

Your guide to **residential mortgages**

# Responsive residential mortgages



## Core Products & Criteria

**Interest Only** or **Capital & Repayment mortgages**;  
**2% Discounted Rate** option;  
**100% Shared Ownership**

**Many status profiles**

Demerit points still accepted on most plans

**Many types of income source** accepted;

Employed, DSS benefits and pensions

**Many property types** accepted

April 2010

  
responsive residential mortgages

# Mortgages Residential

## Mortgages Residential

Maximum LTV	65%	60%
Maximum Demerits	0	4
Max Arrears (missed payments)	0	4 (2 in last 6 months)
Max CCJs/Defaults (registered)	0	4 (2 in last 6 months)
Discounted Rate	9.90%	10.50%
Nominal Rate	11.90%	12.50%
Property Type	A	A
Loan Amounts	£5,000 - £200,000 (>£200,001 - underwriter referral required)	
Term	7 - 30 years	
Minimum Valuation	£75,000	
Commission	1%	
Employed	accepted	
Self-certification of Income	not accepted	
Benefits/DSS paying First Charge	accepted	
Remortgage Purpose	any	

**All mortgages with a combination of...**

✓ **Interest Only**

✓ **Discounted Rate**  
2% discount for 1 year

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

**Notes for Mortgages Qualifying Contracts** residential properties with >40% immediate family occupancy. **Maximum Loan amount & LTV** includes broker fees. **Mortgages >£200,000** subject to underwriter approval. **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** Not accepted. **IVAs** Not accepted. **Product Features** Rate loadings may apply see overleaf. **Right to Buy** Not accepted. **Non-conforming lender as first charge** - must be with same lender for a minimum of 12 months. **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. **Self-certification proof** Not accepted. **LTVs** All LTVs are based on redemption figure. **Maximum LTV** may be reduced if there is more than a 10% difference between market value and the 90 day projected market valuation; a 'cash' valuation has been supplied or 'poor' is detailed on the valuation. Please refer to underwriters. **Address history** All clients must have a minimum of 3 years address history. **Responsible Lending** If a client is remortgaging or redeeming a second charge it must be in the client's best interests and to their benefit. **All other standard terms and conditions apply.** See overleaf for more details.

## Demerit Points - Arrears, CCJs, etc.

CCJs and Defaults definitions (Defaults show as status 8 or D on the credit bureaux search)	Individual CCJs/Defaults			Cumulative CCJs/Defaults	
	<£250	>£250 and <£3,000	>£3,000	total >£7,500	Number in last 12 months >3
<3 years old unsatisfied	Ignore	1 Demerit	Underwriter Approval	Underwriter Approval	Underwriter Approval
Satisfied or >3 years old & unsatisfied	Ignore	Ignore	Underwriter Approval	Underwriter Approval	Underwriter Approval

Satisfactory explanation required for all CCJs, Arrears, Defaults.

**Demerit points** are defined as arrears, a CCJ or a Default. CCJs and Default definitions- see criteria. 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.

## Bypass Schemes Valuation Bypass Schemes

Hometrack Realtime Valuation, Drive-by and Comparables	Maximum Loan	Maximum LTV	Confidence Level	Property Types
<ul style="list-style-type: none"> <li>Minimum property valuation £75,000</li> <li>Maximum property valuation £250,000</li> </ul>	£25,000	25%	4 or higher	A

Valuation Bypass Schemes not available for Shared Ownership, Buy to Let and Semi-commercial properties.

**Notes for Bypass Schemes** Bypass Schemes will be subject to audit controls and underwriter approval. (All maximum loans on Bypass Schemes are inclusive of broker fee). Must be used in conjunction with all other criteria. Part of our Risk Management Model requires that on a small percentage of Bypass Valuations a comparison between schemes will be conducted. Should this audit show a disparity between the valuations we may require a full valuation from a Panel Valuer, of which Cheshire Mortgage Corporation will meet 50% of the valuation costs. Valuation Bypass Schemes not available for Shared Ownership, Buy to Let and Semi-commercial properties.

Income Calculation Net Pay Maximum percentage for mortgage payment

Net Monthly Income	Maximum %	Employed/DSS Income accepted - please see overleaf for further details. Responsible Lending: The customer's affordability will be assessed on both an interest only and capital repayment basis. All income must be plausible.
<b>All Income Sources</b>		
£1,000 - £1,500	45%	
£1,501+	50%	
<b>Employed Only</b>		
£2,000+	55%	

## Shared Ownership Residential

Max LTV based on Property Value	75%
Max LTV based on Clients Share	100% (including all Broker, Lender's & Solicitor's fees)
Loan Amount	£5,000 - £200,000+ by referral
Max CCJs/Defaults (registered)	2 (0 in last 6 months)
Discounted Rate	not available
Nominal Rate	10.90%
Property Type	A B C
Employed	accepted
Self-certification of income	not accepted
DSS Benefits/DSS paying First Charge	not accepted
Commission	1%
Available	Interest only and 2% Discounted Rate

### Notes for Shared Ownership

**All other term loan underwriting criteria applies.**

**Loan to Value** = ((Property valuation x Percentage to be purchased by client) x by criteria) e.g. Property value = £150,000. Client's share of 50% = £75,000. Maximum mortgage = £75,000 at 100%. **Minimum Valuation** £75,000. **Mortgagee Protection Clause (MPC)** in favour of Cheshire Mortgage Corporation required on all mortgages or strictly subject to underwriter approval. Where fees are added to the loan advance MPC must cover the gross loan amount or fees, etc will be deducted. **Valuation Bypass Schemes** not allowed. **LTV** includes all fees. Maximum LTV is 75% based on market value. Rent reference required in all cases. Rent arrears accepted strictly by underwriter approval. All other standard conditions apply. Strictly subject to underwriter approval. **Remortgages - Strictly subject to underwriter approval.** Maximum LTV as plan with a Mortgagee Protection Clause (MPC), which must be included in the lease. LTV reduced to maximum 60% without an MPC, with underwriter approval. **Please see Shared Ownership notes overleaf.**

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



## Shared Ownership & Key Worker Mortgages

Up to 100% of buyer's share available  
Interest Only and Discounted Rate options  
Any status, property or income source considered

# Mortgages

## 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

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.

### Bankrupts/IVAs/CVAs

Not accepted.

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

### Commissions

Maximum commission and packager allowance per case is £2,000. NOTE: This does not include the broker fee. Commissions are paid on the loan advance (not including Payment Protection or fees). Commissions may be reduced for shorter term loans. See plans for Buy to Let.

### Early Repayment Charges

**Mortgage** redemptions will be calculated as a percentage of the initial balance for the first 8 years of the term being 6,6,6,5,4,3,2,1. **Discounted Rate** - 8,8,8,5,4,3,2,1.

### Ex-council Properties

Ignore all pre-emption. We may also take into account any future costs or service charges that the applicant will be liable for and reduce the LTV accordingly.

### Ground Rent and Service Charges

When the security is a leasehold property we will require confirmation in writing from any freeholder that all ground rent and service charges are paid and up to date. Where there are arrears these will need to be cleared from the advance and we will need written authority from the applicant(s) that they understand and authorise them to be disbursed from the loan.

Any significant service or ground rent arrears may be considered when assessing the customer's affordability of the new loan with us, and where there are concerns the loan may be rejected.

### 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 applicant's 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 may be considered with proof.

**Self-employed** - not accepted.

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

**Board and Lodgings** - not accepted.

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 client's 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.

### Loan Terms

7 to 30 years.

### Maximum Age

The loan term should end before the applicants 80th birthday. If the loan extends beyond the applicants 65th birthday or the applicant has retired then a provable sufficient level of income to cover the repayments over the whole term of the loan must be provided.

If the loan has more than one applicant and during the term of the loan any of the applicants will exceed 65 years of age then we will require proof of the amount and term of the applicant's life cover. This amount as a minimum should be sufficient to clear the full amount of the loan and the highest amount of any early repayment charges.

### Maximum Loan Amount

Includes loan amount, all insurances and all fees.

### Proofs of Name, Signature, Residency and Address

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 Residency/Address.

### 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 and Address

This is required in all cases for each of the applicant's main residences 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/Address. Joint statements or bills may only be used for ONE applicant, and the other applicant must provide additional Proof of Residency/Address. Both applicants may provide bank statements.

### 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

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 LTV is restricted to 60% of the client's share. 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.

### Solicitor's Costs

Solicitor's costs are payable when advance >£25,001 and for all purchases. They include VAT where applicable. Please refer to Quick Quote Calculator.

Loan Amount	Fee
>£0 - £25,500	£0
£25,501 - £35,000	£177
£35,001 - £45,000	£236
£45,001 - £55,000	£294
£55,001 - £75,000	£353
£75,001 - £100,000	£470
£100,001 - £150,000	£529

Then an extra £59 will be charged for every additional £50,000 to a maximum of £1,170 (£975 +VAT). **All purchases** £500.

### Solicitors to Witness and Advise

Up to £100,000 not required. Required on certain cases, e.g. loans >£100,000, clients of state 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 partners 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 unencumbered property 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	£195
£500,001 - £550,000	£250

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 is >£50,000, LTV >60% or property value is >£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.

### MORTGAGES

#### Discounted Rate

The Discounted Rate period commences for a full 12 months from inception of the account.

#### Interest Only & Capital Repayment

You can offer Interest Only or Capital Repayment with a Discounted Rate.

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

### Underwriting Relationship Managers

Call: 0844 873 4178  
Fax: Pre Offer - 0844 873 4179  
Fax: Post Offer - 0844 873 4126  
Email: theintroductioncentre@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)