

Our Self-Build Column

Getting Your Financial Ducks in a Row

With the growth of the Self-Build and Custom Build market and the subsequent need for self /custom build mortgages, more Lending Institutions are joining the party and are positive in the way they are embracing this growing trend. However, as with applying for any mortgage, all lending is subject to affordable and responsible lending as such there are still some vital areas to be aware of.

“Unless you are in the rare position of having 100% of the self-build finance from savings, the best guidance I can offer is to be astutely aware of your financial commitments and review your lifestyle before you even start planning your Self or Custom build project”, commented Mary Riley, Director of Mary Riley Custom Build Funding.



When applying for a Self or Custom build mortgage, to assess your affordability and suitability for a loan, the last 3-6 months of bank statements will come under the microscope for fixed commitments such as existing mortgage payments, car loans and childcare costs, followed by soft expenditure which covers for example, gym membership, eating out, pets, even down to your hairdresser bills.

It's also incredibly important at an early stage to think about where you will live when undertaking your project, as these factors all combine to affect the viability of obtaining the level of borrowing requested. Having these streamlined well in advance into a sensible and realistic monthly spend pattern, will put you in a better position to apply.

Self / Custom build mortgages; funds are released in stages throughout the construction of your new home, generally at key identifiable stages, in addition you will also be required to inject cash into the funding of your build project. No lender will offer you 100% of land purchase and total project costs, the more cash you have, the less you need to borrow and pay interest on!



Another vital factor is your supply chain. Not only will you be assessed for a mortgage, but your choice of method of construction is just as important, as are the people who will be delivering or manufacturing the build for you. Beattie Passive's method of construction is acceptable to most lenders in the Self-Build / Custom

Build arena. Furthermore, Beattie Passive offers sensible payment terms in line with mortgage interim stages of funding, enabling a smooth financial process alongside the build.

Finally, ask for more money than you think you need. The number of projects handing back unused funds is virtually zero and allowing around 20% for a contingency fund is usually a realistic amount to allocate.

With so many factors in play, it's vital to assess the viability of funding at an early point in the overall planning because until you know what you can afford, you won't know what you can have, and ultimately who is the best company to deliver that dream home for you.

To read the blog on the EDP property website [Click Here](#)