Positive LENDING

SECOND CHARGE

BROCHURE

Your guide to choosing a Second Charge Loan with Positive Lending

Welcome to Positive Lending

Founded in 2008, we are a professional mortgage packager and broker based in Ringwood, Hampshire.

We are directly authorised by the Financial Conduct Authority and have won more than 25 industry awards in specialist finance.

Every year we arrange thousands of specialist loans for our customers, either directly or via 9000 mortgage brokers who recommend our services, so rest assured that you are in safe hands.

We have an unrivaled and extensive panel of lenders giving us the power to search the whole of the market and help you find the perfect need for your financial needs.

We have an exceptional team, all of whom are dedicated to supporting you in making your property dreams a reality.

How Does Your Second Charge Mortgage Work?

A second charge mortgage, also known as a second mortgage or secured loan, is a type of loan that allows homeowners to borrow against the equity in their property while maintaining their existing first mortgage.

Here's how second charge mortgages typically work:

Eligibility: To qualify for a second charge mortgage, the borrower needs to have sufficient equity in their property, which is the difference between the current value of the property and the outstanding balance of the first mortgage. The borrower also needs to meet the lender's eligibility criteria, including creditworthiness, income, and affordability.

Loan Amount and LTV: The loan amount of a second charge mortgage is typically smaller than the first mortgage and can range from a few thousand to hundreds of thousands of pounds. The loan-to-value (LTV) ratio for a second charge mortgage is based on the property's current value and the outstanding balance of the first mortgage. For example, if a property is worth £500,000 and has a first mortgage of £300,000, the maximum LTV for a second charge mortgage would be 40% (£200,000).

Interest Rate: The interest rate for a second charge mortgage is typically higher than the first mortgage because it represents a higher level of risk for the lender. The interest rate can be fixed or variable and depends on various factors, including the borrower's credit score, loan amount, and loan-to-value ratio.

Repayment Term: The repayment term for a second charge mortgage can range from a few years to several decades, depending on the lender and the borrower's requirements. The borrower and lender agree on the repayment schedule, which can be interest-only or amortizing, and the monthly payments consist of both principal and interest.

Secured against the Property: Like the first mortgage, a second charge mortgage is secured against the property, which means that the borrower's property is at risk if they default on the loan. If the borrower fails to repay the loan, the lender can seize the property and sell it to recover the outstanding debt.

Legal and Administration Fees: The borrower is responsible for paying legal and administration fees associated with the second charge mortgage, which include solicitor fees, valuation fees, arrangement fees, and other charges. These fees can vary depending on the lender and the complexity of the transaction.

Uses of Funds: A second charge mortgage can be used for a variety of purposes, including home improvements, debt consolidation, business funding, or buying another property. The borrower is free to use the funds for any legal purpose, but they need to make sure they can afford the monthly payments and understand the potential risks and costs.

It's important to note that the specific terms and conditions of commercial mortgages can vary among lenders. Our team will are highly experienced in commercial lending and will be able to support you in finding the most suitable options and navigate the application process effectively

What happens next?

After you speak with one of our team:

1 After speaking with you, we will review your requirements against the criteria of the lenders and banks on our panel. There are instances where your circumstances might be outside our lenders standard terms so in this instance we might have to formally refer your enquiry or speak to an underwriter. Once we identified the most appropriate lender and plan, we will then make our recommendation to you – this is usually done with 24 hours.

2 We will then go through the recommendation with you in detail to make sure you fully understand it and it meets all your requirements. If you are happy with the terms a formal loan pack will be issued to you with a list of lenders requirements.

3 You will then be assigned to an underwriter in Positive Lending who will liaise with you to get all the outstanding lender requirements satisfied.

4 For the majority of our lenders, getting the valuation carried out is the last stage of the underwriting process. We always try to see if a desktop survey is possible, if it doesn't meet the lenders desktop criteria then we will have to instruct a survey. We will put you in touch with the surveyor so that you make an appointment for the survey to be done.

5 Once the lender receives a satisfactory valuation report and all the underwriting requirements have been satisfied, your application will be passed for approval and you will be sent a formal Offer by the lender.

6 You will then need to sign the Offer and the Mortgage Deed which needs to be witnessed by a non-relative. This will then need to be returned back to the lender.

7 Once the lender receives the signed offer, the funds will be released to you – the funds should be in your bank account within 72 working hours.

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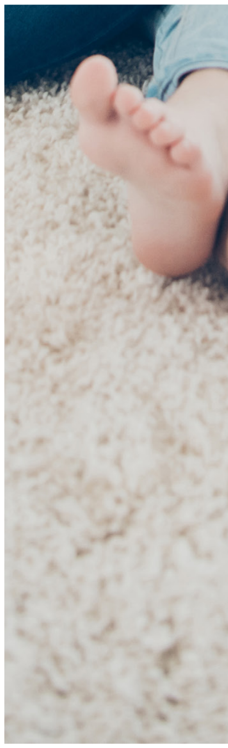
- ✓ Suitable for debt consolidation including tax bills
- ✓ Avoid paying ERCs on existing first charge mortgage
- ✓ Protect an attractive mortgage rate
- ✓ Stronger affordability models
- ✓ Looking to make home improvements
- ✓ Have current CCJs and defaults



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Second Charge Highlights

- ✓ Suitable for debt consolidation including tax bills, home improvements, business use – any legal purpose
- ✓ Avoid paying early repayment charges on existing first charge mortgage
- ✓ Protect an attractive existing mortgage rate
- ✓ Stronger affordability models
- ✓ Higher LTVs
- ✓ 6x income multiples, possibly higher with one lender
- ✓ Further advance not possible or reduced amount
- ✓ Also suitable for those recently self-employed, retired or attract income from multiple sources
- ✓ Can be used to capital raise on buy to let property to increase portfolio
- ✓ If adverse credit prevents further borrowing, a second charge mortgage could still be an option

Did you know...

We are a multi-award winning packager, regularly recognised for providing first class service to intermediaries and borrowers.

Our team have over 400 years' combined experience, working for financial services and blue chip companies.

We also offer:

- ✓ Bridging Finance
- ✓ Commercial lending
- ✓ Development Finance
- ✓ Specialist Residential and BTL mortgages
- ✓ Equity release

"Positive Lending is a long-established master broker with a highly experienced and talented team. Over the last 10 years, they have pioneered some industry leading initiatives that have championed customer values. We at West One have formed a deep relationship based on the two companies' similar values, and I have no hesitation in endorsing them. We look forward to continuing to work closely with Paul and the team."

Danny Waters
CEO
ENRA/West One

Top Tips

1 Please make sure you provide us with as much relevant information to your application at the earliest opportunity e.g., any adverse credit history, unusual property details, change in employment details etc. We can usually accommodate applicants with unusual circumstances so it just prevents delays if we know about them as soon as possible.

2 When completing a fact find with an advisor, it may be useful to have your bank statements to hand as it will make it easier to answer their questions when discussing your monthly outgoings.

3 If the loan is being used for debt consolidation and you are repaying your credit cards, please have your latest credit cards statements to hand so that you can provide the advisor with details of the balance to be repaid and the interest rate you are being charged.

4 We aim to complete your loan as soon as possible, in order to help us do this it would help us if you return any forms or documents to us as soon as possible.

Understanding Terminology

Here are some common jargon terms related to Second Charge mortgages and their meanings

First Charge Mortgage: A first charge mortgage is the primary mortgage on a property, which takes priority over any subsequent mortgages or loans. It means that in the event of default, the first charge mortgage lender has the first right to claim the proceeds from the sale of the property to recover their debt.

Second Charge Mortgage: A second charge mortgage is a loan secured against a property that already has a first charge mortgage in place. It ranks second in priority to the first charge mortgage. In case of default, the second charge mortgage lender can only claim the proceeds from the property sale after the first charge mortgage lender has been paid.

Equity: Equity refers to the difference between the current value of a property and the

outstanding balance on any mortgages or loans secured against it. For a second charge mortgage, the borrower needs to have sufficient equity in their property to qualify for the loan.

Loan-to-Value (LTV) Ratio: The LTV ratio represents the proportion of the property's value that is being borrowed against. It is calculated by dividing the loan amount by the property's value and is expressed as a percentage. For example, if the loan amount is £80,000 and the property value is £200,000, the LTV ratio would be 40% (£80,000 / £200,000 x 100).

Redemption Penalty: A redemption penalty, also known as an early repayment charge, is a fee charged by the lender if the borrower repays the second charge mortgage before the agreed-upon term. This penalty is typically a percentage of the outstanding loan balance and is intended to compensate the lender for potential interest income loss.

Interest Rate: The interest rate on a second charge mortgage is the cost of borrowing and is expressed as a percentage of the loan amount. It can be fixed or variable, depending on the terms agreed upon with the lender. A fixed interest rate remains constant throughout the term, while a variable interest rate can fluctuate based on changes in the lender's base rate or other benchmark rates.

Repayment Term: The repayment term is the agreed-upon period in which the borrower makes regular payments to repay the second charge mortgage. It can range from a few years to several decades, depending on the lender and the borrower's requirements. The repayment term determines the monthly payment amount and the overall duration of the loan.

Security: A second charge mortgage is secured against the property, meaning that the property serves as collateral for the loan. If the borrower defaults on the loan, the lender has the right to seize and sell the property to recover the outstanding debt.

Arrangement Fee: An arrangement fee is a one-time fee charged by the lender for setting up the second charge mortgage. It covers the administrative costs associated with processing the application and arranging the loan.

Remember - It's important to ensure that you fully understand the terms and conditions of any financial obligations you may take on, so please don't hesitate to ask if you have any questions.

Further info

Positivelending.co.uk

You will have a dedicated advisor and support staff to assist you with your Second Charge application.
You can always call us directly on 01202 850 830 (Option 1) or email us on BrokerSupport@positivelending.co.uk and one of our team of experts will be happy to help you.

SECOND CHARGE BROCHURE

THINK CAREFULLY BEFORE SECURING ANY DEBTS AGAINST YOUR HOME OR PROPERTY. YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Positive Lending (UK) Limited, trading as 'Positive Lending', is Authorised and Regulated by the Financial Conduct Authority FRN 607682

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