

In branch  
0800 072 1100  
saffronbs.co.uk



# **MORTGAGE CREDIT DIRECTIVE**

## General Information for Regulated Mortgages

**The following contains general information we are required to make available in relation to regulated mortgage contracts.**

### **1. Address**

Saffron Building Society  
1A Market Street, Saffron Walden, Essex CB10 1HX

### **2. Purpose of credit**

We offer Mortgages which can be used for house purchases, re-mortgage, further advance, building your own home, or consumer buy-to-let.

### **3. Security**

Mortgages offered by Saffron Building Society must be secured by a first legal charge or mortgage on a UK property.

### **4. Duration**

Our Mortgages are offered over a minimum repayment term of 5 years and a maximum term of 40 years. This does not apply to Self Build Mortgages.

### **5. Saffron Building Society offers the following types of interest rate:**

#### **Fixed:**

A fixed rate mortgage provides the comfort of fixed mortgage payments until an agreed date, no matter what happens to interest rates.

- **Monthly Payments:** these are fixed for the duration of the fixed rate period, and because the interest rate doesn't vary, monthly payments will remain the same regardless of what happens to interest rates.
- **At the end of any fixed rate period** the borrower will automatically move onto a variable rate. The borrower can choose to stay on this rate, or could apply for a new fixed or discounted mortgage available at that time.
- **Early Repayment Charges:** May apply to these mortgage products. Where they do you will be able to repay a set amount of the loan back penalty free, but where they do not unlimited overpayments can be made without penalty.

#### **Discounted (Variable):**

A discounted mortgage offers a rate of interest that is a set percentage below our standard variable rate (SVR). The discount will apply for a set period, after which the mortgage will revert to a standard variable rate. The monthly amount a borrower will pay can therefore go up or down because it is discounted from a variable rate and is not fixed.

- **Early Repayment Charges:** May apply to these mortgage products. Where they do you will be able to repay a set amount of the loan back penalty free, but where they do not unlimited overpayments can be made without penalty.

#### **Standard Variable Rate (SVR):**

A standard variable rate mortgage is a rate of interest that will vary from time to time, i.e. the rate can go up or down during the term of the mortgage. The actual rate borrowers pay is set by us the Society and does not directly track the Bank of England Base Rate.

- **Early Repayment Charges:** May apply to these mortgage products. Where they do you will be able to repay a set amount of the loan back penalty free, but where they do not unlimited overpayments can be made without penalty.

## **6. Additional costs**

Borrowers may incur additional costs which are not included in the total cost of credit. These may include conveyancing fees for a solicitor or licenced conveyancer and may also include specialist reports relating to the property.

## **7. Repayment Options**

We offer two methods of repayment of mortgages. For each method the borrower is usually required to make 12 payments each year, starting on the month following the month in which the mortgage loan is first made. These monthly payments are calculated to be of equal amounts during the product term, with the exception of the first monthly payment which is usually higher than the rest of the monthly payments. This is because it includes interest charged from the day Saffron Building Society issue the loan money to the end of the month, plus the first full monthly payment.

**The repayment methods offered are:**

### **Repayment (Capital)**

The borrower must make monthly payments until the end of the mortgage term (when any sums outstanding under the mortgage must be repaid). The monthly payments are made up of a portion of the capital amount borrowed as well as the interest charged for the month on the mortgage. This means that the outstanding balance is reduced each month in line with the mortgage term selected so that the mortgage is fully paid off at the end of the mortgage term if the borrower makes all the payments required and on time.

### **Interest Only**

The borrower must make monthly payments until the end of the mortgage term. These monthly payments only cover the interest charged on the mortgage. The borrower will still owe the capital balance borrowed at the end of the mortgage term. The borrower is responsible for making their own arrangements to repay this capital balance and any other amounts owing at the end of the mortgage term. Failure to repay the mortgage debt in full at the end of the mortgage term could result in your home being repossessed.

## **8. Compliance of terms and conditions**

Compliance with the terms and conditions of the mortgage agreement does not necessarily ensure repayment of the total amount of credit. For interest only mortgages, the borrower will still owe the capital balance borrowed at the end of the mortgage term and must make sure they have arrangements in place to pay it off.

## **9. Valuations**

Saffron Building Society will require a valuation on the property that is being offered as security.

Where a valuation on the property is required, Saffron Building Society will instruct a valuer to carry this out and a valuation fee will be payable. This fee is non-refundable and payable by the borrower to Saffron Building Society who will arrange the valuation.

The valuation is solely for the purpose of arriving at a current market value to enable Saffron Building Society to determine the amount of the mortgage. The borrower should not rely on it to assess the suitability of saleability of the property. Where appropriate the borrower may also have the option to request a more detailed survey of the property.

## **10. Ancillary Services**

As a condition to obtaining a mortgage, Saffron Building Society require that buildings insurance, covering at least the amount referred to in the binding offer document, is in place from exchange of contracts. This insurance must be maintained for the duration of the loan.

## **11. Consequences of non-compliance**

If the terms and conditions of the mortgage are not complied with (including making required monthly payments in full and on time):

- The total cost of borrowing could increase
- We may seek possession of the property and look to recover what is owed to the Society
- The Society may ask for additional security
- Your credit record could be affected in a way that makes it more difficult or expensive to obtain credit
- You may have to pay the Society's legal costs.

# Affordability Assessment

## All you need to know

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When you apply for a mortgage with Saffron Building Society we will carry out an affordability assessment taking into account your income, outgoings and financial dependents and also ask you if you are aware of any changes to your circumstances that may affect this assessment. This ensures that we are lending responsibly and at a level that you can afford.

This assessment will also 'stress test' your ability to repay the mortgage. Which takes into account the effect of potential interest rate rises.

To carry out this assessment we will require evidence of your income and expenditure and we will need to see evidence of these by way of the following documents:

### Income and Expenditure:

| Source   | Evidence and verification   | Time Period  |
|--|---|--|
| Basic Annual Salary.                           | P60 & Last 3 months payslips.   | Last 3 months and last annual P60.   |
| Regular overtime, bonus or commission.         | P60 & Last 3 months payslips.   | Last 3 months and annual.  |
| Contract income.                               | Invoices and bank statements, current and previous contracts. CV outlining employment history.  | Last 6 months.   |
| Self-employed income.                          | Certified accounts or SA302's. Business & personal bank statements . Accountants Reference from a qualified accountant .                        | Last 3 years.<br>Last 6 months or as defined by product.<br>Will be requested if required. |
| Personal / State Pensions + Lifetime Benefits. | Monthly or annual payslips<br>Annual statement from DWP.<br>Dependent upon source of income eg SIPP/Annuity.                                    | Last 3 months or annual.   |
| Rental income from property portfolio.         | Bank Statements.<br>AST's may be requested where deemed appropriate.<br>BTL Mortgage Statements.<br>SA302's.<br>Assets & Liabilities Statement. | Last 3 months or most recent available accounts/SA302's.                                   |
| Trust Income.                                  | Dependent on terms of trust.  | Trust Deed.<br>3 years income evidence.  |
| Investment Income.                             | Portfolio detail.   | Up to date schedule of investments.  |
| Expenditure.                                   | All current account bank statements, all pages showing salary paid in.  | Last 3 months.   |

## **Other important points**

- This is a guide only and as each case is manually underwritten additional documents may be required.
- All documents must be originals.
- Documents will need to be the latest available at the time of your initial appointment and/or when you apply for a mortgage.
- When mortgage applications are delayed, it is often due to missing or incomplete documentation. Please ensure that you supply correct and accurate documentation that we ask for when you submit your mortgage application. You must be prepared to supply any additional documentation we reasonably request to support the affordability assessment. If you do not provide this within 21 days, your application may be cancelled.