

Hospitality Lending Update For Intermediaries

AUGUST 2020

In this pack you'll find an update on our current credit risk appetite for holiday let and hospitality lending, along with details of our revised holiday let product set, which was effective from 7th August 2020.



If you have any questions you can get in touch with a member of our specialist team on 01228 403 135

The Cumberland 

CREDIT RISK APPETITE

While we continue to be committed to providing specialist lending and support to the hospitality sector, our credit risk appetite for holiday let and hospitality lending is lower in the current environment. We continue to monitor the market recovery and will further update you should our appetite change.



Simon Whitwham, General Manager,
Cumberland Business

HOSPITALITY LENDING UPDATE

- We will consider applications up to 60% LTV in our core operating area for hotels, bed and breakfast and guesthouses.
- We will consider applications up to 50% LTV outside our core area for bed and breakfast and guest houses.
- Hotel applications out of our core area will not currently be considered
- Affordability must be evidenced from cash reserves to cover at least 6 months mortgage payments. Cash reserves are to be held in a Cumberland Building Society deposit account until the end of the initial deal period.
- Bespoke product pricing



CORE OPERATING AREA

Our core operating area is Cumbria (CA and LA postcodes), South-West Scotland (DG and TD9), West Northumberland (NE45-49), North Lancashire (PR, FY, LA AND BB1-3 and BB5-7) and North Yorkshire (HG, YO, BD20, BD23-24, DL6-11, LS21-23 and LS29).

HOLIDAY LET LENDING UPDATE

- We will consider applications up to 60% LTV for Holiday Let.
- Affordability must be evidenced from cash reserves to cover at least 6 months mortgage payments. Cash reserves are to be held in a Cumberland Building Society deposit account until the end of the initial deal period.
- Product pricing as of 7/8/2020 can be seen on the following pages.



PHOTO: COPPERMINES, FAIRNAPE HOUSE

HOLIDAY LET 5 YEAR PRODUCT RANGE (STANDARD)

PROC FEE 0.40%

We offer standard and non-standard mortgage products to suit your different clients' circumstances. View the lending criteria on [our website](#) to find out which product type applies. All Ltd company SPVs now classed as holiday let standard-pricing.

PRODUCT	MIN/MAX LOAN SIZE	RATE & FEE - UP TO 60% LTV	OVERPAYMENTS	END DATE	ERC TERMS
5-YEAR FIXED	Minimum Loan £75k Maximum Loan £750k	3.39% + £999	10% pa	01/10/2025	5%/4%/3%/2%/1% of amount repaid
	Minimum Loan £750k Maximum Loan £1.5m	3.64% + £1,499	10% pa	01/10/2025	5%/4%/3%/2%/1% of amount repaid
	Minimum Loan £1.5m Maximum Loan £2m	3.89% + £2,499	10% pa	01/10/2025	5%/4%/3%/2%/1% of amount repaid

*As at 07/08/2020. The above products apply to holiday let mortgages only. For queries, check with your Cumberland Lending Manager.

HOLIDAY LET 5 YEAR PRODUCT RANGE (NON-STANDARD)

PROC FEE 0.40%

We offer standard and non-standard mortgage products to suit your different clients' circumstances. View the lending criteria on [our website](#) to find out which product type applies. All Ltd company SPVs now classed as holiday let standard-pricing.

PRODUCT	MIN/MAX LOAN SIZE	RATE & FEE - UP TO 60% LTV	OVERPAYMENTS	END DATE	ERC TERMS
5-YEAR FIXED	Minimum Loan £75k Maximum Loan £750k	4.24% + 1.00%	10% pa	01/10/2025	5%/4%/3%/2%/1% of amount repaid
	Minimum Loan £750k Maximum Loan £1.5m	4.49% + 1.50%	10% pa	01/10/2025	5%/4%/3%/2%/1% of amount repaid
	Minimum Loan £1.5m Maximum Loan £2m	4.74% + 2.50%	10% pa	01/10/2025	5%/4%/3%/2%/1% of amount repaid

*As at 07/08/2020. The above products apply to holiday let mortgages only. For queries, check with your Cumberland Lending Manager.

APPLICATION CHECKLIST

ITEM REQUIRED	DETAIL
APPLICATION FORM	Scanned copy, completed and signed by borrowers.
BANK STATEMENTS	1 month for any current accounts held, 1 month for any business account.
CASH RESERVES	Equivalent to 6 months mortgage payments held in a Cumberland Building Society deposit account until the end of the initial deal period.
PROOF OF PROPERTY INCOME	Existing holiday let: Either existing trading figures in the form of certified accounts, a letter from the holiday letting agent confirming gross annual income for last 3 years, or SA100 tax document. New holiday let: A projection from a suitably experienced holiday letting agent which confirms the property name, proposed weekly pricing, estimated weeks occupancy and projected gross annual income.
PROOF OF EMPLOYED INCOME OR PENSION INCOME (IF RELEVANT)	1) Most recent wage slip and, 2) Most recent p60 If employed less than 12 months, most recent wage slip and contract of employment is required. For private pensions, please provide a statement to show pension value.
PROOF OF SELF EMPLOYED INCOME (IF RELEVANT)	1) Last 3 years tax returns (SA100 or SA302) and, 2) Last 2 years certified accounts for any limited company that the applicant is director of.
PORTFOLIO LANDLORDS (IF RELEVANT)	Schedule of all properties owned including property address, estimated value, mortgage outstanding, mortgage payment, annual rental income, in addition to SA100 tax documents for past 3 years.
PROOF OF DEPOSIT (IF FOR A PURCHASE OR PROPERTY RECENTLY PURCHASED)	A bank statement to evidence funds plus any of the following to confirm source of funds: 1) If from property sale – completion statement 2) If from family gift – gift letter from family member plus their bank statement to show source of funds 3) Sale of shares – execution statement 4) Pension withdrawal – confirmation of pension fund value and advice given showing tax payable If from other source please confirm to the lending manager who will advise what information is required.

All items can be scanned and emailed to your Lending Manager, or business@cumberland.co.uk

ANY QUESTIONS?

We're always open to questions and feedback.

If you'd like to chat through any of the information in this update, or you think you have a case that's a good fit for our products, please contact your lending manager.

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