

Your guide to **residential mortgages,**
micro mortgages and shared ownership

Responsive residential mortgages



Core Products & Criteria

Interest Only or Capital & Repayment mortgages;
100% Shared Ownership
Micro Mortgages from £10,000

Many status profiles accepted
Demerit points considered

Many income sources accepted
Employed, DWP benefits and pensions

Many property types considered
including standard and non-standard construction



Phone **023 9286 5806**
or go online at
www.pfcmortgages.com



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Mortgages Residential

Mortgages Residential

	CM:01	CM:02	CM:04
Maximum LTV	75%	70%	60%
Maximum Demerits	1	2	4
Max Arrears (missed payments)	1 in last 12 months (0 in last 6)	1 in last 12 months (0 in last 6)	2 in last 24 months (1 in last 6)
Max CCJs/Defaults (registered)	1	2	4
Discounted Rate	not available		
Nominal Rate ≥£30,000	9.50%	9.75%	9.95%
Nominal Rate <£30,000	11.25%	11.50%	11.70%
Property Type	A	A B	A B C
Loan Amounts	£10,000 - £200,000 (>£200,001 underwriter referral required)		
Term	7 - 30 years		
Minimum Valuation	£75,000		
Commission	0.25%		
Employed	accepted		
Self-employed / certification of income	not accepted		
Benefits/DWP paying First Charge	accepted		
Remortgage Purpose	any		

Any demerits will require a plausible explanation surrounding the circumstances detailed on the application form: reason for demerit; details leading up to the demerit, details of measures taken to rectify the situation which has/will break the cycle (evidence may be required); future circumstances which will ensure the situation isn't repeated. Proof may be required.

Interest Only
available on
all mortgages

Case outside criteria?
We'll always take a view!

Notes for Mortgages Qualifying Contracts residential properties with >40% immediate family occupancy. **Maximum Loan amount & LTV** includes broker fees. **Mortgages >£200,000** subject to underwriter approval. **A type** Standard construction houses and bungalows excluding ex-council. **B type** Standard construction ex-council houses and bungalows. Flats and maisonettes (up to maximum of 6 floors), and purpose built apartments that are not ex-council. **C type** All other property types, including ex-council flats and maisonettes, non-standard construction, defective, high rise flats, properties below £75,000 and any poor remarks on valuation, etc. **Bankrupts** Not accepted. **IVAs** Not accepted. **Product Features** Rate loadings may apply see overleaf. **Right to Buy** Not accepted. **Non-conforming lender as first charge** - must be with same lender for a minimum of 12 months. **Arrears** - cannot be last consecutive months, includes first or second charge arrears or a combination, and cannot be deducted from the redemption figure. **Explanations required** Satisfactory explanations are required in all cases for arrears and defaults/CCJs. **Self-certification proof** Not accepted. **LTVs** All LTVs are based on redemption figure. **Maximum LTV** may be reduced if there is more than a 10% difference between market value and the 90 day projected market valuation; a 'cash' valuation has been supplied or 'poor' is detailed on the valuation. Please refer to underwriters. **Address history** All clients must have a minimum of 3 years address history. **Responsible Lending** If a client is remortgaging or redeeming a second charge it must be in the client's best interests and to their benefit. **All other standard terms and conditions apply. See overleaf for more details.**

Demerit Points - Arrears, CCJs, etc.

CCJs and Defaults definitions (Defaults show as status 8 or D on the credit bureaux search)	Individual CCJs/Defaults				Cumulative CCJs/Defaults
	≤£300	>£300 and ≤£3,000	>£3,000 and ≤£5,000	>£5,000	Number in last 12 months >3
<2 years old unsatisfied	Ignore	1 Demerit	2 Demerits	Underwriter Approval	Underwriter Approval
Satisfied or >2 years old & unsatisfied	Ignore	Ignore	1 Demerit	1 Demerit	Underwriter Approval

Satisfactory explanation required for all CCJs, Arrears, Defaults.

Demerit points are defined as arrears, a CCJ or a Default. CCJs and Default definitions- see matrix. Current arrears are equivalent of 1 full calendar month payment. Arrears Demerit Points defined as the highest number of arrears in the last 12 months. Arrears to be cleared are defined as current arrears as detailed on the credit bureaux or confirmation from the mortgage lender at the time of completion. Maximum arrears is the total of the first and second charge arrears. Any CCJs or defaults that require an Underwriter Approval will count as a demerit.

Bypass Schemes

Valuation Bypass Schemes	Maximum Loan	Maximum LTV	Confidence Level	Property Types
Hometrack realtime valuation	£30,000	65%	4 or higher	A
Drive by valuations	£25,000	40%	n/a	A

Minimum property valuation £150,000. Maximum property valuation £350,000. Maximum loan & LTV inclusive of broker fees. Valuation Bypass Schemes not available for Shared Ownership, Buy to Let and semi-commercial properties. **Unacceptable Properties** Flats, maisonettes, apartments, new builds.

Notes for Bypass Schemes Bypass Schemes will be subject to audit controls and underwriter approval. (All maximum loans on Bypass Schemes are inclusive of broker fee). Must be used in conjunction with all other criteria. Part of our Risk Management Model requires that on a small percentage of Bypass Valuations a comparison between schemes will be conducted. Should this audit show a disparity between the valuations we may require a full valuation from a Panel Valuer, of which Cheshire Mortgage Corporation will meet 50% of the valuation costs.

Income and Expenditure Assessment

Employed/DWP accepted - (please see overleaf for further details) - minimum acceptable net income = £1,500

Affordability Assessment: Before submitting the case, the customer's affordability must be confirmed with a thorough review of their total income and expenditure. This must include a full assessment of their last 3 months bank statements. All income and expenditure must also have a plausibility verification applied, with any discrepancies being thoroughly investigated.

Shared Ownership Residential

	CMS:01	CMS:02
Max LTV based on Property Value	75%	70%
Max LTV based on Client's Share	100% (including all Broker, Lender & Solicitor fees)	
Loan Amounts	£10,000 - £200,000 (>£200,000 underwriter referral required)	
Maximum Demerits	1	2
Maximum Arrears (missed payments)	1 in last 12 months (0 in last 6)	1 in last 12 months (0 in last 6)
Maximum CCJs/Defaults (registered)	1	2
Discounted Rate	not available	
Nominal Rate ≥£30,000	9.50%	9.75%
Nominal Rate <£30,000	11.25%	11.50%
Property Type	A B C	
Term	7 - 30 years	
Minimum Valuation	£75,000	
Commission	0.25%	
Employed	accepted	
Self-employed/certification of income	not accepted	
Benefits/DWP paying First Charge	not accepted	
Available	Interest Only	

Any demerits will require a plausible explanation surrounding the circumstances detailed on the application form: reason for demerit; details leading up to the demerit, details of measures taken to rectify the situation which has/will break the cycle (evidence may be required); future circumstances which will ensure the situation isn't repeated. Proof may be required.

Shared Ownership & Key Worker Mortgages

100%

Up to 100% of buyer's share available
Many status profiles and property types accepted
Interest Only option

Notes for Shared Ownership

All other term loan underwriting criteria applies. Loan to Value = ((Property valuation x Percentage to be purchased by client) x by criteria) e.g. Property value = £150,000. Client's share of 50% = £75,000. Maximum mortgage = £75,000 at 100%. **Minimum Valuation** £75,000. **Mortgagee Protection Clause (MPC)** in favour of Cheshire Mortgage Corporation required on all mortgages or strictly subject to underwriter approval. Where fees are added to the loan advance MPC must cover the gross loan amount or fees, etc will be deducted. **Valuation Bypass Schemes** not allowed. **LTV** includes all fees. Maximum LTV is 75% based on market value. Rent reference required in all cases. Rent arrears accepted strictly by underwriter approval. All other standard conditions apply. Strictly subject to underwriter approval. **Remortgages - Strictly subject to underwriter approval.** Maximum LTV as plan with a Mortgagee Protection Clause (MPC), which must be included in the lease. LTV reduced to maximum 60% without an MPC, with underwriter approval. **Please see Shared Ownership notes overleaf.**

These plans and commissions supersede all previous packs, criteria, special plans and commissions including overrides. This information is for use by authorised intermediaries only and must not be distributed to potential borrowers.

Mortgages

Terms & Conditions

Acceptable Security

All property structures including land considered in England, Scotland and Wales. Minimum of 50 years + term of loan for leasehold properties. See plans for details.

Acceptance Fee

Included in LTV. Will be applied to all loans and mortgages. Please refer to Quick Quote Calculator.

Loan Amount	Fee
£10,000 - £19,999	£995
£20,000 - £29,999	£1,995
£30,000 - £200,000	£2,995

Then an extra £500 will be charged for each additional £50,000 banding.

Bankrupts/IVAs/CVAs

Not accepted.

Broker Fees

May be charged on all plans and must have been agreed with the client. Maximum Broker Fee that can be charged is the lower of 15% of the net loan or £5,000. Where the property valuation is >£500,000 or an audit valuation is required, these maximum amounts may be plus valuation costs, with underwriter approval. Proof of valuation cost will be required.

Client's Solicitors

If the mortgage is a purchase or mortgage is over £250,000, solicitors must act for the client. All solicitors acting for clients must have 3 or more partners within the practice, with a Law Society membership of 5 years or more.

Commissions

Maximum commission and packager allowance per case is £2,000. NOTE: This does not include the broker fee. Commissions are paid on the loan advance (not including Payment Protection or fees). Commissions may be reduced for shorter term loans. See plans for Buy to Let.

Early Repayment Charges

Mortgage redemptions will be calculated as a percentage of the initial balance for the first 8 years of the term being 6,6,6,5,4,3,2,1.

Ex-council Properties

Scotland - we do not lend on ex-council properties in Scotland within the pre-emption period. England & Wales - ignore all pre-emption. We may also take into account any future costs or service charges that the applicant will be liable for and reduce the LTV accordingly. Also see property type list on plans.

Ground Rent and Service Charges

When the security is a leasehold property we will require confirmation in writing from any freeholder that all ground rent and service charges are paid and up to date. Where there are arrears these will need to be cleared from the advance and we will need written authority from the applicant(s) that they understand and authorise them to be disbursed from the loan.

Any significant service or ground rent arrears may be considered when assessing the customer's affordability of the new loan with us, and where there are concerns the loan may be rejected.

Income Calculation

For cases that are submitted to Cheshire Mortgage Corporation the total debt to income is also assessed. This calculation is in addition to the standard income calculation and takes the applicant's net income/take home pay minus all other outgoings including unsecured credit and household expenditure. Please ensure that the Declaration of Income and Affordability is completed in full with all outgoings declared. All income and outgoings will be assessed for plausibility and affordability; if we believe that either of these cannot be achieved we reserve the right to reject the case.

Income Proof

Income proof is required for all applicants in all cases.

Minimum employment period with the same company is 1 year. (References may be required). **Employed** - if monthly paid, 2 payslips dated within the last 3 months; if weekly paid, 4 payslips dated within the last 2 months. Additional income may be considered with proof.

Self-employed - not accepted.

DWP - declaration of income and affordability with proof required.

Board and Lodgings - not accepted.

All income and outgoings will be assessed for plausibility and affordability. If we believe that either of these cannot be achieved we reserve the right to reject the case. If the term of the loan exceeds the client's retirement age then a full assessment of affordability into retirement income is required as the client must be able to afford the payments.

Loan to Value (LTV)

LTVs based on market value or purchase price whichever is the lower. Shared Ownership properties are based on market value multiplied by client's share.

Loan Terms

7 to 30 years.

Maximum Age

The loan term should end before the applicants 80th birthday. If the loan extends beyond the applicants 65th birthday or the applicant has retired then a provable sufficient level of income to cover the repayments over the whole term of the loan must be provided.

If the loan has more than one applicant and during the term of the loan any of the applicants will exceed 65 years of age then we will require proof of the amount and term of the applicant's life cover. This amount as a minimum should be sufficient to clear the full amount of the loan and the highest amount of any early repayment charges.

Maximum Loan Amount

Includes loan amount, all insurances and all fees.

Proofs of Name, Signature, Residency and Address

We recommend you submit a **Passport/Driving Licence**, along with a **Council Tax/Utility Bill/Bank Statement** for each applicant. This will cover all aspects of our requirements for Proof of Name and Signature, Proof of Residency/Address.

Identification

As part of 'know your customer' we will conduct Electronic Identification and Credit Searches. Should any information become apparent we may need to carry out further investigations which may need the broker's assistance. (Please refer to 'Identification' in General Underwriting and Processing Guide.)

Proof of Residency and Address

This is required in all cases for each of the applicant's main residences in the form of a council tax bill, utility bill (Gas, Electricity, Water or Land Line Telephone) or bank statement.

We will require the utility bill or bank statement to be dated within the last three months and a council tax bill to be dated within the current tax year. Online bank and online utility statements are NOT acceptable as Proof of Residency/Address. Joint statements or bills may only be used for ONE applicant, and the other applicant must provide additional Proof of Residency/Address. Both applicants may provide bank statements.

Self-build Properties & Developments

Each case considered on its own merits. Strictly by underwriter approval only. Must have NHBC, Zurich or Premier Guarantee to accompany Architect's Certificates.

Shared Ownership Properties

No Bypass Schemes accepted. For purchases a draft lease will be required which must include a Mortgagee Protection Clause (MPC). If there is no MPC then LTV is restricted to 60% of the client's share. Term loans and mortgages are subject to all approval conditions of the Housing Association. Once the lease has been reviewed your underwriter will provide you with a list of requirements to complete the case. Strictly subject to underwriter approval.

Solicitor's Costs

Solicitor's costs are payable for all advance and purchases. They include VAT where applicable. Please refer to Quick Quote Calculator.

Loan	Amount Fee
>£0 - £25,500	£100
£25,501 - £35,000	£125
£35,001 - £45,000	£175
£45,001 - £55,000	£200
£55,001 - £75,000	£275
£75,001 - £100,000	£350
£100,001 - £150,000	£450

Then an extra £50 will be charged for every additional £50,000 to a maximum of £1,170 (£975 +VAT).

All purchases £500.

Solicitors to Witness and Advise

Up to £100,000 not required. Required on certain cases, e.g. loans >£100,000, clients of state pensionable age, parent and child borrowers, etc. Independent legal advice will be required if the loan is for business purposes and for a married couple where the business only relates to one of the applicants. All solicitors acting for clients must have 3 or more partners within the practice, with a Law Society membership of 5 years or more. If the client's solicitor does not fulfil these requirements please refer to the underwriter. Please refer to the General Underwriting and Processing Guide for more information.

Telegraphic Transfer

£30 fee.

Title Deeds

The Title Deeds to the property are always required when lending on a first charge unencumbered property in Scotland. Matrimonial Homes Affidavits must be obtained on all first charges where the applicant is single, divorced or widowed. This must be witnessed by a solicitor or notary public.

Title Insurance

Paid by client and added to the advance.

Loan Amount	Fee
>£0 - £25,500	£0
£25,501 - £75,000	£150
£75,001 - £150,000	£175
£150,001 - £500,000	£195
£500,001 - £550,000	£250

Then an extra £50 will be charged for every additional £50,000.

Underwriter Referral

Required if valuation <£75,000 or is a 'C' type property, semi-commercial, bridging finance, or the loan >£200,000.

Valuations

Must be dated within the last 2 months. **Residential Valuation Panel** is available from your Business Development Executive. All valuers must be based within a 15 mile radius of the property. A specific valuer is required in some of the postcode areas surrounding London. Audit valuations may be required if the loan amount is >£50,000, LTV >60% or property value is >£500,000 or a Valuation Bypass Scheme has been used. All property valuations of £1 million or more are strictly subject to underwriter approval. We will contact any valuers or other appropriate sources regarding the valuations of a property. Should any further information be discovered which is not reflected in the valuation or may have a detrimental effect on the value of the property, we reserve the right to reduce the loan amount or decline the case.

We require original valuations with no amendments. If amendments have been made we require all previous versions and the case will be referred and is strictly subject to Credit Committee approval.

For Sale Details: If the property is currently for sale with an estate agent, please supply a copy of the sales particulars. The Market Valuation and projected 90 day Market Valuation should not have more than a 10% difference between them. If the difference is >10% then an underwriter approval is required.

MORTGAGES

Interest Only & Capital Repayment

You can offer Interest Only or Capital Repayment.

PLEASE REFER TO GENERAL UNDERWRITING & PROCESSING GUIDE FOR FURTHER DETAILS.

All fees include VAT where applicable.

Please note: Cases will be reviewed by the Fraud Committee for the purpose of identifying potential fraud. This will include income and valuation fraud. Should in our opinion any case you present be deemed to be fraudulent, the case will be rejected and action taken by the Fraud Committee, which will ultimately result in your Accreditation being revoked.

Help us to help you

To ensure you contact the department you need we have devised this list of 'useful numbers'. Please refer to it before contacting us so that you will access the department to suit your requirements. Many thanks!

New Enquiries & In Principle Decisions Team

Call: 0844 873 4180
Fax: 0844 873 4181
Email: applications@cheshiremortgage.co.uk

Underwriting Relationship Managers

Call: 0844 873 4178
Fax: Pre Offer - 0844 873 4179
Fax: Post Offer - 0844 873 1696
Email: theintroductioncentre@cheshiremortgage.co.uk

Visit our websites at www.cheshiremortgage.co.uk or www.brokervenue.co.uk