

Your guide to residential bridging finance

# Responsive residential mortgages



## Plan and Criteria Changes

**Documentation** revised

**Income Calculation & Proof** revised

**Proof of Residency Requirements** Council Tax Bill, Utility Bill or Bank Statement required for all applicants

**Explanations required** for arrears, CCJs and defaults

**Valuation requirements** revised

## Core Products & Criteria

**Interest Only** or **Capital & Repayment mortgages**;

**3 months Early Payment Plan** option;

**100% Shared Ownership**

Up to 65% LTV available and up to 100% with additional security

**All status**

Demerit points still accepted on most plans

**All types of income source** accepted; pension, benefits, **employed**; **self-employed**; **self-cert** with proof; **DSS**; additional income

**All property types** accepted; including owner occupied semi-commercial & high rise flats

Will lend to Charities and Trusts

Gifted deposits and sale undervalue considered

**24 hour completions** possible

**Competitive rates**, with no rate loadings

**Instant decisions** with same day offers available

March 2009

  
responsive residential mortgages

# Bridging Finance & Short Term Funding

## Residential & Owner-occupied Semi-commercial

### Bridging Finance & Short Term Funding Residential & Owner-occupied Semi-commercial

**Case outside criteria? We'll always take a view!**

100% Funding available with additional security	Standard Plan	Early Payment Plan (by referral only)
		for 3 months
Maximum LTV	65% (MV)	60% (MV)
Demerit Points	See term loan plans for maximum against LTV	
Loan Amount	Minimum £26,000. See relevant term plans for maximum loan amount and LTV	
Maximum Term	12 months	12 months
Minimum Term	1 month	1 month
Monthly Interest Accrual	n/a	0.85%
Monthly Rate	1.50%	0.85%
Acceptance Fee	See term plans	See term plans
Broker Fee	Can be applied	Can be applied
Exit Fee in months	1	1
Commission	0.50%	0.50%
Stages Funding	Available. Please discuss with underwriter.	

#### Notes for Bridging Finance

All other term loan underwriting criteria apply. LTVs up to 100% funding available. Higher LTVs considered dependent on the merits of the case or for those who have a provable exit route. **All Loan to Values** & maximum advance strictly subject to underwriter approval. **Qualifying Contracts** residential and semi-commercial with >40% immediate family residential occupancy. **Property Types A type** Standard construction houses and bungalows excluding ex-council. **B type** Standard construction ex-council houses and bungalows. Flats and maisonettes (up to maximum of 6 floors), and purpose built apartments that are not ex-council. **C type** All other property types, including ex-council flats and maisonettes, non-standard construction, defective, high rise flats, properties below £75,000 and any poor remarks on valuation, etc. **Bankrupts** discharged more than 1 year and **IVAs** with satisfactory conduct more than 1 year accepted. **CCJs** If a CCJ amount is £3,000 or more, or more than £5,000 in total has been registered in the last 6 months, the case is strictly subject to approval. **Defaults** Registered in last 6 months: individual defaults less than £500 ignored; individual defaults up to £1,000 accepted and total defaults up to £2,000 accepted. All other defaults strictly subject to underwriter approval. **Arrears** cannot be last consecutive months, includes first or second charge arrears or a combination, and cannot be deducted from the redemption figure. **Explanations required** Satisfactory explanations are required in all cases for arrears and defaults/CCJs. **Early Payment Plan** strictly by Underwriter Approval only. All clients must have a minimum of 3 years address history. **Account Management** Should the client wish to extend the loan period a renewal fee of 5% of the gross outstanding balance is payable. If an Early Payment Plan is taken, payments will be required on renewal. Standard plans only available on renewal without underwriter agreement. Difficult and unusual cases dependent on the merits of the case. An account management fee of 0.25% may be applied if the account accrues arrears. **All other standard terms and conditions apply. See overleaf for more details.**



### Your Notes

# Bridging Finance & Short Term Funding

## Terms & Conditions

### Acceptable Security

All property structures including land considered in England, Scotland and Wales. Minimum of 50 years + term of loan for leasehold properties. See plans for details.

### Acceptance Fee

Not included in LTV. Will be applied to all loans and mortgages. Please refer to Quick Quote Calculator.

Loan Amount	Fee
>£0 - £50,000	£595
£50,001 - £100,000	£995
£100,001 - £150,000	£1,495
£150,001 - £200,000	£1,995

Then an extra £500 will be charged for every additional £50,000.

### Bankruptcies/IVAs/CVAs

See plans. It may be possible to clear the IVA/bankruptcy/CVA by underwriter referral.

### Bridging Finance & Short Term Funding

Please provide details of how the capital will be repaid at the end of the term.

### Broker Fees

May be charged on all plans and must have been agreed with the client.

### Client's Solicitors

If the mortgage is a purchase or the mortgage is over £250,000, solicitors must act for the client. All solicitors acting for clients must have 3 or more solicitors within the practice, with a Law Society membership of 5 years or more.

### Commissions

All commission and packager allowance is capped at £1,000 for bridging finance.

### Demerit Points - Arrears, CCJs, etc.

Demerit points are defined as 1 months arrears, a CCJ or a Default. CCJs and Default definitions- see plans for details. Current arrears are equivalent of 1 full calendar month payment. Arrears Demerit Points defined as the highest number of arrears in the last 12 months. Arrears to be cleared are defined as current arrears as detailed on the credit bureaux or confirmation from the mortgage lender at the time of completion. Maximum arrears is the total of the first and second charge arrears. See plans for details.

### Early Payment Plan (EPP)

Early Payment Plan is for an initial 3 months period. For the term of the EPP period 50% of the payment is required. The other 50% rolls up onto the loan balance. The recalculated balance will then need to be redeemed at the end of the term.

### Ex-council Properties

Ignore all pre-emption.

### Income Calculation

For cases that are submitted to Cheshire Mortgage Corporation the total debt to income is also assessed. This calculation is in addition to the standard income calculation and takes the applicants net income/take home pay minus all other outgoings including unsecured credit and household expenditure. Please ensure that the Declaration of Income and Affordability is completed in full with all outgoings declared. All income and outgoings will be assessed for plausibility and affordability; if we believe that either of these cannot be achieved we reserve the right to reject the case.

### Income Proof

Minimum employment period with the same company and a minimum trading period for self-employed is 1 year. (References may be required).

**Employed** - if monthly paid, 2 payslips dated within the last 3 months; if weekly paid, 4 payslips dated within the last 2 months. Additional income can be self-certified with proof.

**Self-employed** - we will require a declaration of income and affordability in all cases. We will require 2 strong income proofs of self-employment, e.g. Trade Invoice, 715 or SC60 certificate, VAT or Inland Revenue correspondence.

Applicants self-declaring income in excess of £3,000 net per month or trading for 3 years or more, must provide an original accountant's letter confirming self-employment, trade and period trading.

**DSS** - declaration of income and affordability with proof required.

**Board and Lodging** - not accepted.

If an Early Payment Plan or Discounted Rate has been selected, the affordability will be calculated on the reversionary payment not the reduced payment. All income and outgoings will be assessed for plausibility and affordability. If we believe that either of these cannot be achieved we reserve the right to reject the case. If the term of the loan exceeds the clients retirement age then a full assessment of affordability into retirement income is required as the client must be able to afford the payments.

### Loan to Value (LTV)

LTVs based on market value or purchase price, whichever is the lower. Right to Buys are based on market value. Shared Ownership properties are based on market value multiplied by client's share.

### Maximum Age

The loan should end on or before the client's 85th birthday. (maximum term may be restricted for applicants of state pensionable age). If the term of the loan exceeds the client's retirement age we will require a letter from the client detailing their future plans and then a full assessment of affordability into retirement income is required as the client must be able to afford the payments.

### Maximum Loan Amount

Includes loan amount, all insurances and all fees.

### Proofs of Name, Signature Address & Residency

We recommend you submit a **Passport/Driving Licence**, along with a **Council Tax/Utility Bill/Bank Statement** for each applicant. This will cover all aspects of our requirements for Proof of Name and Signature, Proof of Address and Proof of Residency. Please refer to the iDeal Pack or General Underwriting & Processing Guide Should any of these items not be available.

### Identification

As part of 'know your customer' we will conduct Electronic Identification and Credit Searches. Should any information become apparent we may need to carry out further investigations which may need the broker's assistance. (Please refer to 'Identification' in General Underwriting and Processing Guide.)

### Proof of Residency

This is required in all cases for each of the applicant's main residence in the form of a council tax bill, utility bill (Gas, Electricity, Water or Land Line Telephone) or bank statement.

We will require the utility bill or bank statement to be dated within the last three months and a council tax bill to be dated within the current tax year. Online bank and online utility statements are NOT acceptable as Proof of Residency. Joint statements or bills may only be used for ONE applicant, and the other applicant must provide additional Proof of Residency. Both applicants may provide bank statements.

### Renewal

At the end of the term the loan may be renewed by approval with a 5% renewal fee being incurred.

### Self-build Properties & Developments

Each case considered on its own merits. Strictly by underwriter approval only. Must have NHBC, Zurich or Premier Guarantee to accompany Architect's Certificates.

### Shared Ownership Properties

By referral only. No Bypass Schemes accepted. For purchases a draft lease will be required which must include a Mortgagee Protection Clause (MPC). If there is no MPC then we are unable to complete the loan. Term loans and mortgages are subject to all approval conditions of the Housing Association. Once the lease has been reviewed your underwriter will provide you with a list of requirements to complete the case. Strictly subject to underwriter approval. If the mortgage is >80% of the client's share you cannot offer a Early Payment Plan option.

### Solicitor's Costs

Charged on all cases and include VAT where applicable. Please refer to Quick Quote Calculator.

Amount of Advance	Fee
≥£0	£588
≥£100,000	0.58750%

### Solicitors to Witness and Advise

Up to £100,000 not required. Required on certain cases, e.g. loans >£100,000, clients of pensionable age, parent and child borrowers, etc. Independent legal advice will be required if the loan is for business purposes and for a married couple where the business only relates to one of the applicants. All solicitors acting for clients must have 3 or more solicitors within the practice, with a Law Society membership of 5 years or more. If the client's solicitor does not fulfil these requirements please refer to the underwriter. Please refer to the General Underwriting and Processing Guide for more information.

### Telegraphic Transfer

£30 fee.

### Title Deeds

The Title Deeds to the property are always required when lending on a first charge in Scotland. Matrimonial Homes Affidavits must be obtained on all first charges where the applicant is single, divorced or widowed. This must be witnessed by a solicitor or notary public.

### Title Insurance

Paid by client and added to the advance.

Loan Amount	Fee
>£0 - £25,500	£0
£25,501 - £75,000	£150
£75,001 - £150,000	£175
£150,001 - £500,000	£250
£500,001 - £550,001	£300

Then an extra £50 will be charged for every additional £50,000.

### Underwriter Referral

Required if valuation <£75,000 or is a 'C' type property, semi-commercial, bridging finance, or the loan >£200,000.

### Valuations

Must be dated within the last 2 months.

**Residential Valuation Panel** is available from your Business Development Executive. All valuers must be based within a 15 mile radius of the property. A specific valuer is required in some of the postcode areas surrounding London. Audit valuations may be required if the loan amount >£50,000, LTV >60% or property value >£500,000 or a Valuation Bypass Scheme has been used. All property valuations of £1 million or more are strictly subject to Underwriter Approval. We will contact any valuers or other appropriate sources regarding the valuations of a property. Should any further information be discovered which is not reflected in the valuation or may have a detrimental effect on the value of the property, we reserve the right to reduce the loan amount or decline the case. We require original valuations with no amendments. If amendments have been made we require all previous versions and the case will be referred and is strictly subject to Credit Committee approval.

**For Sale Details:** If the property is currently for sale with an estate agent, please supply a copy of the sales particulars. The Market Valuation and projected 90 day Market Valuation should not have more than a 10% difference between them. If the difference is >10% then an Underwriter Approval is required.

PLEASE REFER TO GENERAL UNDERWRITING & PROCESSING GUIDE FOR FURTHER DETAILS.

All fees include VAT where applicable.

Please note: Cases will be reviewed by the Fraud Committee for the purpose of identifying potential Fraud. This will include income and valuation fraud. Should in our opinion any case you present be deemed to be fraudulent the case will be rejected and action taken by the Fraud Committee, which will ultimately result in your Accreditation being revoked.

## Help us to help you

To ensure you contact the department you need we have devised this list of 'useful numbers'. Please refer to it before contacting us so that you will access the department to suit your requirements. Many thanks!

### New Enquiries & In Principle Decisions Team

Call: 0844 873 4180  
Fax: 0844 873 4181  
Email: [applications@cheshiremortgage.co.uk](mailto:applications@cheshiremortgage.co.uk)

### Processing Team

Call: 0844 873 4178  
Fax: 0844 873 4179  
Email: [processingteam@cheshiremortgage.co.uk](mailto:processingteam@cheshiremortgage.co.uk)

Visit our websites at [www.cheshiremortgage.co.uk](http://www.cheshiremortgage.co.uk) or [www.brokervenue.co.uk](http://www.brokervenue.co.uk)