

Chapter 5

Pre-application disclosure



5.1

Application

Who?

5.1.1

R

Subject to ■ MCOB 5.1.2A R, this chapter applies to a *firm* in a category listed in column (1) of the table in ■ MCOB 5.1.2 R in accordance with column (2) of that table.

5.1.2

R

This table belongs to ■ MCOB 5.1.1 R

(1) Category of firm	(2) Applicable section
<i>mortgage lender</i>	whole chapter except MCOB 5.8
<i>mortgage adviser</i>	
<i>mortgage arranger</i>	
<i>home purchase provider</i>	MCOB 5.1.1 R to MCOB 5.1.3 R, MCOB 5.1.6 R to MCOB 5.1.8 G, MCOB 5.2, MCOB 5.3 and MCOB 5.8.
<i>home purchase adviser</i>	MCOB 5.5 and MCOB 5.6 in accordance with MCOB 5.8
<i>home purchase arranger</i>	see MCOB 9.3 for the application of this chapter
<i>reversion provider</i>	
<i>reversion adviser</i>	
<i>reversion arranger</i>	
<i>SRB adviser</i>	MCOB 5.1.1 R to MCOB 5.1.3 R, MCOB 5.2 and MCOB 5.9
<i>SRB agreement provider</i>	MCOB 5.1.1 R to MCOB 5.1.3 R, MCOB 5.2, MCOB 5.9.1 R to MCOB 5.9.2 R (including MCOB 5.9.1A G to MCOB 5.9.1F R), MCOB 5.9.6 R and MCOB 5.9.7G
<i>SRB arranger</i>	MCOB 5.1.1 R to MCOB 5.1.3R, MCOB 5.2 and MCOB 5.9

5.1.2A

R

This chapter does not apply to a *firm* that is an *MCD mortgage lender* or *MCD mortgage credit intermediary*.

What?

5.1.3

R

(1) This chapter applies if a *firm*:
(a) *advises* a particular *customer* to enter into, or *arranges* an *execution-only sale* in, a *home finance transaction*; or

- (b) provides information to a *customer* that is specific to the amount to be provided on a particular *home finance transaction*, including information provided in response to a request from a *customer*; or
 - (c) provides the means for a *customer* to make an application to it; in connection with entering into, or agreeing to enter into, a *home finance transaction* provided by a *home finance provider*, other than an *equity release transaction* or a variation to an existing *home finance transaction*.
- (2) In relation to further advances and other variations, ■ MCOB 5 is modified by ■ MCOB 7 (Disclosure at start of contract and after sale), regardless of whether they are variations to an existing *home finance transaction*, or are such that they involve the *customer* entering into a new *home finance transaction*.
- (3) In relation to an *equity release transaction*, ■ MCOB 5 is modified by ■ MCOB 9 (Equity release: product disclosure).

5.1.4 G The table in ■ MCOB 5.1.5 G shows how the relevant *rules* and *guidance* in ■ MCOB 5.6 apply to certain types of *regulated mortgage contracts*.

5.1.5 G This table belongs to **MCOB 5.1.4G**

Type of mortgage	Requirements that do not apply	Additional or alternative requirements
Multi-part mortgages	MCOB 5.6.42 R (3) MCOB 5.6.46 R	MCOB 5.6.28 R MCOB 5.6.54 R - MCOB 5.6.57 G
Foreign currency mortgages	N/A	MCOB 5.6.127 R - MCOB 5.6.128 R
Deferred interest rate mortgages	N/A	MCOB 5.6.132 R
Mortgages without a term or regular payment plan	MCOB 5.6.31 R MCOB 5.6.40 R - MCOB 5.6.57 G MCOB 5.6.59 R - MCOB 5.6.65 R	MCOB 5.6.32 R MCOB 5.6.134 R - MCOB 5.6.145 R
Retirement interest-only mortgages	MCOB 5.6.31R MCOB 5.6.52R(1) MCOB 5.6.52R(4) MCOB 5.6.140R – MCOB 5.6.145R	MCOB 5.6.32R MCOB 5.6.59R – MCOB 5.6.65R

5.1.6 R In this chapter, references to a *home finance transaction* include, where the context requires, references to arrangements which are capable of becoming a *home finance transaction*.

5.1.7	G	<p>(1) ■ MCOB 5.1.3 R means that this chapter applies where the <i>customer</i> can apply to enter into a <i>home finance transaction</i>. This includes circumstances where, for example, the means to apply is provided in person, by telephone, through a website or through an application pack sent through the post.</p> <p>(2) The effect of this chapter is to require a <i>customer</i> to be provided with key information about a <i>home finance transaction</i> before he submits an application to a <i>home finance provider</i>.</p>
5.1.8	G	[deleted]
5.1.9	G	In relation to a <i>regulated mortgage contract</i> , where part of the loan is not a <i>regulated mortgage contract</i> , for example it is a linked unsecured loan, the details of this loan can be shown in Section 12 of the <i>illustration</i> as an additional feature. It should not be added to the <i>regulated mortgage contract</i> loan amount in ■ MCOB 5.6.6 R(2).
5.1.10	G	A <i>firm</i> that finds any <i>rule</i> in ■ MCOB 5.6 (Content of illustrations) inappropriate for the particular kind of <i>regulated mortgage contract</i> that the <i>mortgage lender</i> provides will need to seek from the <i>FCA</i> a <i>waiver</i> of that <i>rule</i> , unless another <i>rule</i> provides otherwise. ■ SUP 8 contains details of the <i>waiver</i> procedure.