

## Chapter 4

# Guidance on regulated activities connected with mortgages

## 4.13 Other exemptions

- 4.13.1** **G** Certain named *persons* are exempted by the *Exemption Order* from the need to obtain *authorisation*. The following bodies have exemptions (which are explained in more detail in this section) in relation to carrying on by them of the *regulated mortgage activities*:
- (1) [deleted]
  - (2) registered social landlords in England and Wales within the meaning of Part I of the Housing Act 1996 (paragraph 48(2)(a) of the Schedule to the *Exemption Order*) but not their subsidiaries;
  - (3) registered social landlords in Scotland within the meaning of the Housing (Scotland) Act 2001 (paragraph 48(2)(b) of the Schedule to the *Exemption Order*) but not their subsidiaries;
  - (4A) The Homes and Communities Agency (paragraph 48(2)(ca) of the Schedule to the *Exemption Order*);
  - (5) Scottish Homes (paragraph 48(2)(d) of the Schedule to the *Exemption Order*);
  - (6) The Northern Ireland Housing Executive (paragraph 48(2)(e) of the Schedule to the *Exemption Order*);
  - (7) Communities Scotland (paragraph 48(2)(f) of the Schedule to the *Exemption Order*);
  - (8) a housing association within the meaning of Part 2 of the Housing (Northern Ireland) Order 1992 (paragraph 48(2)(g) of the Schedule to the *Exemption Order*); and
  - (9) a wholly-owned subsidiary of a registered social landlord within the meaning of Part I of the Housing Act 1996 (paragraph 48(3) of the Schedule to the *Exemption Order*).
- 4.13.2** **G** The bodies in **■** PERG 4.13.1 **G** are exempt in relation to the *regulated activity* of arranging the variation of a *regulated mortgage contract* (article 25A(1)(b) of the *Regulated Activities Order*).
- 4.13.3** **G** The bodies in **■** PERG 4.13.1 **G** are exempt in relation to the following *regulated activities*:

- (1) *arranging (bringing about) regulated mortgage contracts (except in relation to variations) (article 25A(1)(a) and (2A));*
- (2) *advising on regulated mortgage contracts (article 53A);*
- (3) *entering into a regulated mortgage contract (article 61(1)); and*
- (4) *administering a regulated mortgage contract (article 61(2)).*

**4.13.4** **G** The exemption in ■ PERG 4.13.3 G only applies in relation to *regulated mortgage contracts* entered into before 21 March 2016 and to a limited range of *regulated mortgage contracts* entered into on or after that date. These are set out in the table in ■ PERG 4.13.5 G.

**4.13.5** **G** Exempted regulated mortgage contracts

Type of <i>regulated mortgage contract</i>	Explanation
Exempted under article 3(2) of the <i>Mortgage Credit Directive</i>	See PERG 4.10A.5G (1) to PERG 4.10A.5G (6)
Bridging loan	See PERG 4.13.6 G
Restricted public loan	See PERG 4.13.7 G

**4.13.6** **G** A bridging loan is exempt if it meets the following conditions:

- (1) it is:
  - (a) either of no fixed duration; or
  - (b) is due to be repaid within 12 months; and
- (2) the borrower is:
  - (a) an individual; and
  - (b) acting for purposes which are outside their trade, business or profession; and
- (3) the loan is used by the borrower as a temporary financing solution while transitioning to another financial arrangement for the land.

**4.13.7** **G** A loan is exempted as a restricted public loan if it meets the following conditions:

- (1) it is granted to a restricted public under a statutory provision with a general interest purpose; and
- (2) it meets the condition in (a) or (b):
  - (a) it is:
    - (i) free of interest; or
    - (ii) at lower borrowing rates than those prevailing on the market; or
  - (b) it meets the condition in (i) and (ii):

- (i) it is on other terms which are more favourable than those prevailing on the market; and
  - (ii) it is on other terms which are more favourable than those prevailing on the market; and
- (3) the borrower receives timely information on the main features, risks and costs of the loan at the pre-contractual stage; and
- (4) any advertising of the loan is fair, clear and not misleading.