

Helping you to move home (when your loan to value is above our loan to value limit)

Godiva Mortgages is committed to helping customers move home and allowing existing borrowers to transfer ('port') their current mortgage to a new property is an important part of this service. For some, moving home may be particularly necessary because of changing circumstances, such as relocating for a new job.

We know that, in the current market, a small number of our borrowers may be unable to move home due to a fall in house prices. We are committed to working with customers to find solutions to their borrowing needs - this situation is no different. If you don't want to borrow more money or increase the value of your loan in relation to the value of your property, we may be able to help. This leaflet explains our 'porting' policy for those customers where their circumstances would ordinarily fall outside our standard lending policy.

To start, you'll need to understand how to calculate your loan to value (LTV) - the explanation below will help. The rest of the leaflet then explains how our policy works and how it might apply to you.

How to calculate your LTV

The LTV limit is the maximum amount we will lend as a percentage of the value of the property. For example, if our maximum LTV limit is 85%, this means we will lend you up to £85,000 on a property worth £100,000. You will need to fund the remaining £15,000 plus any fees and other costs associated with the mortgage and legal process.

So if you're moving house, your current LTV is calculated by dividing your outstanding mortgage amount by the **actual sale price** of your home and then multiplying it by 100. For example, an outstanding mortgage of £95,000 / actual sale price of £100,000 x 100 = 95% LTV, or an outstanding mortgage of £100,000 / actual sale price £110,000 x 100 = 91% LTV.

Your advisor will be able to confirm our maximum LTV limit - which varies from time to time.

What if the LTV I need on my new home is more than maximum LTV limit?

If the LTV you require on your new property is above our maximum LTV limit, we may still be able to help you if you don't want to borrow any more money and you don't go above your current LTV.

For example if you sell your property for £100,000 and have an outstanding mortgage of £95,000, your current LTV is 95%. Therefore, you will be able to borrow up to 95% LTV of your new property as long as you do not borrow more than £95,000.

How does it work?

Our rules apply only if you need to move home because of changing personal circumstances, for example, to relocate for a new job. As long as you don't want to borrow any further funds and you can provide the additional money required, you may be able to move to a more expensive property. You may also trade down to a less expensive property, to providing you do not increase your LTV. The examples below show how this works.

Example One - buying a more expensive property:

Using the example above, your current mortgage is £95,000, and the agreed sale price is £100,000 so your current LTV is 95%. You cannot increase either the mortgage amount or the current LTV, so if you want to purchase a new property for £107,000, you will be able to transfer ('port') your existing £95,000 mortgage to the new property. But you will need to fund the outstanding £12,000 plus all fees applicable in order to secure the mortgage. In this example, your new LTV would then be 89%.

Example Two - buying a less expensive property:

Again assume your current mortgage is £95,000 and the agreed sale price is £100,000, your current LTV is 95% - remember, you cannot increase either the mortgage amount or the current LTV. You want to purchase a new property for £80,000. Your LTV limit means you can transfer £76,000 to the new property (95% of its purchase price), and you will need to provide a £4,000 deposit (5% of the purchase price) and pay all fees applicable, in order to secure the mortgage.

What happens now?

Please discuss your particular situation with your advisor and they will confirm to you whether this policy applies to you. Based on the **estimated** sale price of your current property, they will calculate your current LTV and therefore the maximum LTV and loan amount for a new property. **At this stage any information quoted will be for illustrative purposes only.**

You will **not** be able to apply for a mortgage on a new property until you have sold your existing property, subject to contract. Once you have sold your property your mortgage advisor will be able to confirm what your maximum loan to value actually is. **It is essential that if your sale price changes you notify us immediately, as we will need to recalculate your maximum loan amount and LTV.**

When your property has been sold, and you have put an offer in on a new property, we will then produce a Key Facts Illustration (KFI) document. This will detail the actual loan amount you are porting, plus what your monthly payments will be. You can now submit a mortgage application. Your legal representative **must** provide a letter confirming the actual sale price (subject to contract) of your existing property, when you apply for your new mortgage.

Remember it is crucial that if, at any stage of the process, either the sale price of your property, or the purchase price of the new property changes, that you inform us immediately as this will affect how much you'll be able to port to your new home.

Please be aware that it is your responsibility to pay any fees associated with the sale of your existing property (i.e. estate agent fees, Home Information Pack cost and legal fees) and purchasing a new property (i.e. mortgage and legal fees), even if the sale or purchase of your new property fall through.

If early repayment charges are applicable, they will be refunded as long as a new mortgage with a balance of over £5,000 completes at the same time as the existing loan is redeemed. This needs to happen to ensure that the existing mortgage is paid off before the new one is taken out.

Policy Requirements

You are not allowed to borrow additional money when porting your mortgage, and the maximum amount you can borrow is your current outstanding mortgage balance at the point of application and your current LTV.

Only available on owner-occupier mortgages.

Confirmation of the sale price of your existing property can only be accepted from your solicitor, and it must be in writing.

We do not lend on new build flats/apartments outside of normal lending policy.

The maximum LTV we will consider for borrowers fulfilling the policy requirements is 125%.

Any changes to the price of either property must be notified to us as soon as it happens to enable us to evaluate and update our decision to agree to lend you the required funds. This information will result in a change to your mortgage offer. Any delay in us receiving this information could result in a delay in the mortgage completing.

Any second charges with other financial institutions must be cleared prior to purchasing your new property.

The redemption of your existing mortgage and completion of your new mortgage **must** take place simultaneously i.e. there cannot be any gap between selling and buying a new property.

Any additional funds required (usually when 'trading up' to a more expensive property) must be paid for by you. We will not allow additional borrowing if the LTV exceeds our normal limits, and will not accept a second charge (either by way of a mortgage from another financial institution or as a secured loan) against the property.

Any shortfall of your existing mortgage must be paid for by you prior to the new mortgage completing.

All fees and associated costs payable are your responsibility. This includes, but is not limited to, arrangement fees, legal fees, estate agent fees, etc.

Godiva Mortgages' current lending criteria applies with the exception of higher LTV limits as stated above.

Godiva Mortgages reserves the right to reasonably amend or vary these terms and conditions at any time.

Your home may be repossessed if you do not keep up repayments on your mortgage.

This information must be read in conjunction with the appropriate mortgage product sheet.

Lines open Monday to Friday 8am-8pm, Saturday 9am-5pm, Sunday 10am-4pm. Contact your service provider for details of charges, as call costs may vary. To maintain a quality service, calls made to and from Godiva Mortgages Limited may be monitored and recorded. Information correct at time of going to print (February 2010).

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For further details, call our
Customer Service Centre on

0845 1212567

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