

Your guide to **commercial bridging finance**

# PROGRESSIVE BRIDGING FINANCE



## Core Products & Criteria

New

**3 Month Discount Bridge** - from 0.75%

**6 Month Discount Bridge** - from 1.2%

**Early Payment Plan** - payment rate of 0.725% for 3 months

**Standard Bridge** - 1.45%

Up to 80% LTV available and up to 100% with additional security

Exit fee from 0%

Terms up to 24 months

Unique in providing both first and second charge bridging finance - in all market sectors

**Many status profiles** accepted

Demerit points accepted on most plans

**Many income sources** accepted

Employed, self-employed, additional income, will lend to Limited & Offshore Limited Companies, LLP, Charities and Trusts, Sole Traders, Partnerships

**Many property types** accepted including land

Can cross charge any number of properties

**24 hour completions** possible

**Competitive rates**, with no rate loadings

**Instant decisions** with same day offers available

July 2010



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CORPORATION

progressive commercial finance

# Commercial Bridging Finance & Short Term Funding

## Bridging Finance & Short Term Funding Commercial Properties

This criteria matrix is for guideline purposes only, please refer to term plans for relevant maximum loan amount and number of demerits. If the case is outside of the term loan criteria 'we will always take a view'. Please email the enquiry form, with an out of plan assistance form, along with any other information to the fax number on the form.

	LBD:01	LBD:02	LBE:01	LBS:01
	3 Month Discount Bridge	6 Month Discount Bridge	Early Payment Plan	Standard Plan
	Initial rate paid for 3 months, then rate increased for the remainder of the term		Initial rate paid for 6 months, then rate increased for the remainder of the term	
	Up to 80%		Up to 70%	
Maximum LTV	Up to 80%			
Demerit Points	from 0 to 6			
Loan Amount	£26,000 - £1,000,000			
Terms	12 - 24 months			
Minimum Term	3 months	3 months	1 month	1 month
Monthly Rate	0.75%	1.20%	1.45%	1.45%
Rate increase after initial period	+ 1.00%	+ 0.55%	n/a	n/a
Monthly Interest Accrual	n/a	n/a	0.725%	n/a
Acceptance Fee	2%	2%	1%	1%
Broker Fee	Can be applied			
Exit Fee	1.35%	0%	1.45%	
Packager Allowance	1%			
Stage Funding	Available. Please discuss with underwriter.			

**100% Funding available with additional security**

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

### OPTIONS AVAILABLE

- ✓ First Charges
- ✓ Second Charges
- ✓ Cross Charges
- ✓ Interest Roll-up
- ✓ Deferred Payments
- ✓ Payment Deduction
- ✓ Stage Payments

#### Notes for Bridging Finance

All other term loan underwriting criteria applies. All Loan to Values & maximum advance strictly subject to underwriter approval. Underwriter will discuss valuation with surveyor before completion. Loans >£200,000 by underwriter approval. Up to 100% funding available. Higher LTVs considered dependent on the merits of the case or for those who have a proveable exit route. Property Type All commercial and semi-commercial property types, construction type or usage, including land, with or without planning permission. Qualifying Contracts Loans, purchases and remortgages with <40% immediate family residential occupancy. Any Status Sole traders, partnerships, limited companies, pension funds. Bankrupts discharged more than 1 year and IVAs with satisfactory conduct more than 1 year accepted. Arrears cannot be last consecutive months, includes first or second charge arrears or a combination, cannot be deducted from the redemption figure. Explanations required Satisfactory explanations are required in all cases for arrears and defaults/CCJs. Early Payment Plan strictly by underwriter approval only. Account Management Should the client wish to extend the loan period a renewal fee of 5% of the gross outstanding balance is payable. If an Early Payment Plan is taken, payments will be required on renewal. Other plans only available on renewal with underwriter agreement. Difficult and unusual cases dependent on the merits of the case. An account management fee of 0.25% may be applied if the account accrues arrears. 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. Plausible explanations and proof may be required.

#### Commercial Loan to Values

Higher LTVs considered on the merits of the case. Additional security accepted on all cases.

DMV: Market Value (The market value subject to a Special Assumption of a defined marketing (DMV) period of 90 days with vacant possession) EUV: Existing Use Value. Underwriter will discuss the valuation with the surveyor before completion.

#### Commercial Loan to Value Guidelines

Maximum LTVs based on 90 day DMV/EUV vacant possession (or equivalent), or purchase price in some instances dependent on the overall merits of the case. Bricks and mortar valuation only. Valuations are valid for a maximum of 3 months. MV and 180 day DMV/EUV may be considered dependent on the merits of the case, e.g. security, status, LTV, etc.

#### Accepted Property Types

Buy to Let Portfolios  
Commercial Investment Property  
leased industrial/manufacturing/wholesale/ office units  
Equestrian Centres and House  
Hotels/Bed and Breakfast  
Land  
Leisure Premises  
Licensed Premises  
pubs, wine bars, social and political clubs, etc  
Lock-up Garages  
Residential/Multi-let  
Residential Care/Day Care/Nursing Homes

Restaurants Retail Units  
Warehouse/Light Industrial Units  
Working Farms & Farmhouses

#### Considered on Merit

Non-standard construction properties, lower value properties, petrol stations, property portfolios, vacant investment properties, amusement parks, golf courses, private clubs, discotheques, night clubs.

### Your Notes

# Bridging Finance & Short Term Funding

## Terms & Conditions

### Accepted

Sole traders, partnerships, limited companies, pension funds, self-employment with proof.

### Acceptance Fee

Not included in LTV. Will be applied to all loans and mortgages. Please refer to Quick Quote Calculator.

### Acceptable Security

All property structures including land, with or without planning permission, and developments considered in England, Scotland and Wales. Minimum of 50 years + term of loan for leasehold properties. See plans for details. If the case is on an interest only basis and to be secured on a leasehold property typically a minimum of a 99 year lease will be required.

### Bankrupts/IVAs/CVAs

See plans. It may be possible to clear the IVA/bankruptcy/CVA by underwriter referral.

### Bridging Finance & Short Term Funding

Please provide details of how the capital will be repaid at the end of the term.

### Broker Fees

May be charged on all plans and must have been agreed with the client.

### Commercial & Buy to Let Portfolio/Semi-commercial Loans

**Unregulated Loans.** Where the loan is secured on property and, at the time the agreement is entered into, **40% or less will be occupied by the customer (or a member of the customer's immediate family) the loan will be unregulated.** The loan is exempt from CCA Regulation and no consideration period is required. This includes loans (irrespective of the amount) that are secured on Buy to Let, semi-commercial and commercial property. It is imperative that before issuing any documentation the percentage occupancy of the property is acquired as this affects the legal documentation.

### Commissions

Maximum commission and packager allowance per case is £1,000. Commissions are paid on the loan advance (not including Payment Protection or fees). You should disclose a monetary amount of the commission you will earn to the customer and hold confirmation on file.

### Development Finance/Self Build

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

### Income Calculation

For cases that are submitted to Lancashire Mortgage Corporation the total debt to income is also assessed. 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.

### Early Payment Plan (EPP)

Early Payment Plan is for an initial 3 months period. For the term of the EPP period 50% of the payment is required. The other 50% rolls up onto the loan balance. The recalculated balance will then need to be redeemed at the end of the term. Strictly subject to Underwriter Approval.

### Income Proof

**Income proof is required for all applicants in all cases.**

**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 provided with proof.

**Self-employed/Corporate Entity (Limited Company, LLP, etc.)** - We require a "declaration of income and affordability" and 2 strong income proofs of self-employment, e.g. Trade Invoice, 715 or SC60 certificate, VAT or Inland, Accountants reference, inland revenue correspondence etc. In addition we also require either an acceptable Accountants Reference (this is compulsory should the applicant be declaring more than £5,000 net income per month or have been trading for more than 3 years) or 3 months business/personal bank statements.

**An Accountants reference** must include the applicant's:

- Nature of business/trade.
- Trading Name.
- Most recent financial year's profits, with a projection for the forthcoming year.
- Drawings and a projection for the forthcoming year.
- The accountants opinion as to whether the client can afford the monthly repayment of (€xxx.xx monthly payment).

This reference letter will be accepted as one of the proofs of self-employment, but a further strong proof will also be required.

**Personal/Business Bank Statements** must show their declared income being credited to the account. An affordability verification will also be conducted. Two further strong proofs of self-employment will also be required.

**Property Professionals and Landlords** Assured Shorthold Tenancy agreement (or Agent Assessed Rental income) or lease with a 'Rental Income Schedule' to detail all properties and rental income in the portfolio. This can be obtained from your underwriter or Business

Development Executive.

**Responsible lending** - Accounts and projections may be required and further information, such as other indebtedness may be taken into account when assessing affordability. Personal guarantees and debentures will be required for loans to Corporate Entities.

### Maximum Age

The loan should end on or before the client's 80th birthday. (maximum term may be restricted for applicants of state pensionable age). If the term of the loan exceeds the client's retirement age we will require a letter from the client detailing their future plans and then a full assessment of affordability into retirement income is required as the client must be able to afford the payments.

### Maximum Loan Amount

Includes loan amount, all insurances and all fees.

### Personal Guarantees

These will be required in cases where the case is for a corporate entity (eg. limited company, LLP, Pension Fund, etc) and not an individual.

### Purpose

Any legal purpose is accepted. This must be clearly detailed on the Application/Enquiry form.

### Renewal

At the end of the term, the loan may be renewed by approval with a 5% renewal fee being incurred.

### Solicitors

The client will need to arrange and pay for their own independent legal representation, as well as the lender's legal costs, if:

- The transaction is a purchase
- There is a transfer of equity
- The property is not in England or Wales
- The case is for a corporate entity (e.g. limited company, LLP, Pension Fund, etc) and not an individual
- The loan amount is >£150,000

**Client Solicitors** 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 underwriter.

### Solicitor's Costs

Charged on all cases and include VAT where applicable. Please refer to Quick Quote Calculator. On difficult, unusual cases and multiple securities solicitor's costs will be charged dependent on the merits of the case.

Amount of Advance	Fee
≥£0	£588
≥£100,000	0.58750%

### Telegraphic Transfer

£30 Fee.

### Title Insurance

Paid by client and added to the advance.

Loan Amount	Fee
>£0	£250
£100,001 - £200,000	£350
£200,001 - £300,000	£450
£300,001 - £400,000	£550
£400,001 - £500,000	£650
£500,001 - £600,000	£750
£600,001 - £700,000	£850
£700,001 - £800,000	£950
£800,001 - £900,000	£1,050
£900,000 +	by referral

### Underwriter Referral

Required if valuation is <£50,000 or is a 'C' type property, bridging finance, or the loan >£500,000. Required for properties valued at >£500,000. Required for Development Finance.

### Valuations

Must be dated within the last 2 months.

**Commercial Valuation Panel** is available from your Business Development Executive. All property valuations of £1 million or more are strictly subject to underwriter approval. For all cases >£500,000 or property value >£500,000, two valuations may be required. 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. The surveyor must be within 15 miles of the property (unless by prior agreement with your underwriter). Please ask your Business Development Executive for a copy of the current valuation panel before instructing a valuation. 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. **For Sale Details:** If the property is currently for sale with an estate agent, please supply a copy of the sales particulars.

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 4150  
Fax: 0844 873 4151  
Email: [applications@lancashiremortgage.co.uk](mailto:applications@lancashiremortgage.co.uk)

### Processing Team

Call: 0844 873 4153  
Fax: 0844 873 4154  
Email: [processingteam@lancashiremortgage.co.uk](mailto:processingteam@lancashiremortgage.co.uk)

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