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Masthaven Bank Second Charge Mortgage Product Guide

Residential and Buy to Let

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This information is for intermediaries only

Residential Second Charge Mortgages

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Plan	MS00		
LTV	65%	70%	75%
Minimum loan	£10,000	£10,000	£10,000
Maximum loan	£750,000	£500,000	£350,000
Product Type			
Lifetime Tracker* MBAVR+/-	3.64% -1.61%	3.99% -1.26%	4.19% -1.06%
2 year fixed	3.99%	4.24%	4.79%
5 year fixed	4.39%	4.69%	5.24%
Reversion Rate*	4.50%	5.00%	5.50%
Lender fee	£495	£495	£495
Credit Profile			
Mortgage Arrears/CCJs/defaults	0 in 24		
Worst Status Mortgage Arrears	0 in 24		
Worst Status Unsecured Credit	1 in 24		
Unsatisfied CCJs/defaults**	0		

Plan	MS0			MS1		MS2	
LTV	65%	70%	75%	65%	70%	65%	70%
Minimum loan	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Maximum loan	£650,000	£500,000	£350,000	£450,000	£350,000	£300,000	£200,000
Product Type							
Lifetime Tracker* MBAVR+/-	4.14% -1.11%	4.44% -0.81%	5.04% -0.21%	5.74% 0.49%	6.24% 0.99%	7.34% 2.09%	7.84% 2.59%
2 year fixed	4.84%	5.14%	5.54%	6.34%	6.84%	7.94%	8.44%
5 year fixed	4.94%	5.45%	5.94%	6.74%	7.24%	8.34%	8.84%
Reversion Rate*	5.00%	5.50%	6.00%	6.50%	7.00%	8.10%	8.60%
Lender fee	£495	£495	£495	£495	£495	£795	£795
Credit Profile							
Total Units	0 in 12			1 in 12 (0 in 3)		2 in 12 (0 in 3)	
Worst Status Mortgage Arrears	1 in 12			2 in 12		3 in 12	
Unsatisfied CCJs/defaults**	1			2		3	

Unit Definition

Applicants are assessed on their credit profile whereby:

1. A unit of adverse is defined as:
- 1 missed mortgage payment
- 1 unit unsecured credit account > £300.00 where the worst status is 3 or more – regardless of whether the account has subsequently settled
- 1 CCJs/defaults > £300.00 whether satisfied or not

2. We ignore CCJs/defaults that are:
- Less than £300
- Older than 36 months
- Incurred in month 12-36 which are now satisfied (24-36 on MS00)

**Unsatisfied CCJs/defaults >£2,500 by referral

* Lifetime Tracker and Reversion Rates change by tracking the movement in the Masthaven Bank Administered Variable Rate (MBAVR) which is currently 5.25%

Mortgage History	12 months history required
Debt Management Plans	Satisfied >24
IVA/Bankrupt/Sequestration	Satisfied/Annulled >36

Early Repayment Charges (ERC):

No ERC's on any residential 2nd charge products

Procuration Fee

2% of the NET advance, subject to a maximum of £5000

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Residential Second Charge Mortgages Criteria

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The Loan and Applicant	
Min Age	21 employed, 25 self-employed
Max Age	85 (term) No maximum age on application but anything over 70 at start is subject to referral and independent legal advice
Number of Applicants	2
UK Resident	Applicants must have resided in the UK for a minimum of 3 years • UK Citizens • EU Citizens - proof of identity required • Worldwide nationals - proof of identity, residency and evidence of rights to remain required
Min Earned Income	£12,500 for the main applicant in their main job
Location	England, Wales and mainland Scotland
Purpose	• Business purpose • Car purchase • Debt consolidation – subject to cheques being issued in the name of the creditor • Gift to a family member • Home improvements/maintenance • Investment/Holiday property • Purchasing a time share • Transfer of equity – subject to a legal fee of £350.00 to cover associated legal work
Min Term	3
Max Term	35
Repayment	Capital and interest
Over Payments	• Unlimited

Employment and Income			
Employed		**Contractor**	
Time Employed	3 months and probation period completed	**Calculation**	Day x 5 x 46
Min Time in Role	3 months, evidenced by 3 x payslips monthly, 4 x payslips weekly	**Min Time in Contract**	3 months
Bonus/ Commission Overtime	100% if guaranteed or over 3 years, 50% if regular/less than 3 years	**Minimum contract remaining**	1 month and evidence of renewal
Shift	100% if guaranteed	**Gap**	4 weeks
Car	100% if guaranteed	**Evidence**	Contract and 3 most recent payslips, invoices or bank statements
Location	100% if guaranteed		

Self- Employed	
Minimum trading	18 months
Evidence	**Ltd Company/Partnership** 2 years' full signed accounts (not abbreviated) audited if available supported by either: 2 years' SA302s/tax calculations with corresponding HMRC tax overview statements OR An accountant's reference completed by the applicant's accountant **Sole trader** 2 years' SA302s/tax calculations with corresponding HMRC tax overview statements AND An accountant's reference completed by the applicant's accountant We may consider using projections subject to 2 years' finalised figures and at least 9 months of the current financial year having elapsed, subject to the projection being no more than a 20% increase on the most recent year's profit. An explanation from the accountant will be required

The Property	
Minimum property value	£100,000
Minimum Ownership	6 months
Hometrack Automated Valuation Model	Accepted on properties subject to a maximum valuation of £1m and: • Minimum confidence level 5 – maximum loan of £100,000 and 60% LTV • Minimum confidence level 6 – maximum loan of £150,000 and 60% LTV
Tenure	Freehold, Leasehold subject to 75 years remaining at the end of term
Unacceptable Properties	• Commercial properties/live-work units/ semi-commercial properties • Concrete houses which are listed as defective under 1984 Housing Defects Act • Farms or small holdings • Flying freehold where the % exceeds 10% of the overall floor space • Flats located on the 4th floor or above where the property is not serviced by a lift • Freehold flats/maisonettes • Grade 1 listed buildings • Mobile homes • Properties affected by an agricultural restriction • Properties affected by an invasive growth such as Japanese Knotweed • Properties classed as uninhabitable • Properties containing asbestos in the main walls • Properties containing mundic block materials unless classified as class A • Properties located on contaminated land • Properties where the valuer has recommended a retention, which cannot be ignored • Shared ownership • Steel framed properties • Studio flats that are less than 30 square metres – MB will only lend if the property has self-contained facilities

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Buy to Let Second Charge Mortgages

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Plan	MSBTL0			MSBTL1	
LTV	65%	70%	75%	65%	70%
Minimum loan	£10,000	£10,000	£10,000	£10,000	£10,000
Maximum loan	£300,000	£200,000	£100,000	£300,000	£200,000
Product Type					
2 Year Discount* MBAVR +/-	4.79% -0.46%	5.29% 0.04%	5.79% 0.54%	6.29% 1.04%	6.79% 1.54%
Lifetime Tracker* MBAVR+/-	4.99% -0.26%	5.49% 0.24%	5.99% 0.74%	6.49% 1.24%	6.99% 1.74%
2 year fixed	5.59%	6.09%	6.49%	7.09%	7.59%
5 year fixed	5.99%	6.49%	6.99%	7.49%	7.99%
Reversion Rate*	5.75%	6.25%	6.75%	7.25%	7.75%
Lender fee (minimum fee £795)	1.50%	1.50%	1.50%	1.50%	1.50%
Credit Profile					
Total Units	0 in 24			1 in 24 (0 in 3)	
Worst Status Mortgage Arrears	1 in 24			2 in 24	
Unsatisfied CCJs/defaults**	1			2	
Interest Cover Ratio (ICR) ICR assessed via our ICR calculator	ICR assessed via our ICR calculator				

* 2 Year Discount, Lifetime Tracker and reversion rates change by tracking the movement in the Masthaven Bank Administered Variable Rate (MBAVR) which is currently 5.25%

Unit Definition

Applicants are assessed on their credit profile whereby:

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- 1 CCJs/defaults > £300.00 whether satisfied or not

2. We ignore CCJs/defaults that are:
- Less than £300
- Older than 36 months
- Incurred in month 24-36 which are now satisfied

**Unsatisfied CCJs/defaults >£2,500 by referral

Mortgage History	12 months history required
Debt Management Plans	Satisfied >24
IVA/Bankrupt/Sequestration	Satisfied/Annulled >36

Procuration Fee	2% of the NET advance, subject to a maximum of £5000

Early Repayment Charges (ERC):

Lifetime Tracker: No ERC
2 Year Discount: 2% Year 1, 1% Year 2
2 Year Fixed: 1% in first 2 years
5 Year Fixed: 1% in first 5 years

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Buy to Let Second Charge Mortgages Criteria

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Interest Cover Ratio - Non-Portfolio Landlords	
Min ICR	• 125% – Basic Rate tax payer • 140% – Higher Rate tax payer
Interest Cover	If 5 year fixed rate, use pay rate, otherwise, use pay rate plus 2% (unless this is <5.50%, in which case use 5.50%)
Proof of income	Required if the applicant is a Basic Rate tax payer
Interest Cover Ratio - Portfolio Landlords	
Definition	An applicant that owns in total or separately in aggregate, 4 or more mortgaged buy to let properties, or is using the funds to purchase the 4th property
Min ICR – Security Property	140%
Min ICR – Portfolio Level	140% – whereby no individual property can be below 100% ICR
Interest Cover	If 5 year fixed rate, use pay rate, otherwise, use pay rate plus 2% (unless this is <5.50%, in which case use 5.50%)
Portfolio Landlord Requirements	
Maximum number of mortgaged buy to let properties	Up to 8 properties in the portfolio with a maximum of £2,000,000 indebted with Masthaven. No restriction on total debt with other lenders
Max Masthaven exposure	£2m per applicant
Min Experience	• Must have owned at least 2 buy to let properties for a minimum of 1 year • If >50% of the portfolio was acquired in the last 12 months, application is subject to referral
Additional requirements	• Asset and liabilities summary • Business plan • Cashflow forecast • Property portfolio – including all non-investment property

The Loan and Applicant	
Min Age	25
Max Age	85 (term) No maximum age on application but anything over 70 at start is subject to referral and independent legal advice
Number of Applicants	2
UK Resident	Applicants must have resided in the UK for a minimum of 3 years • UK Citizens • EU Citizens - proof of identity required • Worldwide nationals - proof of identity, residency and evidence of rights to remain required
Min Earned Income	£20,000 gross per application - evidence of income required for basic rate tax payers. See Residential Second Charge Mortgage Guide for evidence of income requirement
Location	England, Wales and mainland Scotland
Purpose	• Business purpose • Car purchase • Debt consolidation • Gift to a family member • Home improvements/maintenance • Investment/Holiday property • Purchasing a time share • Transfer of equity – subject to a legal fee of £350.00 to cover associated legal work
Min Term	3
Max Term	35
Repayment	Capital and interest, Interest Only
Over Payments	• Unlimited on Tracker • Maximum of 10% of the balance at the start of the mortgage year before ERC on fixed and discounted products apply as set out in the mortgage illustration

The Property	
Minimum property value	£100,000
Minimum Ownership	6 months
Tenure	Freehold, Leasehold subject to 75 years remaining at the end of term
Unacceptable Properties	• Commercial properties/live-work units/ semi-commercial properties • Concrete houses which are listed as defective under 1984 Housing Defects Act • Farms or small holdings • Flying freehold where the % exceeds 10% of the overall floor space • Flats located on the 4th floor or above where the property is not serviced by a lift • Freehold flats/maisonettes • Grade 1 listed buildings • Mobile homes • Properties affected by an agricultural restriction • Properties affected by an invasive growth such as Japanese Knotweed • Properties classed as uninhabitable • Properties containing asbestos in the main walls • Properties containing mundic block materials unless classified as class A • Properties located on contaminated land • Properties where the valuer has recommended a retention, which cannot be ignored • Shared ownership • Steel framed properties • Studio flats that are less than 30 square metres – MB will only lend if the property has self-contained facilities

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Highlights

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- **Contractors and employed with short history**
- **Self-employed**
  Undistributed profit and projections considered
- **Minimum income £12,500**
- **Impaired credit history**
  Ignore < £300 > 36 months old
  Ignore unsecured arrears < Status 3
- **Fast turnaround**
  DIP in 10 minutes
- **Borrowing into retirement**
  No age limit on application, maximum 85 at the end of term
- **No credit score, transparent criteria**
- **England/Scotland and Wales**

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