

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.

Your property may be repossessed if you do not keep up repayments on your mortgage.

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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 must be estimates from a builder or quotations for a supplier and must include major elements such as building materials, labour, plumbing and electrics. You will need to 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 monitored, usually by a qualified architect. The architect will then be able to issue a practical completion certificate when the work has been finished. 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.

We can also arrange for an **Energy Performance Certificate (EPC)** if you haven't already got one. This may help you decide which improvements to make.

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 value of the property on the open market
- 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 before you sign a contract
- 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 estimated cost of rebuilding the property for insurance purposes
- The current value of the property on the open market.

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, such as 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 revaluation fee will be payable which can be added to the mortgage account.

Tenure

We lend on freehold, leasehold, commonhold 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.



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