



# THE HIGHLANDS SMALL COMMUNITIES HOUSING TRUST

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AFFORDABLE  
RURAL HOMES  
A REALITY

## **FACT SHEET – Highland Self Build Loan Fund (HSBLF)**

This fact sheet gives information on the process involved in arranging a Highland Self Build Loan Fund agreement with HSCHT, who are acting on behalf of the Scottish Government.

### **Key Points**

- 1) What is the Highland Self Build Loan Fund?
- 2) Who can apply?
- 3) How can I apply?
- 4) How does the fund work?
- 5) Are there any risks?

#### **More information:**

Ask HSCHT for their detailed “Highland Self Build Loan Fund, Information Brochure”.

01463 233 548 or [selfbuild@hscht.co.uk](mailto:selfbuild@hscht.co.uk).

### **Highland Self Build Loan Fund (HSBLF)**

This project has resulted from HSCHT’s successful tender to the Scottish Government to act as agent for their Highland Self Build Loan Fund. It has been recognised that there is a market failure in the lending market, to provide funding for self builders, prior to mortgage facilities being available.

The fund allows HSCHT acting as agent to the Scottish Government to provide a revolving fund to help self builders within the Highland Council region.

Individuals can apply for up to £175,000, which if successful, can be drawn down in agreed stage payments. The fund is designed to help applicants reach the completion stage of their build projects, at which point they should be able to access a mortgage from the likes of a high street lender or other. The loan is then repaid by this mortgage, and the applicant goes on to pay off their mortgage as they would should they have bought a house on the open market.

### **Who can apply?**

The HSBLF can help a wide range of people who are considering a self build project for their primary residence. Those who own or part-own a home can apply although they need to sell their interest in that property. In addition, the HSBLF applicants will be prioritised in the following order:

- 1) Applicants with all necessary titles, permissions, warrants and other documentation requested during the application process.
- 2) Applicants with shorter build programmes. This is to allow us to provide more funding for a greater number of projects – allocating funding to a larger number of applicants between April 2016 and April 2018.
- 3) Applicants with greater housing need.



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## How can I apply?

Ask for a Brochure or our Stage 1 Highland Self Build Loan Fund Application Form, Email [selfbuild@hscht.co.uk](mailto:selfbuild@hscht.co.uk), call us on 01463 233548, or download from our website at [www.hscht.co.uk/highland-self-build-loan-fund](http://www.hscht.co.uk/highland-self-build-loan-fund).

## How does the fund work?

The agent will assess the project costs and compare this with the applicant's contribution. If there is a shortfall in cash flow to reach completion stage (where mortgage funds become available), this will be the basis of how the HSBLF amount is calculated. The duration of the fund being available to each applicant will depend on their build schedule. This will be decided before a formal offer is made. The loan offered to the applicant can be drawn down over the course of the project build – at stages previously agreed during the application stage. There will be an annual interest rate of 5.5% applied to the loan drawdown, which can be paid monthly (recommended), or as part of the full loan repayment once the project is complete.

## Are there any risks?

Yes. Although they are minimal, if you have done your homework. Making sure project costs and cash flow are calculated accurately helps to ensure the information you provide to HSCHT is correct, and this in turn reduces your risk.

In addition, the appropriate documentation needs to be completed, and a solicitor's agreement in place. Applicants are responsible for paying all of their associated legal fees.

It is required that applicants/their contractors have build insurance and life insurance policies where applicable.

It is incredibly important that you liaise with a mortgage advisor before fully applying to the HSBLF. Please ensure that your desire mortgage provider is willing to lend to a completed project that was 'self-built'. You may find that some mortgage lenders, will not be able to provide you with a mortgage until 6 months after the build is complete.



*HSCHT August 2016*

