

Product Guide



6th March 2008

Key Changes:

Fixed rates from 7.19%

Maximum LTV changes on products One to Six

Maximum loan now £500k Status and £350k Self Cert

Maximum age now 64 years at application and 74 years at end of term

Self Certification now only on products Zero to Three - withdrawn from products Four and Five

Right to Buy only on products Zero to Two, withdrawn from products Three to Six

Buy to Let option withdrawn on all products

ZERO

ONE

TWO

CCJs – satisfied/unsatisfied (per applicant)	0	1	2
Arrears – cleared or not *proof of last 3 months' contractual mortgage payments required if remortgaging from a non conforming lender	0 in last 12 months	1 in last 12 months*	2 in last 12 months (max 1 in last 3 months)*
Bankruptcy / Sequestration (Scotland)	Not accepted	Not accepted	Discharged 3 years or more
IVA / Trust Deed (Scotland)	Not accepted	Not accepted	Satisfied 3 years or more

Maximum LTV

(purchase & remortgage)

		65%	70%	75%	80%	85%	65%	70%	75%	80%	65%	70%	75%	80%
2 Year Fixed from completion 1.5% Completion Fee (min £1495)	Status	7.34%	7.44%	7.74%	8.54%	8.89%	7.84%	7.94%	8.09%	8.74%	8.09%	8.19%	8.49%	9.29%
	Self Cert	7.54%	7.64%	7.94%	8.74%	N/A	8.04%	8.14%	8.29%	N/A	8.29%	8.39%	8.69%	N/A
3 Year Fixed from completion 1.5% Completion Fee (min £1495)	Status	7.19%	7.29%	7.59%	8.39%	8.74%	7.69%	7.79%	7.94%	8.59%	7.94%	8.04%	8.34%	9.14%
	Self Cert	7.39%	7.49%	7.79%	8.59%	N/A	7.89%	7.99%	8.14%	N/A	8.14%	8.24%	8.54%	N/A
Reversionary rate based on LIBOR at 5.74% set on 01/03/08	Status	8.64%	8.74%	8.84%	9.74%	10.29%	8.89%	8.99%	9.14%	9.89%	8.99%	9.09%	9.44%	10.54%
	Self Cert	8.84%	8.94%	9.04%	9.94%	N/A	9.09%	9.19%	9.34%	N/A	9.19%	9.29%	9.64%	N/A

Product Loading Options

Right to Buy (Only add for Purchase, no loading when remortgaging)	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
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Maximum loan size	Status	£500k					£500k					£500k			
	Self Cert	£350k			N/A		£350k			N/A		£350k		N/A	
Minimum loan/Valuation	£30k / £60k					£25,001 / £60k					£25,001 / £60k				

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or **speak to your packager**

THREE

FOUR

FIVE

SIX (Purchase only)

3	4	5	Unlimited
3 in last 12 months (max 1 in last 3 months)*	4 in last 12 months (max 2 in last 3 months)*	5 in last 12 months (max 2 in last 3 months)*	Unlimited
Discharged 3 years or more	Discharged 3 years or more	Discharged 3 years or more	Discharged 3 years or more
Satisfied 3 years or more	Satisfied 3 years or more	Satisfied 3 years or more	Satisfied 3 years or more

65%			70%			75%			65%			70%		
8.39%	8.49%	8.84%	8.74%	8.84%	9.19%	9.04%	9.14%	9.14%	9.14%	9.24%				
8.59%	8.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				

8.24%	8.34%	8.69%	8.59%	8.69%	9.04%	8.89%	8.99%	8.99%	8.99%	9.09%			
8.44%	8.54%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

9.84%	9.94%	9.99%	10.09%	10.19%	10.24%	10.34%	10.44%	10.64%	10.64%	10.74%			
10.04%	10.14%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
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£500k			£500k			£500k			£500k		
£350k		N/A	N/A			N/A			N/A		
£25,001 / £60k			£25,001 / £60k			£25,001 / £60k			£25,001 / £60k		



Early Repayment Charge

6% of the outstanding mortgage balance during the fixed rate period, then 1% or 1 month's written notice thereafter

Preferred Mortgages General Criteria

Green colour represents recent changes

For full terms and conditions refer to Preferred's Intermediary Manual at www.preferredmortgages.com

Property Locations:

Properties in England, Wales, Scotland and Northern Ireland.

Reversionary Rate:

On expiry of the Fixed Rate period the interest rate will revert to a variable rate of LIBOR plus the product margin and any applicable loadings.

Interest Calculation:

Interest is charged daily and applied monthly in arrears.

Repayment Method:

- Capital & Interest
- Interest Only
- Part & Part

For Interest Only or Part Interest Only, details of the repayment vehicle are required on the application form.

Fees:

Fees may be added up to 90% LTV.

Higher Lending Charge:

75.01% - 80% = 5%

80.01% - 85% = 5.5%

All cases charged from 75% LTV.

Adverse Credit:

The following will be allowed:

- CCJs
- Satisfied more than 12 months.
- Registered more than 2 years ago, satisfied or unsatisfied.
- Defaults
- Arrears over 12 months old.

Subject to satisfactory explanation of adverse (where required).

Minimums and Maximums:

Minimum Income:

£15,000 per annum per application. Please refer to the Intermediary Manual for details of eligible income.

Minimum Employment Period:

- Verified Employed: No minimum employment term.
- Self Certification Employed: Not accepted.
- Verified Self Employed: Minimum 12 months' self employment history.
- Self Certification Self Employed: 6 months trading.

Maximum LTV:

All LTV maximums are excluding fees, which can be added up to 90% LTV.

- Houses and bungalows: 85%

- All new build properties, all flats and maisonettes (including Scottish cottage style property): 75%
New build properties are defined as those built or converted in the last 12 months.

Minimum / Maximum Age:

18 years / 64 years at application and 74 years at the end of the term.

Minimum / Maximum Term:

5 years / 35 years (subject to above age limits).

Minimum Lease:

35 years at the end of the mortgage term.

Self Certification:

- Self Certification of income only available for Self Employed applicants on selected products.
- A confirmation phone call will be made to all applicants Self Certifying their income.

Debt to Income Ratio:

Based on affordability. Log onto www.preferredmortgages.com or request a decision via our Approval in Principle service. The model accurately deducts tax, national insurance, outgoings and estimated household expenditure from the gross monthly income. It then calculates the maximum loan from the remainder given the requested loan term and the reversionary rate for the product selected.

Outgoings Excluded:

- Credit card / loan balances that are £500 or less.
- Commitments that have less than 7 months to run.

Outgoings Included:

- Monthly repayments for all other loans
- 3% of credit card/mail order balances greater than £500
- All other regular outgoings.

Housing Benefit:

None in the last 6 months (unless verified Right to Buy).

Proof of Mortgage Payments:

- Arrears (within the last 12 months) on all secured loans and mortgages, including Buy to Let, now taken into account for product eligibility.
- On products One to Five inclusive, proof of last three months' contractual mortgage payments required if remortgaging from a non conforming lender.
- Refer to Intermediary Manual on the Preferred's website for list of non conforming lenders.

Right to Buy:

- Products available for owner occupation only and not for letting purposes.
- Additional funds above discounted purchase price are acceptable subject to policy criteria, up to the product LTV limit.
- Receipt of Housing Benefit within the last 6 months acceptable on verified Right to Buy cases.

Ex Council:

Outside Pre-emption Discount Period:

We will consider the maximum LTV permitted under the product where the valuation confirms that at least 50% of the estate/area is in private ownership and the property has been in private ownership for a minimum of 5 years.

Within Pre-emption Discount Period:

We will accept remortgages without the need for a qualification period to have elapsed. Title insurance is compulsory on all remortgage cases. Max LTV as per Right to Buy product criteria.

Solicitors:

Where solicitors are acting on behalf of Preferred Mortgages and the applicant:

- In England & Wales firms MUST have a minimum of 2 partners and be currently registered at the Law Society.
- In Scotland & Northern Ireland, sole practitioners are acceptable so long as they are registered with the relevant Law Society.
- Licensed conveyancers are unacceptable.

Buildings Insurance:

Required for the level of cover recommended by the valuer – All cases must have a minimum of 1 month (6 months where the valuer has confirmed special insurance risk) insurance cover remaining at the completion date.

- We do not accept temporary cover or cover 'subject to'.

Title Insurance

Available on all products. £125 premium, which can be added to the loan up to a maximum 90% LTV.

Information correct at the time of going to print. If you require a large text version of this document, please contact marketing@preferredmortgages.com

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* Monday – Friday 9.00 am to 5.30 pm. Telephone calls may be monitored. BT landline calls to 0800 numbers will incur no charge at all times. Mobile and other providers' charges may vary.

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