

Guidance notes for Release of Properties

What is a Release of Property (ROP)?

A ROP is required when a borrower wishes to release one or more of the properties from their TMW Portfolio account. A portfolio mortgage will have two or more properties acting as security for one mortgage account. A ROP allows one or more properties to be sold or remortgaged without fully redeeming the portfolio mortgage account. **If you wish to release all properties in a portfolio simultaneously, a ROP is not required.**

A ROP is only required on TMW Portfolio accounts. These accounts were provided on a portfolio basis where any new borrowing was approved based on new and existing properties. The entire mortgage balance is secured against all of the securities held. Therefore individual loans aren't linked to specific properties.

Who can request a ROP?

You may either request a ROP directly, instruct a solicitor or broker to act on your behalf. If you do instruct a solicitor or broker to act on your behalf the relevant third party authority section of the application form will need to be completed. Completion of this section of the form will allow your solicitor or broker to have authority only in relation to the ROP request.

How long does it take to receive a quote to release a property?

The final quote will take approximately 20 working days, from receiving your request to sending the final quote; however this is dependent on the overall size of the portfolio and the valuations required, as detailed below. Failure to fully complete this application form may delay the release figure.

Is a new valuation required?

Yes, all securities held under the portfolio require an up to date valuation assessment. We'll attempt to carry out an office based valuation in the first instance. If we're unable to obtain a valuation in this way, internal valuations will be instructed. This will be at TMW's cost and will be instructed by our Valuation Services team.

If you believe there is more equity in the portfolio than the office based valuations may indicate you can choose to pay for full internal valuations. Please note however, full internal valuations will be required on all properties within the portfolio. This may reduce the ROP figure, however it could lead to an extended time frame before the release figure can be provided. Full details of the valuation assessments we'll undertake are noted below.

What valuations are carried out?

Office based valuations

Automated Valuation Model (AVM)

We'll initially look to complete an AVM via a third party. This is a computer based figure and does not require a valuer. If this is possible this will be used in the ROP calculation and our systems will be updated to reflect the new values. This may mean the Loan to Value (LTV) will change on the account.

Internal Valuations

If we're unable to obtain AVM's, internal valuations will be instructed.

Following an internal valuation our systems will be updated to reflect the new values. No fee will be required if we're unable to complete an AVM valuation. Please note that as a new internal valuation is being carried out, our system will be updated. This may mean the Loan to Value (LTV) changes on the account.

General Notes

As noted above, all securities held under the portfolio require an up to date valuation assessment. This could mean that we complete a mixture of valuation methods. Any new valuations may alter the current LTV and/or rental coverage.

How is the ROP figure calculated?

We'll provide you with a ROP figure that is calculated to maintain the loan to value and rental cover. The LTV and rental cover are based upon the last valuations carried out by TMW and current mortgage balance outstanding. We'll apply a stress rate of 5.50% when calculating the rental cover. This may be higher than the rate currently payable and is only used to calculate the rental cover. We will not allow any increase in LTV or reduction in rental cover following a release, however, new valuations may change the LTV and/or rental cover.

Once we've calculated the figure we'll look to apply the funds to the loan with the lowest early repayment charge and highest interest rate. If a loan has expired this will be repaid first irrespective of rate. You can however request that a specific loan is repaid via the application form (unless a loan has expired). Early Repayment Charges maybe applicable to certain loans held within the portfolio and we can provide details of this if required.

A charge will apply for administration of the ROP, please refer to our current Tariff Guide. Any early repayment charges and any arrears on the account will also be taken into consideration when calculating the ROP figure.

Can I request a quote for more than one property?

Yes, if you're unsure which property in your portfolio to sell you can also request individual figures for each one. You may also wish to release more than one property in your portfolio, in which case we can provide you with simultaneous figures to enable you to do that. Please note, if a simultaneous release figure is provided, all properties being released will need to complete on the same day in order for the quote to be valid.

How long is the quote valid for?

90 days from the date that the quote letter is produced. Redemption quotes can't be extended. If the 90 days has expired a new request will have to be submitted.

Will my direct debit be automatically amended?

This will depend on when the ROP is processed in relation to your next direct debit payment. If there isn't sufficient time to change the direct debit for your next payment, a refund will be issued if applicable.

Can I remortgage a property to TMW from a portfolio?

Yes, you can remortgage a property to TMW from a portfolio. It'd be treated as a standard remortgage application so a full valuation and new solicitors would be required. You'd also need to select a new product because the product linked to the portfolio isn't portable for this purpose.

In order to process this request we'll need a release of property (ROP) quote first, as per the guidance outlined in this document. When this has been done a new application would have to be submitted via a broker. The broker would have to make TMW aware that this is the purpose of the application.

When submitted we'll process this application as standard. All relevant underwriting checks will be carried out and must be acceptable in order to proceed. The remortgage offer must be approved whilst the ROP quote is valid. If the ROP quote has expired we'll issue an updated ROP quote. This may be different from the previous ROP quote as it'll account for any updated valuation information available at that time.

For any further details please contact:

The Mortgage Works
Portman House
Richmond Hill
Bournemouth
Dorset BH2 6EP

Tel: 08000 30 40 60

Scenario 1

Property - Existing BTL Security	Original Internal TMW Valuation	Original Internal TMW Rental	Original Valuation Date	New TMW Valuation	New TMW Rental	Difference in Valuation	Difference in Rental
Address A	£100,000	£6,000	Mar-06	£125,000	£7,000	£25,000	£1,000
Address B	£100,000	£6,000	Oct-05	£105,000	£5,000	£5,000	-£1,000
Address C	£100,000	£6,000	Mar-06	£135,000	£8,000	£35,000	£2,000
Address D	£100,000	£6,000	Oct-05	£115,000	£6,000	£15,000	£0
Sub Total	£400,000	£24,000		£480,000	£26,000	£80,000	£2,000

LTV Based on Current TMW Valuations: 75.00%

LTV Based on New TMW Valuations: 63.00%

Existing Portfolio Borrowing: £300,000

Original rental covers 145.45% @ 5.50% stress rate

New rental covers 157.58% @ 5.50% stress rate

To release Address A £76,350 plus fees is required to maintain LTV of 63%.

To release Address A £80,776 plus fees is required to maintain rental cover of 157.58% @ 5.50%.

We require £76,350 to maintain LTV as noted above. If we received £80,776 to maintain rental cover as noted above, the LTV would decrease. We calculate the ROP figure to maintain both the current LTV and rental cover (please see details above).

ROP Figure to release Address A is £80,776 plus fees

Scenario 2

Property - Existing BTL Security	Original Internal TMW Valuation	Original Internal TMW Rental	Original Valuation Date	New Internal TMW Valuation	New Internal TMW Rental	Difference in Valuation	Difference in Rental
Address A	£100,000	£6,000	Mar-06	£75,000	£5,000	-£25,000	-£1,000
Address B	£100,000	£6,000	Oct-05	£65,000	£4,000	-£35,000	-£2,000
Address C	£100,000	£6,000	Mar-06	£85,000	£4,500	-£15,000	-£1,500
Address D	£100,000	£6,000	Oct-05	£95,000	£5,500	-£5,000	-£500
Sub Total	£400,000	£24,000		£320,000	£19,000	-£80,000	-£5,000

LTV Based on Current TMW Valuations: 75.00%

LTV Based on New TMW Valuations: 93.75%

Existing Portfolio Borrowing: £300,000

Original rental covers 145.45% @ 5.50% stress rate

New rental Covers 115.15% @ 5.50% stress rate

To release Address A £70,312 plus fees is required to maintain LTV of 93.75%.

To release Address A £78,944 plus fees is required to maintain rental cover of 115.15% @ 5.50%.

We require £70,312 to maintain LTV as noted above. If we received £78,944 to maintain rental cover as noted above, the LTV would decrease. We calculate the ROP figure to maintain both the current LTV and rental cover (please see details above).

ROP Figure to release Address A is £78,944 plus fees

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