



# BCB Bespoke / Custom Build Mortgages

## OVERVIEW



## BCB Bespoke / Custom Build



Following the introduction of the Self-build and Custom Housebuilding Act 2015 and in accordance with the Housing and Planning Act 2016, local authorities are required to support aspiring custom and self-builders in a range of new ways. In the UK, one of the key obstacles to custom and self-build is the lack of suitable mortgage finance.

To address this, we have developed a new and innovative model that will provide up to 95% Loan to Value mortgages on new bespoke and customised homes with support from the participating local authority.

### HOW DOES BCB WORK?

The local authority will make land available, or provide financial support for an applicant on land owned by a third party. An applicant will secure a plot of land from the local authority, with proof of a pre-approved mortgage from a panel of mortgage lenders and a 5% deposit (some or all of the deposit will be non-refundable) and the local authority will enter into a build contract with a developer / builder to construct the property to completion. On completion, the lender advances the mortgage and the local authority recovers all costs, including interest and potentially a development profit. This approach ensures that each plot of land released by the local authority will have a new property built within an acceptable timescale. It removes the need for stage payments, thereby

opening the market to people who would not currently be able to embark on a self-build project.

Lenders do not currently offer high loan to value mortgages on self-build or new build properties. It is therefore necessary for the participating local authority to provide an indemnity of up to 20% of the mortgage, in effect underwriting the difference between 75% lending and 95% lending. The indemnity remains in place for 5 years, and may be extended for a further 2 years if a mortgage is in arrears of 3 months + at the end of the initial 5 year period.

Our **Bespoke / Custom Build Scheme** is a partnership between Local Authorities, Mortgage Lenders and Arlingclose. It is a national scheme with a standard approach for all parties

involved. Signing up to BCB provides access to the full suite of supporting documents, which includes the following:

- Report template
- Legal White Paper
- Accounting Paper
- Risk Assessment
- Contract Template
- Indemnity Deed

Signing up to BCB does not provide a commitment to launching the scheme, it simply provides access to the documentation and secures our support throughout the implementation process if required.

### ABOUT ARLINGCLOSE

We are an independent treasury advisory company providing unbiased financial advice and capital financing expertise for the public, private and the third sectors. Arlingclose is committed to providing its clients with a fresh, quality and bespoke service. We employ the talents of highly experienced professionals, who have a proven track record, delivering the most appropriate advice on debt and investment management.

Our combined experience, commitment and enthusiasm enable Arlingclose to offer an individual and refreshing approach to treasury management advice.

Arlingclose is different by design, offering clients a unique service in the market place. Due to our independence, we are able to provide quality, bespoke advice within a fee structure that offers real value for money.



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