LDN FINANCE

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PRIVATE CLIENTS

The Complete Guide to Self Build Mortgages

A practical guide to understanding, planning and financing your self build with LDN Finance.

Expert advice. Specialist lenders. Bespoke solutions.

Contents

A practical guide to understanding, planning and financing your self build with LDN Finance.

Planning a self build shouldn't feel overwhelming

Most brokers rarely handle self build finance. We do it regularly, and we're experts in it. With the right guidance, it's a manageable process, not the maze it can look like from the outside.

Building your own home is an exciting prospect, and one we love being part of. Whether it's a contemporary countryside property, an ambitious architectural project, or a home designed precisely around how you want to live, you make the decisions, not somebody else.

The finance can feel like the daunting part. Self build lending has different rules, more paperwork, a smaller pool of lenders. It doesn't need to be difficult, and that's exactly what we're here to help with. With an experienced adviser alongside you, the finance gets structured around your project from the outset. **You focus on bringing the property to life.**

Why experience matters

Self build finance sits outside the standard high street process. Fewer lenders. More moving parts. It takes real understanding of construction stages, drawdown structures and valuation methodology, not just the mortgage itself. This is exactly the kind of lending we thrive on.

Large, architecturally ambitious projects are one of our core strengths. We work across mainstream, private and specialist lenders, and we deal directly with the lender on your behalf, driving the process from application to completion.

For larger projects, this matters even more. We regularly work with high net worth individuals, expats, foreign nationals and self employed clients, including multiple income sources, multiple assets and high loan to value requirements.

Our involvement doesn't end once the mortgage is arranged. We structure the finance properly from day one, stay with you through construction, and plan ahead for the remortgage that follows.

If that sounds like your project, get in touch and we'll talk it through.

What is a self build mortgage?

Traditional mortgages are built for buying homes that already exist. A self build mortgage is built for constructing one, step by step, from the ground up. It also works for significant refurbishment, renovation or extension projects a standard mortgage won't touch.

The key difference is how the money moves. Instead of one lump sum, funds release in stages, known as drawdowns, timed to line up with construction milestones.

How does a self build mortgage work?

Rather than one lump sum, self build lending works stage by stage. You borrow what you need, when you need it, from land purchase through to paying contractors as the build progresses.

Typical milestones can include:

1. Land purchase / plot completion
2. Foundations complete
3. Wall plate height / walls complete
4. Roof on and wind and watertight
5. First fix, plumbing, electrics and plastering
6. Second fix and final completion

An independent surveyor typically checks progress at each stage before funds release. Exact stages and requirements vary by lender and by project.

Valuation works differently too. Lenders assess the project itself, its costs and the anticipated completed value, not just the property as it currently stands, sometimes with further valuations as the build progresses.

Arrears or advance?

There are two ways self build mortgage funds can be released, and the right approach will depend on your project, available funds and how you plan to manage costs throughout the build. Understanding the difference can help ensure your finance is structured around when you actually need the money.

Arrears loans

The most common structure. You pay for each stage, then the mortgage reimburses you once it's complete. You need funds available upfront to cover the work.

Advance loans

Funds land at the start of each stage instead. This eases cash flow and cuts your need for short term borrowing while you wait on suppliers and builders.

Neither is automatically better. It depends on your reserves, how your contractors expect to be paid, and how you want to manage cash flow through construction. Your adviser weighs this up and negotiates the right structure with lenders on your behalf.

A note on stamp duty

On a self build, Stamp Duty Land Tax is generally charged on the land, not the build, a distinction worth knowing before you start crunching numbers. For a high value project, it can mean a meaningful saving against buying an equivalent finished property.

Tax treatment depends on your circumstances, so always get proper tax advice before committing. We're happy to point you in the right direction if you need it.

A note on VAT

Many self build costs can be reclaimed under the VAT DIY Housebuilders' Scheme, subject to eligibility, one of the perks of building rather than buying.

It's a single reclaim after completion, not something you offset as you go, so don't rely on it to ease cash flow during the build. Plan for it from the outset, and we can point you toward an accountant or tax adviser who knows the scheme well if you need one.

Planning your project properly

Careful planning is what separates a smooth self build from a stressful one, and it's where our expertise makes the biggest difference. Your budget, your permissions, your timeline, what the project actually involves, we help you build that picture properly, together, from the very first conversation.

Timeline matters more than most people expect, and it's something we think about early. It shapes the pace of drawdowns, how long you're paying interest before you can remortgage, and how planning conditions interact with your build programme. We'll walk you through all of it.

Protection deserves the same attention as the mortgage itself, not an afterthought. A self build carries risk over an extended period, and we make sure your life and income cover for the build is part of the plan from day one, not a separate conversation you have to remember to have. Our advisers can talk you through what you need and arrange it alongside your mortgage.

Wherever you are in your thinking, get in touch and we'll build the picture with you.

Planning permission

You'll need planning permission from your local authority before building. Some plots come with permission already in place, some don't, and even where it exists, you might want to alter it for the design you actually want.

A good planning consultant can assess whether your plans are realistic before you submit, saving you time and cost, and can help shape an application for the best chance of success. If you don't already have one, we can point you toward a planning consultant we trust.

Budgeting for your self build

A realistic budget is the foundation of a successful project, and it doesn't need to be perfect straight away, we'll help you shape it together. Start with the land. Land without planning permission looks cheaper upfront, but it can carry more cost and risk than it first appears, exactly the kind of thing worth talking through with your adviser early.

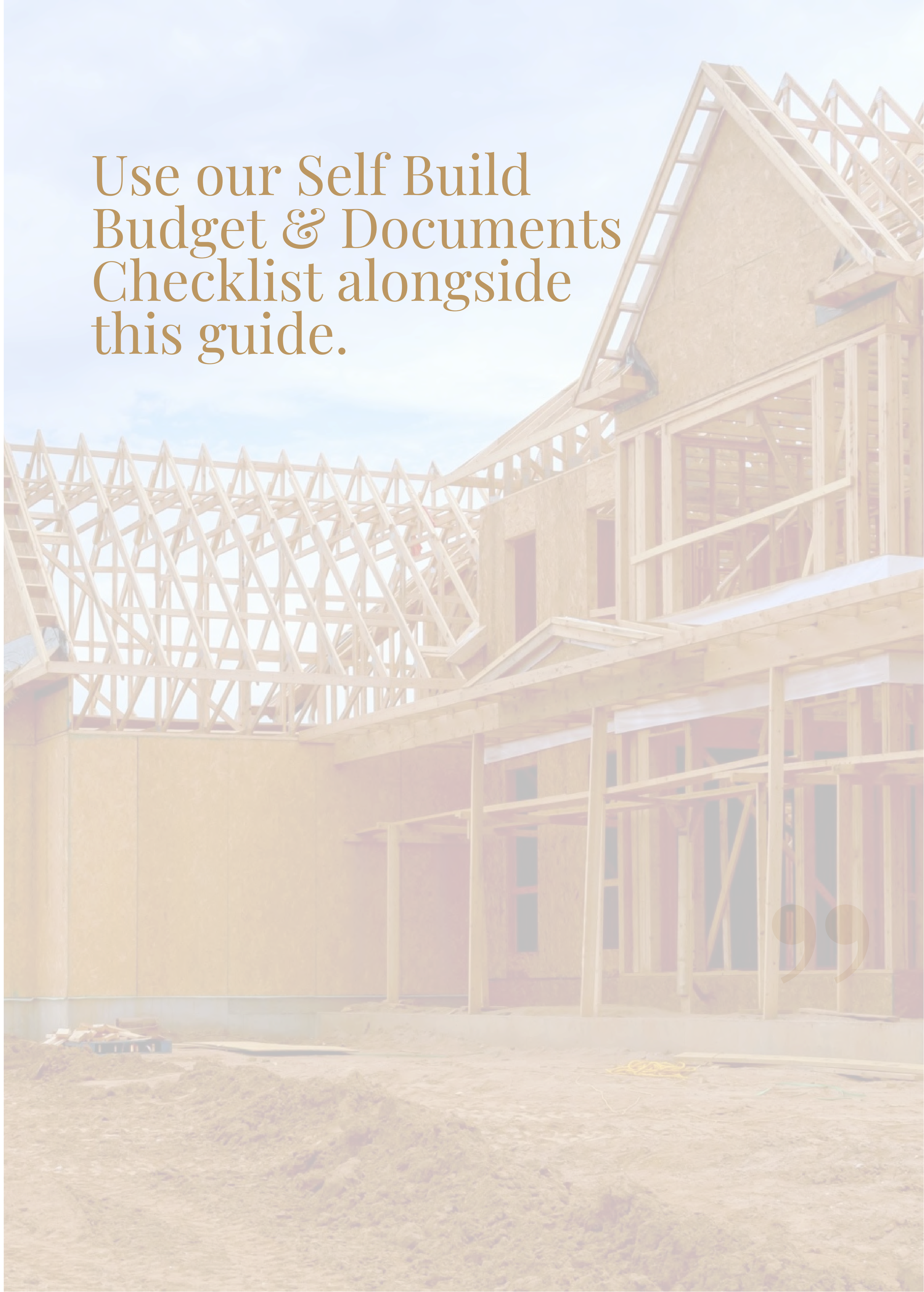
Then the build itself. Get detailed quotations based on your plans, your construction method and your materials. Your budget needs to stretch beyond land and build costs too, covering everything from professional fees and insurance to the finishing touches.

Are self build mortgage rates usually higher?

Self build rates tend to run slightly above standard residential rates. That reflects the extra risk of lending against a property that doesn't exist yet.

The headline rate isn't the whole picture. Interest is only charged on funds drawn down so far, and the finished property is often worth considerably more than land and build costs combined. Plan the remortgage early, and the structure works harder for you.

Build in a contingency of at least 10 to 20% for the unexpected. Larger or more architecturally ambitious projects often warrant more, and we'll help you work out what's realistic for yours. Speak to us early. We'll shape the budget together, not something you finalise before you call.



Self build mortgage eligibility

Not every lender offers self build mortgages. The market runs from high street banks and building societies through to specialist self build lenders with their own products and criteria.

Lenders look at you and the project together: income and affordability, expenditure, credit history, deposit, project viability, build costs, anticipated completed value. The experience of your professional team can factor in too.

The more layered your financial circumstances, the more the structure and presentation of your application matters, and this is exactly where we come in. We know which lenders to approach and have the relationships to get your case in front of the right underwriters, so you're never navigating it alone.

How much can you borrow?

There's no single figure that applies to every self build. It depends on your financial profile, the lender, your deposit and the project itself.

Lenders weigh income, expenditure, credit history and projected completed value differently. Some lean on income multiples, others on the finished home's anticipated worth.

Because criteria vary so much, your LDN adviser approaches the right lenders directly on your behalf before you commit to land or construction costs, giving you a genuinely clear picture of what's achievable.

What deposit will you need?

Deposit requirements vary by lender and project. A larger deposit generally improves your loan to value ratio and the terms on offer.

How much cash you retain matters too, given the staged nature of self build finance. With an arrears mortgage especially, you need reserves to fund work before the next drawdown lands.

Your adviser factors this into how the finance is structured and presented to lenders on your behalf.

Preparing your application

Self build mortgages involve more paperwork than a standard purchase, but you don't need to arrive with everything in place.

Typically: architectural plans, a build cost breakdown, planning and building regulations approval, proof of land ownership, your building contract, insurance and warranty documents, income evidence, deposit details, and any protection cover you have or plan to arrange.

Exact requirements depend on the lender and the project. We coordinate this for you, dealing directly with the lender and liaising with your solicitor throughout, guiding you through exactly what's needed, step by step.
Use our Self Build Budget & Documents Checklist alongside this guide for the full list and a printable worksheet.

Once your mortgage is approved

Approval isn't the end of the process, it's the start of the next stage. As construction progresses, funds release at each agreed milestone.

An independent surveyor assesses progress before the lender releases the next tranche, and we stay closely involved throughout, coordinating with the lender and keeping the finance moving alongside the build.

Good records help too. Keep track of expenditure, invoices and receipts, and the process runs smoother.

What happens when your home is complete?

Once the property's finished, the next step is usually to refinance. We'll help you reassess everything, loan amount, term, rate structure, fees, and search the whole of the market to find what suits you best.

We think about this exit strategy from the outset, not as an afterthought once construction ends. Planning the remortgage early means the whole structure works harder for you throughout.

High value and architecturally ambitious self builds

Not every self build fits standard lending criteria. Larger, more architecturally ambitious projects often need private and specialist lenders alongside mainstream building societies, and this is where we do our best work.

This might include:

- A bespoke architect designed property
- A particularly high value plot
- An unusual construction method
- A high loan requirement
- Multiple or unusual sources of income
- Self employed applicants
- Foreign income
- Expat or foreign national applicants
- High net worth clients with multiple assets

We finance projects across every one of these circumstances, regularly. What matters is how the application is structured and presented, and knowing which lenders have the right appetite for it. That's exactly where our advice and our lender relationships earn their place.

Frequently Asked Questions

What is a self build project?

A self build project is one where you organise the design and construction of your own home directly, whether you manage it yourself or appoint an architect, builder and tradespeople to deliver it for you. It also covers larger extensions or renovations a standard mortgage won't finance.

What is the difference between an arrears and an advance self build mortgage?

Arrears releases funds once a stage is complete. Advance releases funds before the stage begins, easing cash flow during construction.

How much deposit do I need?

This varies by lender and project. A larger deposit generally improves your loan to value ratio and the terms available. Consider how much cash you need to retain to fund the build between drawdowns.

Do I need planning permission before applying?

Lenders generally want evidence of planning permission as part of the application. If your plot doesn't have it yet, or you want to alter existing consent, a good planning consultant can assess the proposal before you submit.

What other costs should I budget for?

Beyond land and construction: utilities and site access, architect's fees, project management, surveys, solicitors' fees, lender fees, the LDN advice fee, Stamp Duty, insurance, fixtures and fittings, temporary accommodation, and an appropriate contingency fund.

Can I reclaim VAT on a self build?

Many self build costs can be reclaimed under the VAT DIY Housebuilders' Scheme, subject to eligibility. It's a single reclaim after completion, so don't rely on it to ease cash flow during the build itself.

Which lenders offer self build mortgages, and can you help with high value or architecturally ambitious projects?

Yes. We're whole of market, working across high street banks, building societies, and private and specialist lenders, and we know exactly who to approach for your circumstances.

This includes high net worth individuals, expats, foreign nationals, self employed clients, and cases involving multiple income sources or high loan to value requirements.

How LDN Finance can help

As a whole of market, independent broker, we act as your partner in property finance, keeping you in control and confident at every stage, from first enquiry through to the remortgage that follows.

Service

Personal, bespoke property finance advice sits at the heart of what we do. You get confidence throughout your self build journey, not just at the mortgage stage.

Expertise

We thrive on challenging scenarios and negotiate creatively across our trusted network of mainstream, private and specialist lenders, to secure the best outcome for your circumstances.

Relationships

You're a valued partner, not a transaction. Your adviser stays with you long after the mortgage completes, through to the remortgage that follows.

Building your own home is significant

Arranging the finance shouldn't feel that way. Whether you're building from scratch, taking on a major renovation, still at the thinking stage or ready to apply, we'll take it from wherever you are.

With the right structure from the outset and an experienced adviser alongside you, every stage becomes clearer

Use our Self Build Budget & Documents Checklist alongside this guide to help shape your budget and paperwork ahead of your conversation with us.

Get in touch with LDN Finance to talk through your self build project, or visit our website for more information.

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