the land (e.g. landowner/agent), please provide their contact details (telephone and email)
- What is the estimated cost of building your home (this estimate will help us determine how much you may need to borrow; we don’t require a detailed breakdown at this stage)
- What is the estimated gross development value of the completed build (what you expect the property to be worth once it’s built)?
- Have you approached any other lenders for self-build funding? If so, what was the outcome? If not, why?

What happens next?

Once we've received all the above information, the SBW team will undertake a high-level viability assessment of the land. In most instances, a minimum of outline planning permission is required to do this.

If the land is deemed suitable for the scheme, you will be asked to progress to a Decision in Principle ("DiP") application through the SBW website, where you will be asked about your current financial position and how you intend to repay the SBW loan. A 'soft' credit check will be undertaken at this stage; this search will appear on your credit report and will be visible to you and us, but not to other credit providers.

If your DiP application is successful, a professional valuation of the land will be required (RICS Valuation – Global Standards 2017 (incorporating the IVSC International Valuation Standards), at the Applicant's expense, confirming:

- The current value of the land
- The value of the land with the benefit of planning permission (if planning hasn't been granted yet)
- Amount required to make land development ready (if known)
- The Gross Development Value of the completed property

Once the valuation report is received (and assuming your proposal is still viable for the scheme) you will proceed to the next stage of the process.

Your DiP remains valid for 3 months to allow time for you to secure full planning permission, find a builder and agree your designs and build costs. Your builder **must** be TrustMark accredited; further information about TrustMark and help with finding a suitable builder can be found on their website <https://www.trustmark.org.uk/homeowner>.

If you are a builder by trade and want to build your home yourself, you will still need to be TrustMark accredited.

When you've chosen your builder, confirmed your design and agreed the build costs, we'll have a good idea of the total construction costs, and can finalise how much you'll need to borrow from SBW. If you require a mortgage to repay the SBW development loan, the next step is to engage a Mortgage Advisor (if you haven't already done so) to secure an indicative offer (Agreement in Principle) from a lender, which will be used to repay the loan. When the AIP is confirmed, the Mortgage Advisor should submit a full finance application to Self Build Wales on your behalf. If the application is approved, you will be issued with a formal offer letter confirming the loan has been agreed and listing any offer conditions.

If you don't require a mortgage to repay the SBW development loan, you will be required to provide evidence of how you intend to repay.

All Applicants are strongly advised to seek independent financial advice to ensure they have the means to repay the self-build loan upon completion of the build regardless of the mode of repayment.

A JCT Minor Works contract (we'll provide you with the bespoke template of this) will be signed by the Applicant and their builder prior to work commencing on site. A Contract Administrator will be required to oversee the build, and confirm works completed in line with the agreed costs and timeline. The role of the Contract Administrator is ordinarily carried out by the architect, or another recognised professional. They will be required to certify the work undertaken prior to each drawdown.

Legal and Financial

- There are no repayments to make during the term of the loan (max 2 years).
- Interest will roll-up and is added to the balance of the loan on a monthly basis.
- An Arrangement Fee of 1.25% of the agreed loan amount will be payable on first drawdown (there may be scope to add this to the loan in some cases)
- An Exit Fee of 1.25% will be payable on any amount repaid.
- There are no early repayment charges.
- Professional fees and charges may also apply, such as (but not limited to) architect, contract administrator, solicitor fees.
- Land Transaction Tax ("LTT") will apply to any land purchase, and Applicants are advised to check the LTT amount, and their affordability, prior to agreeing a purchase.
- SBW will take a 1st legal charge over the land prior to first drawdown of funds. If the existing title needs to be split, this can be done prior to taking a charge over the land (at the applicant's expense).
- **Applicants are strongly advised to obtain independent legal advice before progressing with the scheme.**

What you need to know

The following applies to all Applicants using the SBW scheme:

- You will not be able to rent or sell the self-build home for a minimum of 5 years from the completion date.
- The completed self-build or custom-build house must be your only property.
- You can only use a builder who is accredited on the TrustMark Scheme.
- If a plot is successfully obtained through the scheme, you are not able to apply for another plot in the future.
- You will not be allowed to occupy the property until the self-build development loan has been repaid.

Checklist

Please check you have included the following information in your response:

- Full name(s) of applicant(s)
- Contact telephone number
- The location of the land (Address)
- The size of the plot/site
- The size of the home you want to build (dimensions)
- Number of plots and size of each plot
- Details of planning permission, or any planning applications in course
- A copy of the professional valuation report (if held)
- A copy of the site development appraisal (if held)
- Details of any known restrictions on the land
- Details of any existing structures on the land
- Details of site access
- Details of any services in place (e.g. gas, electricity, water, broadband), if applicable
- Confirmation of legal ownership of the land
- Details of any legal charges or encumbrances on the land
- Estimated build costs
- Estimated value of the completed build
- Details of any other lenders you have approached and the outcome