



MC Financial
Mortgage Specialists



SELF BUILD & RENOVATION GUIDE

“ You can design and create, and build the most wonderful place in the world. But it takes people to make the dream a reality”.
— Walt Disney

To help you build the home you want, we have put together this guide to building or renovating your home. The guide takes you through the process, step by step, and outlines some of the key things you need to consider when building or renovating.

The process requires a lot of planning and care and will involve employing building professionals, drawing up plans, deciding on materials, hiring tradespeople and supervising the work in progress, while ensuring that you keep your budget under control. It is very important to have your mortgage and balance of funds organised upfront.



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At MC Financial we've been helping our customers to build their own homes for over 20 years. We know every step of the process, so if it is something you have always wanted, we can help you get it started today.

A self-build mortgage is a bit different to a standard mortgage, so this guide will help you understand the journey from start to finish. We're also on hand to take you through all the details, from picking the right mortgage rate to explaining anything you are unsure of.

10 Key Steps in Construction Phase:

1. Site Preparation

2. Substructure

3. Superstructure

4. Mechanical & Electrical

5. External Works

6. Finishes

7. Service Connection

8. Snag List

9. Handover

10. Defects period and final payment



To make an appointment with MC Financial Mortgage Consultant call us on
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Your Professional Adviser

As part of your build you'll need to have appointed an Architect, Engineer or Surveyor. They will be able to give you advice throughout your build.

They can help you with some of the documentation you need to provide as part of your application, as well as guiding you through the stage payments.

Your Architect, Engineer or Surveyor can also help you with your build options, outlined on the next page.

Choosing a good architect is crucial to the success of your build. Ask family or friends for recommendations or check out www.riai.ie



Your self-build journey and how to go for it

Whether you have a site with full planning permission or have just started thinking about building your new home, we're here to help you on your self-build journey. It's different to a standard mortgage journey with certain extra requirements, which we will happily talk you through.

At the beginning, you need to have a detailed set of drawings and specification.

Consider carefully where you want to build. Check access for waste collection, broadband, and services such as schools, transport, shops and parks. Regarding the site consider the incline of the land, elevation & proximity to water (to avoid flooding). If you are buying a site have it inspected by a professional before you commit to buying it. Think carefully about your needs, decide how you will use your space, where you will have access to light, space for storage etc. Check if each tradesperson's work is guaranteed and insured. Ask to see a public liability insurance certificate.

Leave yourself enough time to make and receive phone calls, and also to go to site. Things need to be actioned, and decisions need to be made every day.



Your build options

As a self-builder, you have some different legal requirements in how to approach and certify your build. Each approach has its own benefits and disadvantages, so you will need to decide which works best for you. Your Architect, Engineer or Surveyor will be able to advise you on the right course of action for your build.

Building Contractor vs. Direct Labour

You can decide to have a single building contractor in charge of the site. In this case, they would be responsible for the construction of the house and would sub-contract work when required. They would also be required to provide evidence of their relevant insurance cover, ensuring that the building site has insurance cover in the event of any accidents. If you use Direct Labour instead, you essentially become the main contractor and so, assume the same responsibilities (site insurance). It also means you'll be managing the entire site from start to finish, which can be quite a big job.



Disclaimer

This information is intended as a practical guide only. It is not a definitive legal interpretation of building control law. For more information, you should consult your technical advisor or Local Authority Building Control.

Planning permission

You must have full planning permission in place before you can start building. This can be the most difficult and time consuming part of the process. Normally, you should have a decision within eight weeks of application, however the process is rarely this straightforward, with the local authority often requesting changes or further information.

- The first step is to get in touch with your local authority planning department to find out what forms, drawings and supporting documentation is required.
- Check the Local Area Plan to see what your Local Authority has planned for your area and try not to get frustrated with how long it can take to get final permission.
- A notification must be erected on site and remain in place for five weeks. A notice must also be published in an approved local newspaper.
- A copy of your plans will be placed on the Planning Register for public viewing. Once obtained, Full Planning Permission (FPP) is valid for five years.
- Understand your local council planning requirements and restrictions for your area, you don't want to have to change anything if you haven't complied with all rules and regulations. Do not buy any materials until all the planning is finalised.
- Once you have been granted FPP you must register on the Building Control Management System (BCMS) before building begins.

Make sure to check out the Local Area Plan. This will outline a strategy for proper planning and sustainable development in your locality, including any planning restrictions. Your planned design may be influenced by your planning authority which means you may have to compromise on some design features in order to obtain planning permission for your build.



Costing & Funding

Key costs to include in your budget:

- *Construction cost and fit out*
- *Stamp Duty, legal and valuation*
- *Design and planning*
- *Local Authority*
- *Mortgage Protection & Building Insurance*



- You should always aim to get at least three quotes for the job. Know the difference between an estimate and a quote: an estimate is only an educated guess while a quote is an exact price.
- Check all building quotes for VAT. It's important to know if the quotes include VAT or if you'll need to add VAT on top of the quote given.
- Factor in the full costs involved - stamp duty, legal and valuation fees, local authority fees and architect/planning fees.
- You can start your application with or without site ownership, and if you have a site you can start with or without planning permission. However, before drawing down funds from the bank, you must have a site identified and full planning permission granted.
- It may sound simple, but plan how you will finance your build project before spending any money. When getting costs, make sure you distinguish between an estimate and a quotation which is an exact written price.



Copy of Full Planning Permission:

- *Is it the final grant?*
- *Are there any unusual conditions of planning?*
- *Does planning include a garage? Is this included in the costings?*
- *Is the site in sole name, is joint mortgage sole title required?*
- *If the site is gifted, ensure a gift letter is completed?*

Costings Certificate:

- *Is it fully complete & signed by a qualified engineer/architect?*
- *Are county council fees included in costings?*
- *Do the individual costings add up correctly?*
- *Have you input the total outlay figure in your costings?*
- *Is the cost per square foot within the guide set out below?*

Balance of funds:

Do you have sufficient funds to cover fit out?

Do you have additional funds to cover any overruns?

Applications will generally not be considered where the costings are below the guideline price as follows:

- Dublin €120 per square foot (€1,292 square metre)
- Other Cities and Satellites of Dublin €95 per square foot (€1,023 per square metre)
- All other areas €85 per square foot (€915 per square metre)

(Please ensure you deduct the garage (if applicable) before calculating cost per square foot)

Examples of types of Cases

FTB - Self Build Application (Gifted Site)

APPLICANT(s) COMMENTS

First Time Buyers – Self Build Application

Married couple, 30 & 30 (Both Irish) - 1 child (No childcare costs as in school and grandparent collect)

REQUEST 200K over 35yrs on Cost of 240K (Site 40K + Build 200K) – LTV on cost at 83%
Estimated value on completion will be 280K at LTV 71%

PURPOSE Building on Gifted Site from parents worth 50K
Building 1,600 sq. foot property by direct labour for 200K – Eur 125 per sq. foot
Site in Kildare
Note - Haven Self build Costing template enclosed and build cost checked and adds up correctly.

RESIDING Currently renting in Kildare at 1,200 per month

FTB - Self Build Application (Site Purchase)

(Lending for FTB is 90% of site cost/current value+90% of build cost once the end valuation LTV is 90% or less)

APPLICANT(s) COMMENTS

First Time Buyers – Self Build Application

Married couple, 30 & 30 (Both Irish) - 1 child (No childcare costs as in school and grandparent collect)

REQUEST 216K over 35yrs on Cost of 240K (Site Purchase 40K + Build 200K) – LTV on cost at 90%
Estimated value on completion will be 280K at LTV 77%

PURPOSE Purchasing a site for 40K
Building 1,600 sq. foot property by direct labour for 200K – Euro 125 per sq. foot
Site in Kildare
Note - Haven Self build Costing template enclosed and build cost checked and adds up correctly.

RESIDING Currently renting in Kildare at 1,200 per month



Mortgage application

A self-build mortgage can cover most of the costs associated with a self build or renovation but you will need to have funds available to put into the project yourself. The mortgage amount usually covers the build costs including driveway, boundaries and connection of water and electricity. You will need to show you have enough to cover other costs such as insurance, professional fees, furnishings, etc. All banks require you to have an extra 10% of the total as a contingency to cover unforeseen expenses (your own funds are put into the project first). The cost of any special conditions in the planning permission should also be factored into overall costings.

Your self-build mortgage can cover most of the costs associated with a build including renovation, landscaping, driveways, kerbing, etc. We can talk to you about this in more detail at your appointment.

First Time Buyer:

Max mortgage finance is 90% of the LOWER of site value/cost + allowable build cost or the projected value upon completion. Subject to Central Bank of Ireland guidelines.

Next Time Buyer:

80% of the LOWER of the site/value cost + allowable build cost or the projected value upon completion.

Up to 100% of Build Cost ONLY where the site is debt free (either owned/Gifted).



Full approval & Loan Offer

Documents required for approval prior to moving for full offer:

- ✓ Architects/Engineer/Building Surveyor's professional indemnity (PI) schedule
- ✓ Cost of construction template
- ✓ Builders/Architects costing signed on company headed paper

Your Professional Adviser will help you with these:

- ✓ Final grant of planning permission (generally with not less than 18 months to expiry)
- ✓ Building plans provided by your builder or architect
- ✓ Valuation
- ✓ Certificate of Inspection - Statutory Certification



Self Build Help-to-Buy

If you opt for a fixed price contract, you may be eligible for the Government's Help to buy Scheme, an incentive designed to help first time buyers to fund the deposit to buy or build a new house or apartment to live in. One of the criteria is to use a Builder that is registered with Revenue as a qualifying contractor.

– *check it out on [Revenue.ie](https://www.revenue.ie) where the criteria and process are explained.*



For self built property, the purchase value is the approved valuation by the lender at the time you take out the mortgage. You must take out your mortgage with a qualifying lender. This loan must be only used for building the property. The loan must be at least 70% of the purchase value of the property. This known as the loan to value ratio. The amount you can claim is the lesser of: €30,000/10% of the completion value of the property. The amount of income tax and deposit interest retention tax you have paid in the four years before your self build. The maximum payment is €30,000 per property. This cap applies regardless of how many people enter into a contract to build a house. USC or PRSI are not taken into account when calculating how much you can claim. To claim HTB you must:

- *Be a first time buyer*
- *Build a new property between 19th of July 2016 and 31st December 2021*
- *Live in the property for 5 years after you build it*
- *Be tax Compliant, if you are self assessed you must have tax clearance*

Stage payments as you move forward



One of the differences between a self-build mortgage and a standard mortgage is stage payments.

By releasing your funds in stages you only pay interest on what you've actually drawdown, not on the whole amount.

Each stage must be certified by your assigned professional adviser and requested through your Solicitor.

Stage payments



Every build is different.

Normally the banks will release the funds in 4-6 stage payments. Here is an example of how stage payments work:

1st stage payment - Site purchase

2nd stage payment - Demolition, site preparation and foundations

3rd stage payment - Floor Level

4th stage payment - Roof Level. The shell or frame has been built

5th stage payment - Finished Property. Plasterwork has been completed and the property is habitable

6th stage payment Post completion. Final valuation and Certificate of Compliance issued

Statutory Certification/Opt-Out

There are regulations governing the building of new houses and extensions. The Building Control Amendment Regulations state that it is a requirement to have a qualified building certifier (usually an architect or surveyor) assess and sign off on the building as meeting the minimum standards required by the regulations.

However, in the case of one-off housing the home-owner can “opt-out” of this requirement. Check out the construction industry section of www.hsa.ie for more information.

A homeowner who wishes to avail of the opt-out facility must sign a form of “Declaration of Intention to Opt Out of Statutory Certification” which may be obtained online via the BCMS system (www.localgov.ie/en/link-type/bcms) or from the local building control authority. Self-build and direct labour approaches continue to be possible under the Building Control Regulations. In such situations, the statutory obligations of the owner and the builder are effectively fused in the one person.



Energy efficiency

- ✓ It is a good idea to give careful consideration at an early stage to the type of heating you want since it can be difficult and expensive if you decide to change at a later date.
- ✓ Get professional advice about the options available to you. It will be worth your while investing in an efficient system.
- ✓ Consider a couple of solutions. You might like to supplement your central heating with a range, a solid fuel burner or an open fire.
- ✓ Have a look at different kinds of windows and get expert advice when seeking the best type to suit your building design.



Green Mortgage Rates

Discounted rates are available for houses with energy ratings between A1 and B3. A BER cert is valid for 10 years, please refer to www.seai.ie (Sustainable Energy Authority of Ireland for further information & how to apply for grants. Improving your home's BER can make it warmer & reduce your energy costs.

Purchase & Renovate Example:

€297,000 over 30 years on overall costs of €330,000 (Purchase Price €300,000 + Renovations Cost €30,000) = Loan To Value 90% (Quotes for renovation included in mortgage application)

Self Build Example:

€200,000 over 35 years on a Cost of €240,000 (Site €40,000 + Build €200,000 = Loan To Value on Cost = 83%

Estimated Value on completion €280,000 = Loan To Value 71%

Building on Gifted Site from parents worth €50,000

Building 1,600 square foot property by direct labour for €200,000-Eur 125 per square foot Site in Kildare

(Bank self build costing template and build costs checked to make sure adds up correctly.



Self-build Insurance

What is self-build insurance?

Self-build insurance is a specialist home insurance that protects you and the home you're building during construction work.

It covers you against the risk of any damage or injuries that might happen on your self-build site. It includes liability cover and physical damage cover.

Self-build insurance is suitable for both houses you are building on an empty plot of land, and for houses that you're planning on knocking down and completely rebuilding.

Depending on the materials you've used to build your home and where you've built the property, you may also need a non-standard insurance policy to protect your self-build home once it's complete.

How does self-build insurance work?

Self-build insurance can cover your self-build plot from the moment you have the land, up to the moment the work is complete and your new home is ready to live in.

You'll select how long you want your self-build insurance to last for – from three to 24 months, depending on how long you see project lasting for. You can always extend the cover term if the work overruns.

You'll need to get your self-build insurance from a specialist insurer. Not all non-standard home insurers offer cover during the self-build construction stage (if you're completely building the home from the ground up), but your builder may be able to help you find someone.

The property must be insured during the course of construction and when completed, in line with the valuer's recommendation. Normal requirements for insurance during the course of construction provide cover for fire, subsidence, smoke, storm, flood and impact. The acting solicitor should be instructed to ensure that the insurance of these risks has been arranged, either by the applicant or the builder, and, where possible, to have the Bank's interest noted.

Property Construction

Construction of the property must be either:

- registered within the HB47 Scheme, or
- supervised by a suitably qualified architect or chartered building surveyor who must:
 - *Supervise construction from the outset to completion*
 - *Be in possession of suitable current professional indemnity insurance.*



Important

WARNING: YOU MAY HAVE TO PAY CHARGES IF YOU PAY OFF A FIXED-RATE LOAN EARLY.

WARNING: THE COST OF YOUR MONTHLY REPAYMENT MAY INCREASE.

WARNING: THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME.

YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

WARNING: IF YOU DO NOT KEEP UP YOUR REPAYMENTS YOU MAY LOSE YOUR HOME.

WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR LOAN, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT IN THE FUTURE.

Regulatory Requirements

Some information about the Building Control Regulations 1997 to 2015: The aim of the Building Control Regulations is to provide for the safety and welfare of people in and around buildings.

A key part of the Building Regulations covers roles and responsibilities of the people involved in building planning and construction. It includes requirements around competence, adequate resources, keeping records and health and safety.

Full details are in the Building Control Regulation 1997 to 2015 and the code of Practice for inspecting and Certifying Buildings and Works, available at www.environ.ie/en.

More information is available from:

‘Planning leaflet 4-Building a house-The planning issues’, available at: www.environ.ie/en/Publications

The Health and Safety Authority’s ‘Guide for Homeowners-Getting Construction Work Done Safely’, available at www.hsa.ie

General advice and assistance on public service matters, including housing matters and consumer rights, is also available through the Citizen’s Information Board at www.citizensinformation.ie

If you have any questions about building control issues, contact the Architecture/Building Standards Section of the Department of the Environment, Community and Local Government. You can email them at buildingstandards@environ.ie. Alternatively, contact your local building control authority.



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"We have recently used MC Financial to purchase our home and they were outstanding, they made the whole daunting process less stressful. Michael and Lauren were both great, they were always on hand with a quick response to any queries. Conor sorted our life policies, he's a lovely chap. Many Thanks to all the MC Financial Team once again."

- Alice Flynn

"My girlfriend and I recently purchased a house with the help of MC Financial. We were First Time Buyers and wanted to avail of the services of a mortgage broker to help guide us through the process from start to finish. Lauren Farrell was very professional in her dealings with us, helping to move the process along seamlessly and efficiently with minimal disruption. I will be recommending MC Financial Services to friends and colleagues."

- Philip Halton

Planning a self-build brings lots of important considerations and decisions. So, it's good to have the support of a team who have been there before. Just get in touch to set up an appointment and together we can help you to go for it.

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