



RESIDENTIAL SECOND CHARGE MORTGAGES

MAEVE WARD

N.B. ANY PROPERTY USED AS SECURITY, INCLUDING YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER DEBT SECURED ON IT. EARLY REPAYMENT CHARGES APPLY FOR BUY TO LET PRODUCT ONLY. A BROKER FEE MAY APPLY.

Second charge mortgages are often referred to as **second mortgages** because they have secondary priority behind your main (or first **charge**) **mortgage**. They are a secured loan, which means we use your home as security, be that your **main residential** or a **residential investment** property

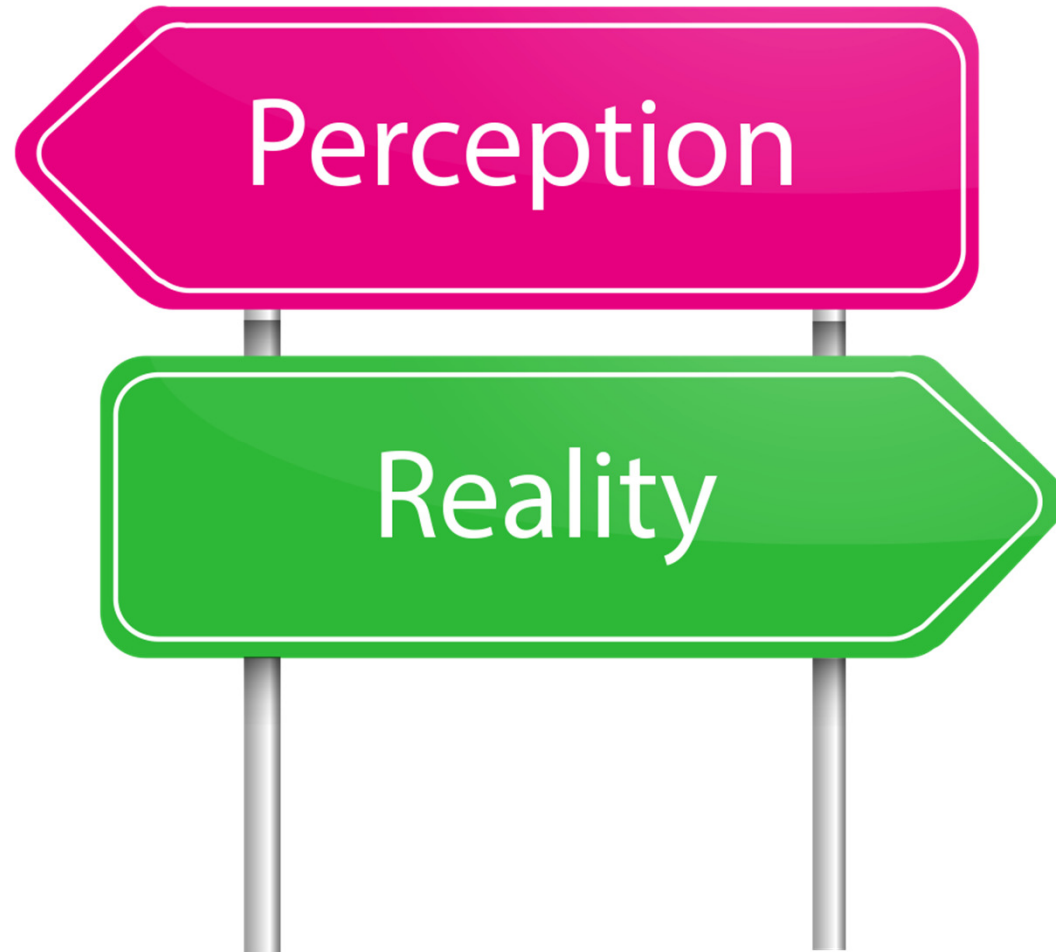


The implementation of the **Mortgage Credit Directive** and the new **Second Charge Mortgage Regime** was one of **the biggest changes** in the market in 2016. Now Regulated the same as **first charge mortgages**, They offer **You** greater consumer protection as well as
Alternative outcomes to a re-mortgage.

SECOND CHARGE MORTGAGES - A SECOND THOUGHT?

Perceived to be

- Product of last resort
- Little or no product innovation
- Fees too high
- No flexibility
- Interest rates too expensive



IT'S ALL BEEN DOWNHILL FOR RATES

- We have seen a reduction in rates from the majority of lenders this year across multiple product ranges, which is fantastic news for the consumer and the industry
- In 1998 rates on second charges were circa. a shocking 35%, today they start from just 4%
- Stricter High St. criteria and demand for second charges from prime borrowers has been a catalyst in driving rates down



HOW AWARE ARE CONSUMERS? EDUCATION IS KEY

- 33% of customers do not understand how a secured loan works
- An additional 14% are not sure of Secured Loans
- 42% did not know secured lending could be a cheaper way to borrow
- 57% tried to navigate secured loans on the wide web and struggled
- 43% turned to their Adviser

Good news

*'Mortgage Credit
directive
implemented
on March 21st 2016*

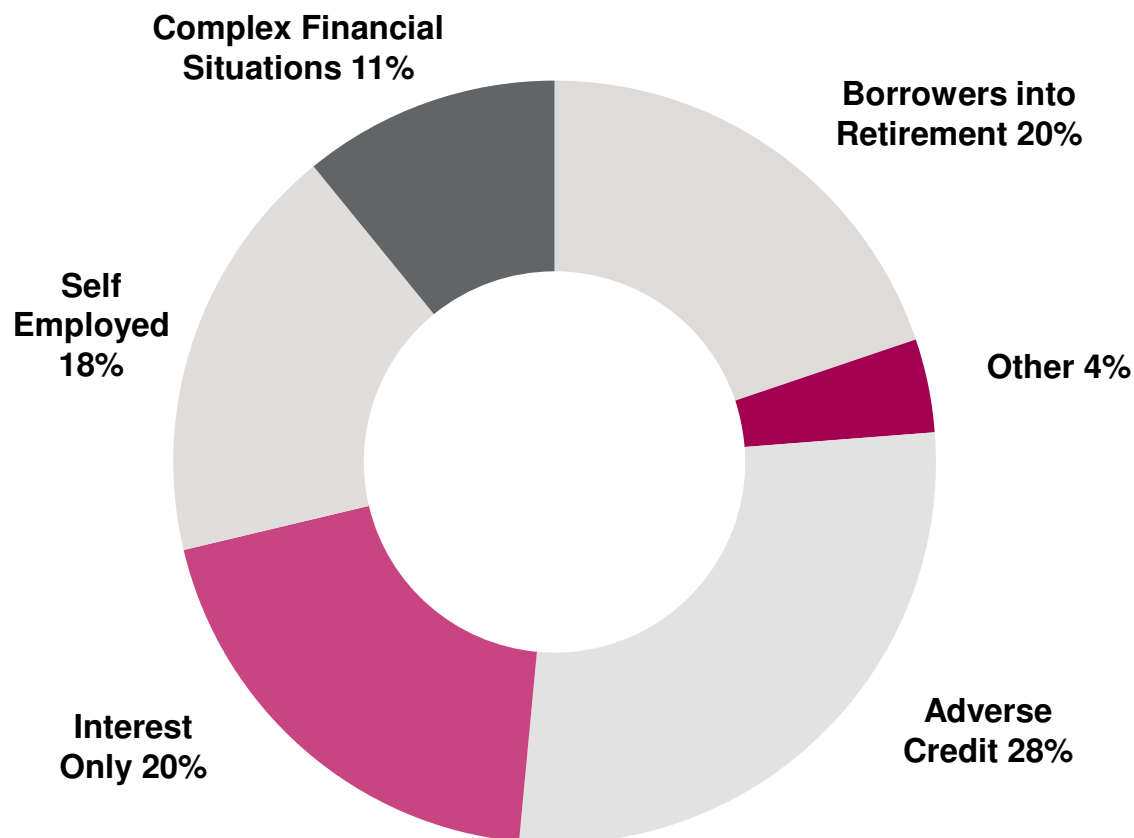
*Second charge
mortgages
must be disclosed in
any capital raising
situation*

*Better consumer
protection'*

SOURCE: Mintel Group Limited 2016

THE MARKET TELLS US...

CONSUMERS LIKE THESE ARE THE TRICKIEST TO PLACE ON THE HIGH STREET



Source: The Great Mortgage Survey Report Responses from 258 Directly Authorised Advisers, February 2016.

4% COMPLEX PURPOSES: MORE OPPORTUNITIES THAN YOU THINK

SHAWBROOK BANK 



Auction/Exit
for a bridge



Development/
Heavy Refurb



Business
Expansion/
Cash Injection



Tax Bill/
Asset Rich/
Cash poor



New business
venture

COMPLEX OF THE HIGH STREET – STANDARD OF THE SPECIALIST

HOLISTIC VIEW – ALL OF MARKET

- Rates from 4%
- 95% LTV
- Loans up to £2.5M
- 3 to 35 year terms
- Max Age 85
- Self Employed 6 months
- Projected income acceptable
- Flexible Income Multiples – 100% Additional
- Adverse ignored over 12 months



A SECOND CHARGE MORTGAGE MIGHT BE MORE RELEVANT WHEN...

- Preferential Mortgage Rate
- Retain your interest only mortgage
- Tied into a Fixed Rate
- Term takes you into retirement
- Greater income Multiple needed
- Complex Purpose
- Speed is of the Essence
- Treated as an individual, human underwrite
- Remain in control, Flexible over payments
- Choice to leave, No Early Repayment Charges

Residential Security, Equity and
Affordability





ANY QUESTIONS?

THANK YOU

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