

Guarantor Mortgage Product Guide

For new mortgage accounts from 01.05.10

- Full Liability Guarantor Products
- Limited Liability Guarantor Products



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



FOR INTERMEDIARY USE ONLY

These rates are for intermediary use only and do not include APRs which consumers need when selecting a mortgage product. This product guide should not be shared with customers. Details of our APRs can be found when applying for the product from your mortgage sourcing system.

Full Liability Guarantor Products

Purchase/Remortgage	Product	Product Code	Description	Initial Rate	Followed by The Mortgage Works Managed Rate (Issue 4) for the remainder of the mortgage term, currently:	Maximum Loan to Value	Arrangement Fee	Non-refundable booking fee payable on application	Early Repayment Charge
2 Year Fixed									
Purchase	2 Year Fixed	GF2018	Fixed until 31/07/2012	3.49%	4.99% variable	75%	2.00% of loan amount (min £595)	£99	5% during fixed rate period*
		GF2019		3.99%			1.00% of loan amount (min £595)		
		GF2022		4.49%		80%	2.00% of loan amount (min £595)		
		GF2023		4.99%			1.00% of loan amount (min £595)		
		GF2025		5.59%			1.00% of loan amount (min £595)		
Remortgage	2 Year Fixed	GF2020	Fixed until 31/07/2012	3.89%	4.99% variable	75%	2.00% of loan amount (min £595)	£99	5% during fixed rate period*
		GF2021		4.39%			1.00% of loan amount (min £595)		
		GF2024		5.39%		85%	1.00% of loan amount (min £595)		
		GF2026		6.09%			1.00% of loan amount (min £595)		
3 Year Fixed									
Purchase	3 Year Fixed	GF3012	Fixed until 31/07/2013	4.49%	4.99% variable	75%	2.00% of loan amount (min £595)	£99	5% during fixed rate period*
		GF3013		4.79%			1.00% of loan amount (min £595)		
		GF3014		5.14%		85%	None		
		GF3016		6.09%			None		
Remortgage	3 Year Fixed	GF3015	Fixed until 31/07/2013	5.19%	4.99% variable	75%	1.00% of loan amount (min £595)	£99	5% during fixed rate period*
		GF3018		6.29%		85%			
2 Year Tracker									
Purchase	2 Year Tracker	GF7019	BBR+1.99% until 31/07/2012	2.49%	4.99% variable	75%	2.00% of loan amount (min £595)	£99	3% until 31/07/2012*
		GF7013	BBR+2.49% until 31/07/2012	2.99%			1.00% of loan amount (min £595)		
		GF7016	BBR+3.29% until 31/07/2012	3.79%		80%	2.00% of loan amount (min £595)		
		GF7017	BBR+3.79% until 31/07/2012	4.29%			1.00% of loan amount (min £595)		
Remortgage	2 Year Tracker	GF7014	BBR+2.19% until 31/07/2012	2.69%	4.99% variable	75%	2.00% of loan amount (min £595)	£99	3% until 31/07/2012*
		GF7015	BBR+2.69% until 31/07/2012	3.19%			1.00% of loan amount (min £595)		

Guarantor Mortgage 01.05.10

Loan amount	Maximum LTV
(unless otherwise stated)	
£500,000	85%

Product	Standard Procurement fee
Guarantor	0.33%

***10% of the balance outstanding can be repaid each year without incurring an Early Repayment Charge. The capital repayment allowance cannot be accrued year-on-year.**

This allowance is not available if the whole loan is being repaid, i.e. it is only available for partial repayments.

Paper based applications only.

Rates are only secured once a full application and fee have been received.

Limited Liability Guarantor Products

Guarantor Mortgage 01.05.10

Purchase/Remortgage	Product	Product Code	Description	Initial Rate	Followed by The Mortgage Works Managed Rate (Issue 4) for the remainder of the mortgage term, currently:	Maximum Loan to Value	Arrangement Fee	Non-refundable booking fee payable on application	Early Repayment Charge
2 Year Fixed									
Purchase	2 Year Fixed	GL2027	Fixed until 31/07/2012	3.99%	4.99% variable	75%	2.00% of loan amount (min £595)	£99	5% during fixed rate period*
		GL2028		4.64%			£895 (Maximum loan £250,000)		
		GL2029		4.99%			None		
		GL2030**		5.19%		80%	2.00% of loan amount (min £595)		
		GL2032		5.34%			£895 (Maximum loan £250,000)		
		GL2033		5.69%			None		
		GL2034		5.99%		85%	£895 (Maximum loan £250,000)		
		GL2035**		6.19%			None		
		GL2037		6.24%			None		
GL2038	6.59%								
Remortgage	2 Year Fixed	GL2031	Fixed until 31/07/2012	4.99%	4.99% variable	75%	£895 (Maximum loan £250,000)	£99	5% during fixed rate period*
		GL2036		5.99%		80%			
		GL2039		6.95%		85%			
3 Year Fixed									
Purchase	3 Year Fixed	GL3014	Fixed until 31/07/2013	4.99%	4.99% variable	75%	2.00% of loan amount (min £595)	£99	5% during fixed rate period*
		GL3015		5.44%			£895 (Maximum loan £250,000)		
		GL3016		5.69%			None		
		GL3017†		5.99%		85%	£895 (Maximum loan £250,000)		
		GL3019		6.34%			None		
		GL3020		6.59%					
Remortgage	3 Year Fixed	GL3018	Fixed until 31/07/2013	5.89%	4.99% variable	75%	£895 (Maximum loan £250,000)	£99	5% during fixed rate period*
5 Year Fixed									
Purchase	5 Year Fixed	GL1902	Fixed until 31/07/2015	5.99%	4.99% variable	75%	£895 (Maximum loan £250,000)	£99	5% during fixed rate period*
2 Year Tracker									
Purchase	2 Year Tracker	GL7010	BBR + 2.49% until 31/07/2012	2.99%	4.99% variable	75%	2.00% of loan amount (min £595)	£99	3% until 31/07/2012*
		GL7011	BBR + 3.19% until 31/07/2012	3.69%			£895 (Maximum loan £250,000)		
		GL7012	BBR + 3.49% until 31/07/2012	3.99%			None		
		GL7014	BBR + 3.79% until 31/07/2012	4.29%		80%	2.00% of loan amount (min £595)		
Remortgage	2 Year Tracker	GL7013	BBR + 3.44% until 31/07/2012	3.94%	4.99% variable	75%	£895 (Maximum loan £250,000)	£99	3% until 31/07/2012*

Loan amount	Maximum LTV
(unless otherwise stated)	
£500,000	85%

Product	Standard Procurement fee
Guarantor	0.33%

***10% of the balance outstanding can be repaid each year without incurring an Early Repayment Charge. The capital repayment allowance cannot be accrued year-on-year.**

This allowance is not available if the whole loan is being repaid, i.e. it is only available for partial repayments.

Paper based applications only.

Rates are only secured once a full application and fee have been received.

**Product includes £500 cashback.

†Product includes £1,000 cashback.

Lending Criteria

Guarantor Mortgage 01.05.10

Summary

	Full Liability	Limited Liability
Guarantor Liability	The Guarantor(s) is liable for the entire debt (as defined in the Mortgage Conditions), should the Borrower default on their mortgage payments.	The Guarantor's liability is limited to the Borrower's shortfall (up to a maximum of 30%) expressed as a fixed % of the debt (as defined in the Mortgage Conditions), plus a further 10% of the debt, should the Borrower default on their mortgage payments.
Key Responsibilities	Guarantor(s) agrees unconditionally to: <ul style="list-style-type: none"> Undertake payment, on demand, of any sum under the Mortgage or Mortgage Conditions (together with interest thereon) whenever the Borrower defaults. 	Guarantor(s) agrees unconditionally to: <ul style="list-style-type: none"> Undertake payment, on demand, of any sum under the Mortgage or Mortgage Conditions (together with interest thereon) whenever the Borrower defaults, which amount will not exceed the Guarantor's liability.
Applicant Liability	Applicants remain fully liable for the entire debt in the first instance.	As per Full Liability.

General

	Full Liability	Limited Liability
Borrower Type	Full Status residential mortgages for First Time Buyers (FTBs), Second Time Buyers & Remortgage customers.	As per Full Liability.
Ineligible Cases	<ul style="list-style-type: none"> Where applicant is purchasing under Right to Buy and is in receipt of Housing Benefit. Shared Ownership. Equity share. Where the Security is unsatisfactory. Properties in Northern Ireland Non owner occupied dwellings including BTL. 	As per Full Liability.
Loan Purpose	Purchase or Remortgage in England, Wales & mainland Scotland, owner occupier premises only.	As per Full Liability.
Term	Minimum: 5 years Maximum: 40 years	As per Full Liability.
Maximum LTV	85%	As per Full Liability.
Minimum Loan	£25,001	As per Full Liability.
Maximum Loan	£500,000 (unless otherwise stated)	As per Full Liability.
Portability	Allowed on the basis that the transfer must be simultaneous and that the mortgage is for the same or a greater amount. Acceptable if for any lesser amount providing any ERC is paid. Subject to meeting the Company's lending criteria at the time of obtaining the new mortgage.	As per Full Liability.
Further Borrowing	May be considered after a minimum of six full consecutive monthly payments have been made. Further advances subject to revaluation in all instances. The minimum amount for further advances is £2,500 (unless otherwise stated).	As per Full Liability.
Capital Repayment allowance	10% capital repayment without paying an Early Repayment Charge. The capital repayment allowance cannot accrue year on year. The allowance is not available if the whole loan is being repaid or security released.	As per Full Liability.
Repayment method	Available as interest only, capital repayment or a combination of the two. A mortgage repayment vehicle must be in place in cases of interest only.	As per Full Liability.
Higher Lending Charge	No Higher Lending Charge on any product.	As per Full Liability.

Lending Criteria continued.

Guarantor Mortgage 01.05.10

Applicant(s)

	Full Liability	Limited Liability
Max no. of Applicants	2	As per Full Liability.
Minimum age	18	As per Full Liability.
Maximum age	75 at loan maturity.	As per Full Liability.

Guarantor(s)

	Full Liability	Limited Liability
Maximum number of Guarantors	2 (Income will only be considered from highest earner).	As per Full Liability.
Minimum age	25	As per Full Liability.
Maximum age	75 at loan maturity.	As per Full Liability.
Acceptable Guarantors	<ul style="list-style-type: none"> (i) A close family member or someone with a close long-term relationship to the applicant (former spouses will not be accepted). (ii) Live in and derive income from the UK. (iii) Prepared to cover outstanding mortgage payments on request. (iv) Cannot guarantee more than one mortgage account. 	<ul style="list-style-type: none"> (i) As per Full Liability. (ii) As per Full Liability. (iii) Prepared to cover outstanding mortgage payments on request, up to the specified liability. (iv) As per Full Liability.
Other requirements	<ul style="list-style-type: none"> (i) The Guarantor(s) must take independent legal advice by a solicitor not associated with the applicant. The solicitor must also be from TMW's panel of solicitors, and must explain face-to-face the effect, nature and consequences of the guarantee and their liability under it. (ii) Deed of Guarantee should be signed by the Guarantor and witnessed by a non-relative of the Borrower or Guarantor. It must also be signed by the solicitor confirming independent legal advice has been given and the Guarantor fully understands the ramifications & effect of such. (iii) Guarantor should promptly notify TMW of any changes to their address/contact details post-completion. 	<ul style="list-style-type: none"> (i) The Guarantor(s) must take independent legal advice by a solicitor not associated with the applicant. The solicitor must also be from TMW's panel of solicitors, and must explain face-to-face the effect, nature and consequences of the guarantee and their limited liability under it. (ii) Deed of Limited Guarantee should be signed by the Guarantor and witnessed by a non-relative of the Borrower or Guarantor. It must also be signed by the solicitor confirming independent legal advice has been given and the Guarantor fully understands the ramifications & effect of such. (iii) As per Full Liability.
Transfer of equity	TMW's transfer of Equity terms and conditions will apply for Guarantor release, Guarantor substitution and Guarantor addition.	As per Full Liability.

Employment Requirements

	Full Liability	Limited Liability
Employed	Minimum employment period 12 months and not in probationary period.	As per Full Liability
Self employed	Minimum trading period for self employed 2 years.	As per Full Liability

Lending Criteria continued.

Guarantor Mortgage 01.05.10

Affordability (Please use the Affordability Calculator available on www.themortgageworks.co.uk)

	Full Liability	Limited Liability
Summary	Guarantor(s) must be able to show they can afford at least 100% of the mortgage, not just part of it, in addition to their existing commitments.	Applicant(s) must be able to afford at least 70% of the loan amount on application. In addition to the Guarantor's existing commitments, on application they must be able to afford the shortfall (up to a maximum of 30% of the debt) plus a further 10%.
Acceptable income	<ul style="list-style-type: none"> • Employed Income (including 50% of regular overtime, bonus, and regular income from commission). • Self Employed Income (Net profit as sole trader or share of net profit as partner; and Director's remuneration/dividends (when owning >20% shareholding). • Pension • Maintenance (conditions apply)* • State Benefits (conditions apply)* • Investments • Rental Income from unencumbered properties. 	As per Full Liability.
Lending into Retirement	If the Applicant(s) and/or Guarantor will retire before the end of the mortgage term, a plausible explanation is required to establish how they plan to meet their obligations during retirement. If the Applicant(s) and/or Guarantor is less than 5 years from retirement at the time of the application is made, proof of anticipated income is required.	As per Full Liability.
Acceptable Deposit	(i) Saved Deposit. (ii) Gifts - non-interest bearing and non-refundable.	As per Full Liability.
Guarantor Deposits	<ul style="list-style-type: none"> • Acceptable as long as not given in the form of a loan to be repaid with interest and a specific repayment date. • The Guarantor will be asked to provide a letter confirming that the deposit is being given as a gift, that no interest will be payable on this sum and that they do not expect to have any financial interest in the property. • The Guarantor must declare the amount they are guaranteeing if they apply for a personal mortgage on their own behalf and it will be treated as if the loan were actually their own i.e. it will be deducted from the amount they can borrow based on their income. 	As per Full Liability.
Vendor Cash Back	The total value of incentives will be deducted from the purchase price. LTV will be based on the lower of the reduced purchase price, or the value.	As per Full Liability.

*Maintenance and/or State Benefits will not be accepted if it represents the sole income.

References Checklist

	Full Liability	Limited Liability
Employed	Income verification as follows for earnings from employment; <ul style="list-style-type: none"> • PAYE basic only – latest payslip. • PAYE with overtime / commission – latest 3 payslips or 1 payslip plus P60. • PAYE bonus – last P60. • 3 months' bank statements (to illustrate conduct of credit performance). 	As per Full Liability
Self employed	Income verification as follows for earnings from self employment; <ul style="list-style-type: none"> • 3 months' business bank statements (to illustrate conduct of credit performance). • Last 2 years' accounts from a suitably qualified accountant. • TMW reserve the right to obtain an Accountants' Letter of Serviceability. 	As per Full Liability
Other income	<p>Pensions</p> <ul style="list-style-type: none"> • Copy of latest annual statement from Benefits Agency for state pension, or a copy of the latest annual statement for private pension or Company pension. For all types of pension, receipt of one month's pension from up-to-date Bank statements. <p>Rental Income</p> <ul style="list-style-type: none"> • Signed tenancy agreement, and receipt of one month's rental income from up-to-date Bank statements. <p>Maintenance</p> <ul style="list-style-type: none"> • Receipts of maintenance from at least 12 months of up-to-date Bank statements, plus any court ordered or CSA documentation. <p>State Benefits</p> <ul style="list-style-type: none"> • Receipt of one month's State Benefit income from up-to-date Bank statements, and documentation held that confirms the benefit will be paid for the foreseeable future. 	As per Full Liability

Lending Criteria continued.

Valuation fees

(including non refundable £150 application fee)

Purchase Price or Valuation (whichever is higher)	Standard Valuation Fee†	Including Homebuyers Report‡
Up to £100,000	£365	£450
£100,001 – £150,000	£390	£535
£150,001 – £200,000	£430	£620
£200,001 – £300,000	£490	£720
£300,001 – £400,000	£555	£820
£400,001 – £500,000	£615	£930
£500,001 – £600,000	£695	£975
£600,001 – £700,000	£755	£1,035
£700,001 – £800,000	£795	£1,115
£800,001 – £900,000	£865	£1,200
£900,001 – £1,000,000	£910	£1,275
£1,000,001 – £1,250,000	£1,125	By Arrangement
£1,250,001 – £1,500,000	£1,275	By Arrangement
£1,500,001 – £1,750,000	£1,475	By Arrangement
£1,750,001 – £2,000,000	£1,675	By Arrangement
Over £2,000,000	By Arrangement	

†The total amount payable includes a non refundable £150 application fee.

Valuation policy

- Where a valuation for mortgage purposes is subcontracted to a panel of chartered surveyors, we make the same charge for the mortgage valuation or Homebuyers survey and valuation in accordance with the above table as we do when using a staff valuer. The difference between the table charge, excluding application fee, and that which the company pays the panel valuer covers The Mortgage Works' administration costs.
- Re-valuation fees for further advances - 50% of the valuation fee (excluding application fee), rounded down to the nearest pound.
- Re-inspection fee – £100.
Transcribe fee – £210 (includes a non refundable £150 application fee).
- Transcribed valuations are not normally acceptable, except on purchase applications in Scotland where no fee is payable and the following conditions will apply:
 - The valuation must have taken place prior to submitting the application
 - The valuation must have taken place in the last three months
 - The valuer providing the transcription must be the individual who prepared the original Home Report or inspected the New property
 - The Home Report must have a pre-existing "generic mortgage panel" report within it
 - When the valuation figure is the result of a 'refresh' (update) of the original Home Report, it must be based on a further internal inspection that has taken place within the last 90 days
 - Only one refresh will be permitted
 - The inspection of the original Home Report must have taken place no more than 9 months ago
- A restricted panel of valuers are acceptable for purchases of property in mainland Scotland; please contact us for details.
- New build properties (where acceptable): Valuers will be instructed to provide a valuation of the property based on a second hand value.
- The valuation report and figures therein will not be challenged.
- If the valuation has been carried out and the property has been found to be of unsuitable security or the application does not proceed, the valuation fee will not be refunded.

Product switches

- Pre-completion product switches require our underwriter's prior approval. Switch fees of £350 may be charged.

Solicitors

- Our solicitor's/ conveyancers' fees will be payable by the applicant(s).
- Solicitors/ conveyancers with less than two partners will not be eligible to process applications by The Mortgage Works unless they are on our approved panel.
- A conveyancing fee of £50 will be charged where a client chooses to use a sole practitioner.

Products offering cashback

- Where a product offers a cashback benefit, the borrower will receive this when the mortgage starts. The cashback sum will be sent to the borrower's conveyancer with the funds for the mortgage loan (unless otherwise stated).

The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society and is authorised and regulated by the Financial Services Authority under registration number 189623. Most buy-to-let mortgages are not regulated by the Financial Services Authority. Registered Office: Nationwide House, Pipers Way, Swindon, SN38 1NW. Company Registration Number 2222856.

www.themortgageworks.co.uk Telephone: 0845 45 45 800

All information correct at time of going to press. No responsibility can be taken for information held within any mortgage sourcing system. The Company reserves the right to withdraw any of the products in this brochure at any time, or to change or vary the actual rate quoted. BBR refers to the Bank of England Base Rate. The Mortgage Works reserves the right to change BBR tracked products within 60 days of a Bank of England rate change.

This communication is for use by and restricted to professional intermediaries. Under no circumstances should the communication be given, copied or distributed to actual or potential borrowers.



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