

# Funding and protecting your project

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# WHAT TO CONSIDER WHEN PLANNING, DESIGNING & FINANCING YOUR HOMEBUILDING PROJECT



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## AGENDA

Introduction

Projects Types Buildstore can support

Specialist Advice from industry experts

Stage Payment Mortgages

Specialist lending

The Buildstore Difference

Questions





## INTRODUCTION



I am a selfbuild and renovator with over 35 years in financial services experience. 20 years at Buildstore specialising in the stage payment mortgage market.

BuildStore is the UK's leading specialist in residential mortgages for selfbuild, custom build, renovation, conversion, home improvement and Development finance.

Dedicated to the selfbuild and custom-build market, we have a team of mortgage experts and support teams to help and guide you every step of your journey.



### 25 YEARS

We've been around for over 25 years and our mission has been to solve the common problems associated with funding a homebuilding project in the UK.

### 30,000 MORTGAGES

We've helped 30,000 people build their own homes - we could now fill a medium-sized town with successful projects.

### LARGEST RANGE OF PRODUCTS

We've designed 70+ exclusive mortgage products

## Homebuilding Projects Stage Payment Mortgages Support



Selfbuild



Property Extensions



Renovation Projects



Barn Conversions



Custom Build

# SPECIALIST ADVICE

## The Advice Process

Early engagement to support you from the outset.



Start by knowing how you're going to fund your build and how much you have to spend. This will help your Architect in terms of size and scale. This will help your Architect to design the project on budget.



Liquid Savings + Borrowed Funds = Total Budget



How much can you borrow?

- Typically, 75% - 95% of your plot and build costs with a stage payment mortgage
- Depending on your financial circumstances  
(income, outgoings, employment status, credit score etc).



# SPECIALIST ADVICE



## Expert advice and guidance

Self-build and Custom-Build mortgages are specialist areas of advice. Buildstore Mortgage Services advisors are specialists in their field and can support you throughout the advice process, aligning your home-building project with the most suitable lender and product.



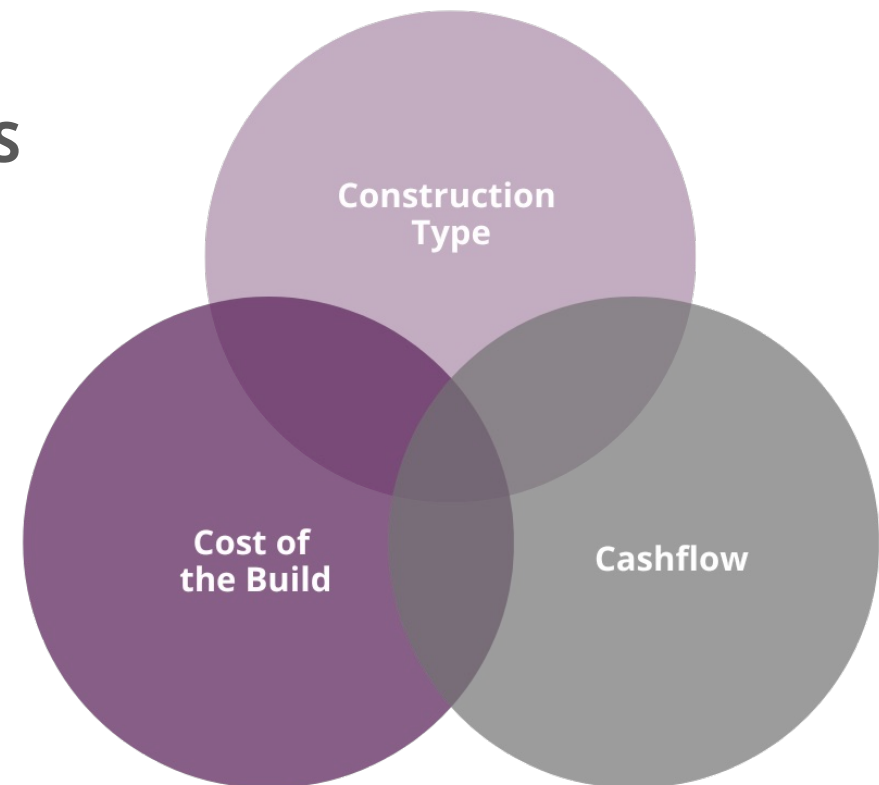
- Enquiry
- Self Build Questionnaire
- Options Available
- Decision in Principle
- Application
- Offer to Completion



## SPECIALIST ADVICE

### KEY CONSIDERATIONS – THE THREE C’S

- Plot or property purchase
- Build costs (*materials & labour*)
- Design & Materials
- Unexpected expenses (*contingency*)
- Contingency
- Professional Fees





## SPECIALIST ADVICE CONSTRUCTION TYPE



When building with offsite construction methods like timber frame, SIPs, or ICF, most UK and European manufacturers often require full payment before the house is dispatched from the factory.

- **Stage Payment Mortgages:** Your mortgage must be tailored to suit the construction method.
- Cost-based mortgages can provide peace of mind with **guaranteed stage payments**
- Important to speak to a specialist mortgage adviser to ensure cashflow is matched to your construction type and project. **Only Buildstore has access to all products and Lenders.**



**Traditional Brick & Block**



**Structural Timber Frame**



**SIPS (structural Insulated Panels)**



**ICF (Insulated Concrete Form)**

## SPECIALIST ADVICE CLADDING TYPES



Lenders may have specific preferences regarding the materials used for the building's external cladding, often favouring options that are durable, long-lasting, and visually appealing. It's a good idea to check for accreditation, such as BBA (British Board of Agrément) or BRE (Building Research Establishment), and ensure the materials have a reliable product guarantee.



**Timber cladding**



**Cement Fibre  
Board**



**Standing Seem  
Zinc**

# SELFBUILD AND CUSTOM BUILD STAGE PAYMENT MORTGAGE TYPES



## Guaranteed stage payments in advance

- Up to 95% of the cost of your plot and build
- Funds are paid into your account at the beginning of each stage
- **Guaranteed stage payments based on your costs**
- Ideal if you choose to work with an offsite manufacturers requiring payment upfront.

## Guaranteed stage payments in arrears

- Up to 95% of the cost of your plot and build.
- Funds are paid into your account after each stage of the build is completed.
- **Guaranteed stage payments based on your costs.**
- This ensures you can meet your contractual payments to your builder-developer.

## Valuation based stage payments in arrears

- Money agreed in stage payments subject to valuation in arrears.
- Up to 85% of the cost of your plot and build.
- **No guarantee of how much you will receive at each stage of the build**
- When is it useful?

## SPECIALIST ADVICE SHORT TERM FINANCE



**There may be times when a self build mortgage might not be the right option for you, but there are solutions:**

- You might be asset rich and looking to downsize, but all of your funds are tied up in property
- You may be retired or have a lower income than needed for a self build but have equity
- You might want to build or renovate something to sell or let out

**Whatever your situation, our specialists will advise you on the most appropriate solution for your individual needs.**





## The Dedicated Mortgage Processing support you will need.



**Costings** for the entire project evaluated by industry professionals



**Cashflow requirements** matched carefully to your project and build stages to ensure funds are available when needed.



Dedicated support submitting your application to the lender



Arranging your site insurance and structural warranty



Securing the mortgage offer

## Completions & stage releases,



**Initial drawdown of funds to secure your plot**



**Build monitoring – we manage the stage payments process throughout your build.**



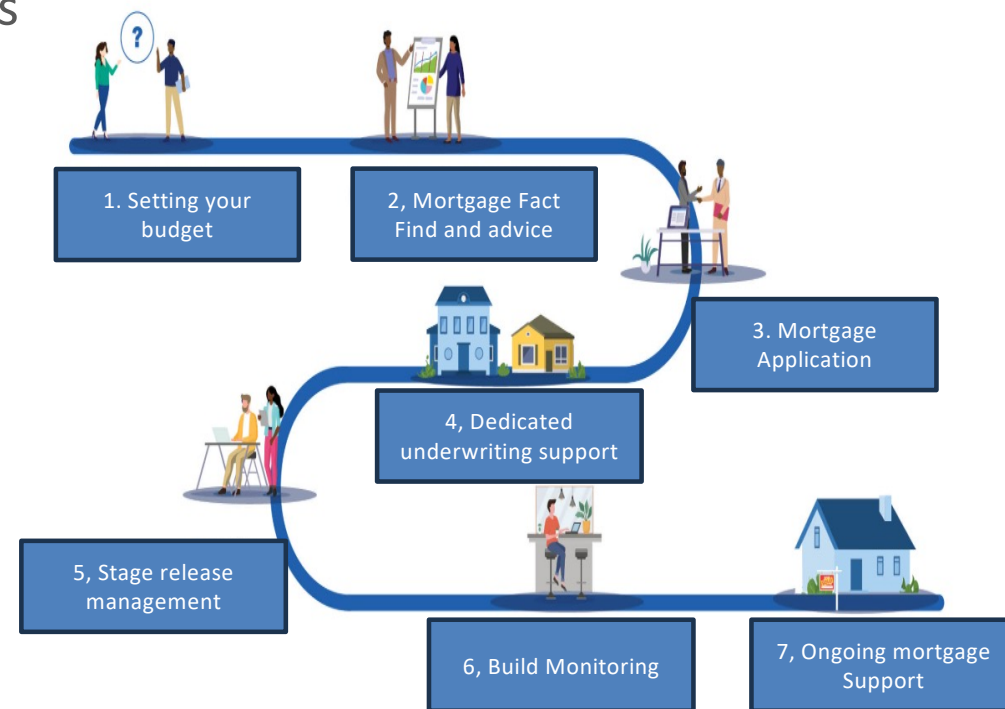
**Build Monitoring throughout your project to ensure you have ongoing support.**



**support should things change.**

## Supporting you every step of the way

- Guaranteed stage payments ensure you can meet the Contractual payments to your trades and professionals
- Access to all stage payment mortgage products
- Specialist underwriting
- Support for you every step of the way
- Build monitoring



## Ensuring you get the right mortgage deal for your homebuilding project.



If you only ask your mortgage adviser one question, make it this one: how will the lender decide how much money it will release at each stage of my build?



If you're recommended a product that needs a site valuation each time you want more funds, ask your adviser to confirm how they're sure you'll get the money you need to cover your project costs at each stage to pay your building contractor.



Above: The new Consumer Duty means that your mortgage adviser should always support you in obtaining fair, appropriate finance for your building project

## Enhanced mortgage rules are benefitting self & custom builders

BuildStore's Chris Martin explains how the recently introduced Consumer Duty is set to help make sure you get the right mortgage deal to fund your home building project

A new set of mortgage rules, known as the Consumer Duty, came into force in 2023. Often referred to as simply 'The Duty', this reinforces the need for mortgage advisers to ensure both they, and the deals they recommend, produce the right outcomes for their customers. The Duty applies across the mortgage market, whether for standard loans or specialist self and custom build lending. The new rules are focused on offering fair value in mortgage products and services. Advisers must ensure

that customers fully understand how the product works; what features, benefits and risks are included; and that they get the right support through the mortgage process.

The Duty also specifically references advisers 'avoiding foreseeable harm' when helping their customers. This means that mortgage advisers must look closely at their customers' needs and consider what could go wrong and if the product they're recommending adequately deals with these risks. For those of you wishing to build your own home, this is where specialist support from an experienced self build mortgage adviser is vital.

### How is the Consumer Duty impacting on self and custom build?

Arranging a mortgage to pay for your self build is more complex than simply getting a better mortgage deal on your current home. Unless you're fortunate enough to have another property on which to raise money to build your new house, you'll need a stage payment mortgage.

This type of finance means the money is handed over to you by the lender as the build progresses, at agreed



## SUMMARY



Cashflow is one of the most important factors – having money when needed throughout your project is critical.



Plan your homebuilding project around your budget



Ensure you are accessing all lenders and products



Work with a specialist who can support you every step of the way



Protect your project



Make sure your mortgage advisor has access to all lenders and products to allow them to tailor your mortgage to your project.

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*Your home may be repossessed if you do not keep up repayments on your mortgage.  
For self and custom build mortgages we charge a fee of £395. £95 is payable on application and £300 on offer.  
For all other mortgages, a separate fee policy applies.*