Quick guide to second charge mortgages

What is a second charge mortgage?

Previously known as a secured loan, a second charge mortgage sits below the first mortgage and is secured against the property. A second charge mortgage can help fund a number of things, from home improvements, holidays or more commonly provide a debt consolidation source. Second charge mortgages are a viable alternative source of funding and a product area that is growing.

How do second charge mortgages work?

Quite simply your client will have a loan secured against the equity in their property, and will be required to make regular payments to pay the loan off along with the interest accrued over the repayment period.

There are no upfront fees and second charge mortgages are generally more flexible in considering those who are on a pension or benefit only income or live in an ex-council house.

Why is a second charge mortgage possibly the best option?

Your client is self-employed, without accounts -

Affordability checks are now tougher than experienced previously, with banks demanding up to three years of accounts as proof of income. But there are some secured lenders on the Clever Lending panel who will accept a tax return or an accountant's reference as proof of income.

Your client has a complex credit profile -

Second charge mortgages are very flexible in areas such as eligibility and can be an option for those who may have had previous problems with obtaining credit. Even with a history of missing payments, historic CCJs or defaults a second charge mortgage through Clever Lending may be a solution.

Your client has minimal equity for a remortgage -

Your client may find they have limited LTV lending options, if your client does not have enough equity then a second charge mortgage could be the preferred choice – Clever Lending are here to help identify possible options for such a scenario.

Can my client apply for a second charge mortgage if they do not live in the property?

Yes as long as your client has proof of a formal tenancy agreement.

What is the MCD impact on second charge mortgages?

The legislation changes affect anyone who operates within the first and/or second charge lending sector. The Mortgage Credit Directive applies equally to first and second charge mortgages meaning there is better client protection and more consistent standards across the industry.

This is good news for you and your client – it means you can widen your product offering and provide a thorough service to your client, and they can benefit from knowing they will be offered the right solution for their requirements, all fully compliant and in a fair and transparent manner.

Having the right knowledge and access to second charge mortgages will help put you at the forefront with your clients by having the capacity to offer them the most suitable product for them.

Why second charge mortgage should be on your radar

MCD is now in place and second charge mortgages are aligned with the first charge marketplace. The result is that second charges now adhere to higher standards ultimately benefiting the client.

Second charge mortgages are a genuinely viable option that your client should have the choice of considering – with Clever Lending we can provide you with a packaging option, or the full advice service – suitable to you and your client.

> “So far we have enjoyed an excellent relationship with Clever Lending.
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> We are delighted that they have filled the gap in the market place, their professionalism is second to none and they keep us well up to date with new lending opportunities.”
>
> Assured Money Solutions

This is just a quick guide to second charge mortgages – if you have any questions please contact the Clever Lending team on **0800 316 2224**, email **enquiries@cleverlending.co.uk** or visit **www.cleverlending.co.uk**.

For quick and easy sourcing visit **www.cleversourcing.co.uk**.

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