

## Lending for sustainable homes



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10/15



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## Commercial lending for sustainable homes

Ecology specialises in lending for properties and projects that minimise environmental impact or which help promote sustainable communities and lifestyles. We play an active role in the green building community and promote the development of ecological building standards as well as encouraging the use of both traditional and pioneering materials and design.

If you are a small-scale developer and you're seeking to build or renovate residential properties in a sustainable manner to sell or let, we can provide a tailored range of commercial mortgages and the support of an experienced team.

The availability of mortgages to buyers, particularly for innovative and non-conventional construction methods can also be a concern for developers. We are keen to encourage the creation of sustainable new homes and work in partnership with you to promote the availability of our residential mortgages on a site-specific or design-specific basis.

## Who and what do we support?

- While there are no fixed or rigid definitions of what constitutes an eco home, we do require an appreciable standard of energy efficiency for all the projects we support.
- New homes must be built to a minimum of Level 4 of the Code for Sustainable Homes or achieve an A or B rating under the Energy Performance Certificate (EPC) system for us to consider lending
- We particularly encourage developments that adopt Passivhaus standards.
- Developers undertaking renovations and conversions must also demonstrate that use of sustainable materials and carbon-reducing measures are central to the project.

For more details on some of the eco-friendly materials and energy efficient measures we do encourage, please see our *What we lend on* leaflet.

## Small-scale development finance

Our small-scale development mortgages are available to residential property developers embarking on new projects, which may involve building, renovating or converting a number of properties for sale. These are short-term mortgages and are open to applications from individuals, partnerships, limited companies and community groups.

You should be able to provide:

- A breakdown of costs for your project
- A supporting project cash flow forecast including projected draw downs that demonstrate how and when mortgage funds will be drawn and utilised
- Evidence that sufficient capital and equity is available to meet interest payments and contingencies as well as meeting our loan-to-value criteria
- Designs, specifications of materials and a schedule of the ecological and energy efficient measures planned.

## *Key features*

- Finance is available for a period of between six months and two years.
- We expect the mortgage capital to be fully redeemed via the sale of your completed properties.

- Interest payments are required during the project and are payable monthly in arrears.
- Stage release payments are available, from the point of plot purchase if outline planning consents are in place, provided that your project can be maintained within our maximum loan-to-value terms (see our *Current commercial rates and charges* leaflet).
- We do not impose a limit on the number of dwellings, although we do have a maximum published advance (see our *Current commercial rates and charges* leaflet).

We do not lend for:

- The creation of single high-value “luxury” homes for speculative sale
- Properties intended to be sold or leased as holiday homes

**This product is not regulated by the Financial Conduct Authority.**

For details of our current terms please refer to our *Current commercial rates and charges* leaflet.

## Commercial buy-to-let mortgages

### *Who do we support?*

- We provide mortgage support for developers that have built or renovated properties in a sustainable manner for letting over the longer term
- Commercial buy-to-let mortgages are available to individuals, partnerships, limited companies and community groups.

### *Key features*

- The amount that you can borrow is assessed against the anticipated rental income generated by the property. This should be at least 35% more than the monthly mortgage payment.
- Commercial buy-to-let mortgages are repayable via monthly capital and interest payments over a term of between 10 and 25 years.
- An interest only period may be considered on a case by case basis should there be a development phase. In such cases, interest only payments are payable monthly in arrears.
- Stage release payments are available, from the point of plot purchase if outline planning consents are in place, provided that your project can be maintained within our maximum Loan to Value terms (see our *Current commercial rates and charges* leaflet).
- We do not impose a limit on the number of dwellings, although we do have a maximum advance (see our *Current commercial rates and charges* leaflet).

For details of our current terms please refer to our *Current commercial rates and charges* leaflet.

Our *commercial buy-to-let* mortgage is eligible for the Society’s C-Change mortgage discounts. Please see *Our C-Change discounts* leaflet for details.

**This product is not regulated by the Financial Conduct Authority.**

## Residential mortgage arrangements for developers

Whether you are funding your property development through Ecology or not, if you are building new homes that meet or better our minimum ecological standards, buyers could be eligible for a residential mortgage with the Society. They could also benefit from an interest rate discount reflecting the energy efficiency of the home once completed and certified. (see *Our C-Change discounts* leaflet for details).

It's always a good idea to discuss your designs or development at an early stage so that we can assess our capacity to assist in this way, and provide an indication as to how many units we may be willing to mortgage on completion on any given site, subject to assessing the circumstances of individual applicants.

For details of our current terms for residential borrowers please refer to our *Current residential rates and charges* leaflet and *Our C-Change discounts* leaflet.

**Residential mortgages are regulated by the Financial Conduct Authority.**

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE**

## Contact

Because we take an individual approach to every mortgage, we like to discuss your project with you before you make a formal application, to make sure it fits our criteria and to answer any questions you have.

You can contact our Business Development Team on **01535 650 770**, or you can email us at [mortgages@ecology.co.uk](mailto:mortgages@ecology.co.uk) or write to the Society.