

Underwriting Criteria Guide 2008

Self Build

LTV / Loan Size

75% £25,001 to £1million

Stage payments - the initial advance must not be more than 75% of the lower of the current plot value or purchase price, with the balance being released over no more than 4 additional stages up to a maximum 75% LTV during build and 75% LTV upon completion. A minimum 10% of the total loan will be retained, as a final release, until the property is complete and we are in satisfactory receipt of the final completion certificate.

Minimum loan - £25,001. Maximum loan - £1million.

Detached Properties only.

Refurbishments and conversions not acceptable.

Applicants

Minimum age: 18 years.

Maximum age: 65 years at the end of the mortgage term.

Affordability

The customer's maximum borrowing is calculated using our affordability model. This takes into consideration the financial commitments of the customer and also their household expenditure.

Repayment methods

Repayment, interest only or combination. The method(s) for repaying interest only element must be specified.

Household insurance

Property will only form an acceptable security if insurance cover, under normal terms including subsidence and flood cover is confirmed.

Term

5-40 years

Definition of income

100% of basic salary, mortgage subsidy, cost of living allowance, housing or rent allowance, service/state pensions, car allowance, non guaranteed overtime, bonus and commission. Exclusions - travel allowance and expenses.

Minimum employment period

Employed applicants will be expected to have been employed for a minimum of 3 months in their current job and had 12 months continuous employment.

Self-employed applicants would normally be expected to have been self-employed for a minimum of 12 months.

Each case is considered on an individual basis. We may request additional information where considered appropriate and relevant to the lending decision.

Proof of residence

If the applicant(s) is/are not on the voter's roll at the current address, proof of residence must be provided: e.g. bank/building society statement, credit card statement, or Council Tax statement.

Documentation required

All first time buyers:

- 3 months' bank statements
- All existing mortgage holders/local authority tenants:
- Latest lender's or landlord's statement
- Schedule and cost of works
- Plans and Planning Permission must be provided to the valuer for review on or prior to inspection of the plot/property. Planning Permission must be dated not more than one year prior to the date of application.

Life cover

Applicant to satisfy themselves that they have made proper provision for cover.

Policies will not be assigned.

Conveyancers

Must be on the Halifax panel of conveyancers and will also be instructed to act on behalf of Birmingham Midlands.

Security

First mortgage on detached freehold properties in England, Wales and Northern Ireland, properties in Scotland.

Mortgages on flats/maisonettes, semi detached and terraced properties are unacceptable. Properties must be for residential use only. Second properties, Holiday Homes or properties which will be let are not acceptable.

We require that the property has the benefit of a 10 year warranty from the National House Building Council (NHBC) or Zurich Municipal Insurance. The Zurich warranty may be extended to 15 years. The exception to NHBC or Zurich Municipal cover is where an architect or qualified surveyor is employed by the applicant to supervise the building of the property (certain other qualified consultants may be acceptable - please refer).

Stage releases are subject to a satisfactory reinspection by our valuer and provision of the appropriate Architects certificate/Building Indemnity cover for that stage.

Additions to loan

The items that can be added on to the loan amount are higher lending charge (where payable) and product fee. The maximum loan including add-ons as a percentage of purchase price or valuation (whichever is lower) must not be more than 99%.

Interest

Interest is calculated on a daily basis.

Deposits

The deposit for any purchase should come from the applicant(s) own resources without recourse to further borrowing.

Portability

All products are portable which means that the applicant can keep the same rate and term of their chosen mortgage if they move during the product period. If either the scheme or their circumstances change they may not be able to keep this product and any early repayment charges will be payable.

Monthly payments

All payments must be made in sterling by direct debit through the UK direct debit system. The direct debit must be in place prior to completion.

Additional Borrowing

Additional Borrowing will not be considered until the property has been fully completed and all stage monies released.

Self-certification declaration

It is vital that all Self-certification customers understand the consequences if inaccurate information is provided on the declaration. Please note that all Self-certification customers will be alerted to the following criteria when they receive their offer:

- The offer has been made based upon the declared income on the application form. While we do not normally require proof of income, we do carry out random checks on the accuracy of financial information provided, including on employment status and employers' details. As a result of this random checking, or due to any information received or for any other reason, we may subsequently require the applicant to provide full proof of all declared income.
- We retain the right to withdraw the offer if any of the declared details relating to income, employment, or any other information are found to be incorrect.
- If the offer is withdrawn as a result of our enquiries, the applicant will be responsible for all costs incurred in processing the application, including valuation fees, product fees and any abortive legal costs.
- If the applicant is in any doubt at all about the information that has been provided on the application form or elsewhere, they must immediately notify us by telephoning 0845 850 5000*. In this event, the applicant must not proceed with the transaction until they receive our prior approval.
- Making a false, misleading, or inaccurate declaration is a criminal offence, and may lead to prosecution of the applicant and/or the financial adviser, resulting in a fine and/or imprisonment. The applicant and/or financial adviser may also face civil action for recovery of any losses that Birmingham Midlands incur.

Assignable contracts

Any application which involves an assignable contract is not acceptable. Assignable contracts allow the original buyer to sell the property before legal completion by assigning the contract to buy the property to a new buyer after contracts have been exchanged with the developer.

All information is correct as at 24th November 2008

For full details of our product range and all criteria visit www.pfcmortgages.com