

your property, your project

When you approach us for a mortgage you'll have found a property, put together most if not all of the plans for any building works you want to do, calculated the overall cost of the project and how much you'll need to borrow.

No doubt our mortgage will be the final piece of the puzzle, which will enable your ideas to become a reality.

The following notes provide information on matters that relate to your property which affect how we can make mortgage funding available for your project.

Mortgage Information Leaflets - Addendum

The mortgage market has seen a lot of change since the end of 2007 and the uncertain economic conditions have had an effect on both house prices and affordability.

We've always made efforts to act in the best interests of existing and potential borrowers and in these difficult times, as a provider of ethical finance, we're doing all we can to help ensure that you're not going to struggle to meet mortgage payments and the other commitments that come with owning a house.

What we'll be doing is looking closely at affordability and linking the total amount you can borrow to your income and the value of your property. If you are buying a property this will affect the amount of deposit you will need to have available.

If you wish to make any of your mortgage payments on an Interest-Only basis the loan available will be 10% less than the maximum.

The table below summarises the options available for our Residential Owner Occupiers Mortgage.

Income Multiple	Maximum loan-to-value (LTV)	
	Repayment Basis	Interest-Only
2.5 times	85%	75%
3 times	80%	70%
3.5 times	60%	50%

There is an additional point to consider should you require your mortgage to be released in stage payments. For example, if you have chosen a repayment mortgage and the total amount released on the mortgage does not exceed 2.5 times joint income, we will allow stage payments up to 85% of the property's current valuation, but, at the point where the outstanding mortgage balance will be more than 2.5 times joint income, the amount released will be restricted to a maximum of 80%.

Please note, therefore, that the amount we'll be able to lend will, for the time being, be based on the income multiples and deposit requirements shown on this 'Addendum' and not those shown in 'about you', 'your mortgage' and 'your property, your project' leaflets.

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Your capital

You'll require funds from your own resources to cover the deposit of at least 10% of the purchase price and sufficient working capital to undertake the first stage of any works to the property – we recommend approximately 20% of the overall cost of the building works.

Costing and plans

You'll need to let us have full details of any building works you intend to carry out. We need detailed costings and plans in respect of the materials and labour required for your project, and it's advisable to have a contingency. The costings may be estimates from builders or your own calculations – but must include major elements such as building materials, labour, plumbing, electricians etc. and show that there is adequate cash flow for the project at every stage. The plans are likely to be architects' drawings submitted as part of the planning process.

Planning consents

Where major works are required or you are undertaking a new build we'll need to see your formal planning permission. We can process your mortgage application based on outline permission, but full consent must be granted before any part of the mortgage is released. Where the property is listed we'll need to see listed planning consent for any proposed works and if the property is to be converted we'll need to see consent for the change of use.

Work supervision

If you're constructing a new property or undertaking the complete renovation of a derelict property, we'll require the work to be supervised, usually by a qualified architect. The architect will then be able to issue a certificate when the work has been completed. As alternatives, we'll also accept a Local Authority Building Regulations Practical Completion Certificate or verification from a Chartered Building Surveyor.

Valuations and more detailed inspections

We need to establish that your property will provide adequate security for our loan, and to do this we are required by legislation to have an independent valuation of the property carried out by a qualified valuer. For mortgage purposes we require a Basic Mortgage Valuation to be carried out, but if the building is in a poor state of repair or has structural problems you may wish to pay for a more detailed inspection. The types of inspections are as follows:

Basic mortgage valuation

We'll arrange this when we receive your application. We appoint a valuer local to the property, who knows the area and can provide an independent valuation. The purpose of the valuation is to assess the property as security for the mortgage and decide on the amount we can lend you. This valuation is not the same as a survey. We'll provide you with a copy of the mortgage valuation.

A basic mortgage valuation provides:

- Details of the property and its construction
- A brief statement on the condition of property
- Identification of possible repairs
- The current property value
- The estimated completed property value (on completion of any works)
- The re-instatement value for buildings insurance purposes

The valuer will use the costings and plans you provide to assess the completed valuation figure. If you're purchasing a building plot, we'll ask the valuer to give a current valuation of the land alone and an estimated completed value based on the finished build.

Our valuation won't provide a detailed assessment of the condition of the property, nor will it provide any guarantee that the purchase price is reasonable. If you require this information, we recommend that you have a more detailed inspection carried out. The valuer carrying out the valuation for the Society will, in most cases, agree to make a more detailed inspection for an additional fee.

Homebuyer survey and valuation

A Homebuyer Survey and Valuation, also known as a Homebuyer's Report, is most suitable for conventional properties built within the last 150 years, which are in reasonable condition. It doesn't detail every aspect of the property, but focuses on urgent matters needing attention. It's not usually suitable for properties in need of renovation, or if you're planning major alterations.

A Homebuyer Survey and Valuation includes details of:

- The general condition of the property
- Any major faults in accessible parts of the building that may affect the value
- Any urgent problems that need inspecting by a specialist
- Results of tests for damp in the walls
- Damage to timbers – including woodworm or rot
- The condition of any damp-proofing, insulation and drainage (drains are not tested)
- The re-instatement value for buildings insurance purposes
- The open market property value

Building survey

A Building Survey, formerly known as a Structural Survey, is a comprehensive inspection of a property. It's suitable for all properties, especially:

- Listed buildings
- Older properties
- Buildings constructed in an unusual way, however old they are
- Properties you plan to renovate or alter in any way
- Properties that have had extensive alterations

It examines all accessible parts of the property, including details of:

- Major and minor defects and what they could mean
- The possible cost of repairs
- Results of damp testing on walls
- Damage to timbers – including woodworm and rot
- The condition of damp-proofing, insulation and drainage (drains are not tested)
- Technical information on the construction of the property and the materials used
- The location
- Recommendations for any further special inspections

A Building Survey does not include a valuation, but this can usually be provided separately by the same valuer.

Valuer recommendations

The valuer may suggest that a further specialist report is carried out, for example, a damp/timber report or a mining survey. They may also uncover a legal issue, which requires further investigation by your solicitors, for example, an agricultural restriction or access rights. We'll require such matters to be addressed prior to issue of the mortgage offer, or in some cases, they may be dealt with as special conditions of the mortgage offer.

Stage releases

It's common with self-build, renovation and conversion mortgages that funds are released in stages – as the work progresses and the value increases. This may be because the initial valuation before any improvements are made is not sufficient to provide security for all the funds requested. In some cases you may request stage payments because you already own the property and don't require the full amount of the mortgage in one lump sum.

Before a stage payment is made we'll normally ask the valuer to revisit the property and provide an up to date property valuation.

This may not be necessary if the release does not extend the outstanding balance beyond the permitted loan to value, but we'll require evidence that the works have progressed, either via receipts or certificates.

We'll always try to use the original valuer where possible, unless you wish us to instruct another, but this will incur a higher fee. We don't charge a fee for providing stage payments, however, a re-valuation fee will be payable which can be added to the mortgage account.

Tenure

We lend on freehold, leasehold and feuhold properties. We also lend on properties with a flying freehold, but we don't lend on freehold flats. In the case of leasehold properties we'll need to see a copy of the lease before issuing the mortgage offer and the term of the lease must exceed the mortgage term by at least 35 years.



Ecology Building Society
7 Belton Road, Silsden, Keighley
West Yorkshire
BD20 0EE

T 0845 674 5566 **F** 01535 650780
W www.ecology.co.uk **E** loans@ecology.co.uk

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