

# Residential & Buy To Let Second Charge Product Guide

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**For Intermediaries Only**

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## Product Guide - Prestige

LTV Bandings	Product	Prestige 1 Max 1 Demerits	Prestige 2 Max 2 Demerits	Maximum Gross Loan
<60%	3 Year Fix	7.65%	8.05%	£200,000
	5 Year Fix	7.70%	8.10%	
60% - 70%	3 Year Fix	7.90%	8.30%	
	5 Year Fix	7.95%	8.35%	
70% - 75%	3 Year Fix	8.15%	8.55%	£150,000
	5 Year Fix	8.20%	8.60%	
75% - 80%	3 Year Fix	8.60%	8.90%	£75,000
	5 Year Fix	8.65%	8.95%	

Lender Fee 2% on net loan subject to minimum £495 and cap of £1,995

## Product Guide - Core

LTV Bandings	Product	Core 1 Max 3 Demerits	Core 2 Max 4 Demerits	Maximum Gross Loan
<60%	3 Year Fix	8.55%	9.20%	10.15%
	5 Year Fix	8.60%	9.25%	10.20%
60% - 70%	3 Year Fix	8.80%	9.40%	10.40%
	5 Year Fix	8.85%	9.50%	10.45%
70% - 75%	3 Year Fix	9.05%	9.70%	-
	5 Year Fix	9.10%	9.75%	-
75% - 80%	3 Year Fix	9.40%	-	-
	5 Year Fix	9.45%	-	-

Lender Fee 2% on net loan subject to minimum of £695 and cap of £1,995

## Demerits

Type	Definition	Ignore
Mortgage / Secured Loan	• 1 unit per missed payment in last 12 months	• Over 12 months old
CCJ / Defaults	• 1 unit if unsatisfied and in last 24 months • 1 unit if satisfied in last 12 months, unlimited size	• If under £350 • Over 24 months • Satisfied and over 12 months
Unsecured Credit	• 1 unit per account whose status is 3 or higher in last 12 months	• Under £350 • Over 12 months
Payday Loans	• 1 unit per loan in last 12 months	• Cleared over 12 months ago

Broker Fee across all products max 15% or £5000 (which ever is lowest)

## Early Repayment Charge

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
3 Year Fix	3%	2%	1%	-	-
5 Year Fix	5%	4%	3%	2%	1%

## Reversion Rates

LTV	Prestige	Core
<70%	SAVR -0.1%	SAVR +1.9%
≥70%	SAVR +0.9%	SAVR +1.9%

Spring finance administered variable rate ("SAVR") is 8.95% as at 1st March 2022

	Prestige	Core
Mortgage / Secured Loans	<ul style="list-style-type: none"> <li>All mortgages &amp; secured loans counted for demerits</li> <li>Highest status of 2 in last 12 months</li> <li>0 in 3 months</li> <li>12 months minimum mortgage history</li> </ul>	<ul style="list-style-type: none"> <li>Only 1st mortgage on security address considered</li> <li>No highest status</li> <li>3 months minimum mortgage history</li> </ul>
CCJ / Default	<ul style="list-style-type: none"> <li>Max unsatisfied CCJ/default £5,000</li> <li>None registered in last 6 months</li> </ul>	<ul style="list-style-type: none"> <li>No maximum limit</li> </ul>
Unsecured credit	<ul style="list-style-type: none"> <li>Max 2 accounts where current status is 3 or higher</li> </ul>	<ul style="list-style-type: none"> <li>Ignore if being consolidated</li> </ul>
Payday Loans	<ul style="list-style-type: none"> <li>None in last 6 months</li> </ul>	<ul style="list-style-type: none"> <li>Refer if 4 or more in the last 12 months</li> </ul>
Bankruptcies	<ul style="list-style-type: none"> <li>Must be satisfied over 2 years ago</li> </ul>	<ul style="list-style-type: none"> <li>Allowed and will be annulled from the advance</li> </ul>
IVA / DMP	<ul style="list-style-type: none"> <li>Must be satisfied over 2 years ago</li> </ul>	<ul style="list-style-type: none"> <li>Must be live for 6 months &amp; conducted satisfactorily</li> </ul>

Property
<ul style="list-style-type: none"> <li>Minimum £100,000 valuation</li> <li>Max 70% LTV on ex-council flats &amp; maisonettes</li> <li>Refer if block of flats is greater than 6 stories</li> <li>Refer if non standard construction</li> <li>England, Wales and mainland Scotland</li> <li>Minimum 75 years left on lease at start of term and 55 years at end</li> </ul>

Applicant Details
<ul style="list-style-type: none"> <li>Minimum age 21</li> <li>Term must end before age 80</li> <li>Mortgage arrears, ground rent and service charge arrears must be cleared from the advance</li> <li>When spouse or cohabiting partner not on mortgage, waiver required</li> <li>Unlimited BTLs in background acceptable subject to them being self funding</li> </ul>

Income Requirements
<p><b>Employed</b></p> <ul style="list-style-type: none"> <li>3 x monthly / 4 x weekly payslip</li> <li>Overtime, bonus and commission up to 100%</li> <li>Minimum gross household income £18,000</li> <li>Universal credit, working tax credit, child tax credit &amp; child benefit acceptable</li> <li>Court ordered maintenance acceptable subject to entitlement letter &amp; proof of payments being received</li> </ul> <p><b>Self Employed</b></p> <ul style="list-style-type: none"> <li>1 year evidence of trading history required via SA302 or accountants certificate together with signed accounts</li> <li>Less than 1 year of trading history not acceptable</li> <li>Latest 3 months current business bank statements to show trading</li> </ul>

Valuation
<p><b>Hometrack</b></p> <ul style="list-style-type: none"> <li>Up to 60% LTV requires a confidence level of 4+</li> <li>LTV between 60%-70% minimum confidence level of 5+</li> <li>AVM not acceptable on ex council flats &amp; maisonettes</li> <li>Max loan size £75,000</li> <li>Max Valuation £500,000</li> </ul>
<p><b>Drive by Reports</b></p> <ul style="list-style-type: none"> <li>Max 60% LTV</li> <li>Max Loan of £50,000</li> <li>Max Valuation £500,000s</li> </ul>
<p><b>Full Valuation</b></p> <ul style="list-style-type: none"> <li>Report must be carried out by Spring approved Valuer</li> <li>Minimum property value of £100,000</li> <li>Open Market Value used to conduct LTV</li> <li>See broker manual for unacceptable property types</li> </ul>



## Product Guide – Buy to Let

LTV Bandings	Product	BTL 0 No Demerits	BTL 1 Max 1 Demerits	Maximum Gross Loan
<60%	3 Year Fix	8.25%	8.55%	£150,000
	5 Year Fix	8.30%	8.60%	
60% - 70%	3 Year Fix	8.50%	8.80%	£100,000
	5 Year Fix	8.55%	8.85%	
70% - 75%	3 Year Fix	8.85%	-	£50,000
	5 Year Fix	8.90%	-	

Lender Fee 2.5% on net loan subject to minimum £695 and cap of £2,995

### Key Features

- Interest only option
- ICR reduction when surplus
- personal income available
- Limited adverse accepted
- Max LTV 75%

## Demerits

Type	Definition	Ignore
Mortgage / Secured Loan	• 1 unit per missed payment in last 12 months	• Over 12 months old
CCJ / Defaults	• 1 unit if unsatisfied and in last 24 months • 1 unit if satisfied in last 12 months, unlimited size	• If under £350 • Over 24 months • Satisfied and over 12 months
Unsecured Credit	• 1 unit per account whose status is 3 or higher in last 12 months	• Under £350 • Over 12 months
Payday Loans	• 1 unit per loan in last 12 months	• Cleared over 12 months ago

Commission across all products is 2% of the total loan facility (capped at £2000)

## Early Repayment Charge

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
3 Year Fix	3%	2%	1%	-	-
5 Year Fix	5%	4%	3%	2%	1%

## Reversion Rates

LTV	BTL
<70%	SAVR +0.9%
≥70%	SAVR +1.4%

Spring finance administered variable rate ('SAVR') is 8.95% as at 1st March 2022

Buy to Let	
Mortgage / Secured Loans	<ul style="list-style-type: none"> <li>All mortgages &amp; secured loans counted for demerits</li> <li>Highest status of 2 in last 12 months</li> <li>0 in 3 months</li> <li>12 months minimum mortgage history</li> </ul>
CCJ / Default	<ul style="list-style-type: none"> <li>None registered in last 6 months</li> </ul>
Unsecured credit	<ul style="list-style-type: none"> <li>Max 1 accounts where current status is 3 or higher</li> </ul>
Payday Loans	<ul style="list-style-type: none"> <li>None in last 6 months</li> </ul>
Bankruptcies	<ul style="list-style-type: none"> <li>Must be satisfied over 2 years ago</li> </ul>
IVA / DMP	<ul style="list-style-type: none"> <li>Must be satisfied over 2 years ago</li> </ul>

Property
<ul style="list-style-type: none"> <li>Minimum £125,000 valuation</li> <li>Max 60% LTV on ex-council flats &amp; maisonettes</li> <li>No flats above restaurants or takeaways</li> <li>Refer if block of flats is greater than 6 stories</li> <li>Refer if non standard construction</li> <li>England, Wales and mainland Scotland</li> <li>Minimum 75 years left on lease at start of term and 55 years at end</li> </ul>

Applicant Details
<ul style="list-style-type: none"> <li>Minimum age 21</li> <li>Term must end before age 85</li> <li>Mortgage arrears, ground rent and service charge arrears must be cleared from the advance</li> </ul>

Income Requirements
<p><b>Rental Income Requirements</b></p> <ul style="list-style-type: none"> <li>Interest coverage ratio is based on the income tax bracket of applicant               <ul style="list-style-type: none"> <li>125%ICR–Basicratetaxpayer</li> <li>145%ICR–Higherratetaxpayer</li> <li>155% ICR – Additional rate tax payer</li> </ul> </li> <li>Where ICR is not met, applicant can use surplus personal income to cover the shortfall. Minimum ICR acceptable is 110% for basic rate tax payer and 130% for higher and additional rate taxpayers</li> <li>Other BTL properties must be self funding</li> <li>Evidence of rental income required via current AST for security address</li> <li>Minimum gross income £18,000 for main applicant</li> </ul>

Valuation
<p><b>Hometrack</b></p> <ul style="list-style-type: none"> <li>Up to 60% LTV requires a confidence level of 4+</li> <li>LTV between 60%-70% minimum confidence level of 5+</li> <li>AVM not acceptable on ex council flats &amp; maisonettes</li> <li>Max loan size £75,000</li> <li>Max Valuation £500,000</li> </ul>
<p><b>Drive by Reports</b></p> <ul style="list-style-type: none"> <li>Max 60% LTV</li> <li>Max Loan of £50,000</li> <li>Max Valuation £500,000s</li> </ul>
<p><b>Full Valuation</b></p> <ul style="list-style-type: none"> <li>Report must be carried out by Spring approved Valuer</li> <li>Minimum property value of £125,000</li> <li>Open Market Value used to conduct LTV</li> <li>See broker manual for unacceptable property types</li> </ul>

