

# 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, 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?

We'll email you within 4 working days with a preliminary figure. This will be calculated using our system values and your estimated values. Failure to fully complete this application form may delay the release figure.

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).

## 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. We'll make contact with you to explain why this is necessary.

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 it will confirm the figure from the last full internal valuation as carried out by TMW and this will be used in the ROP calculation. It will not provide an increased valuation figure.

#### Desktop Valuations

If we're unable to obtain an AVM, a desktop valuation is completed by a staff surveyor. The lower of the desktop valuation and the last full internal valuation as carried out by TMW will be used in the ROP calculation. As the valuer hasn't completed an internal inspection of the security, we'll only use this figure for the purposes of this ROP calculation. Any subsequent

requests will require an up to date valuation assessment.

### Internal Valuations

If we're unable to obtain AVM's and desktop valuations, 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 or desktop valuation. Please note, that as a new internal valuation is conducted 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. If we obtain AVM's and Desktop Valuations, the current LTV will not be amended. Any internal valuations may alter the current LTV.

## 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 full internal valuations carried out by TMW and current mortgage balance outstanding. We'll apply a stress rate of 5.99% when calculating the rental cover. This may be higher than the rate currently payable and is only used to calculate the rental cover. We'll also utilise the valuations as detailed.

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. Only one set of figures can be acted upon and revised figures have to be requested after each release. 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.

## For any further details please contact:

The Mortgage Works  
Portman House  
Richmond Hill  
Bournemouth  
Dorset BH2 6EP  
Tel: 08000 30 40 60

## Scenario 1 – Last Full Internal Valuations Validated by AVM's/Desktops

Suitable office based valuation and rental figures are obtained that verify last TMW internal valuations and rental income figures. The ROP figure is calculated by maintaining the current system based LTV and rental cover against the last full internal valuations.

### Example

Property - Existing BTL Security	Last Internal TMW Valuation	Last Internal TMW Rental	Original Valuation Date	AVM/Desktop Valuation	AVM/Desktop Rental	Difference in Valuation	Difference in Rental
Address A	£100,000	£6,000	Mar-06	£100,000	£6,000	£0	£0
Address B	£100,000	£6,000	Oct-05	£100,000	£6,000	£0	£0
Address C	£100,000	£6,000	Mar-06	£100,000	£6,000	£0	£0
Address D	£100,000	£6,000	Oct-05	£100,000	£6,000	£0	£0
<b>Sub Total</b>	<b>£400,000</b>	<b>£24,000</b>		<b>£400,000</b>	<b>£24,000</b>		

**LTV Based on Last Internal Valuations 75.00%**

**Existing Portfolio Borrowing: £300,000**

**Rental covers 133.56% @ 5.99% Stress Test**

To release Address A £75,000 plus fees are required to maintain the current system LTV of 75% as we use the lowest of the latest TMW internal valuation and new valuation.

To release Address A £75,000 plus fees are required to maintain rental cover of 133.56% @ 5.99% stress rate as we use the lowest rental figure of the latest TMW internal valuation and new valuation.

**ROP FIGURE to release example A is £75,000 Plus fees**

## Scenario 2 – Desktops provide valuation figures that are higher & lower than last TMW internal valuations

Suitable office based valuation and rental figures are obtained. Some are higher and some are lower than the last TMW internal valuations and/or rental income for some/all properties in the portfolio.

The ROP figure is calculated by maintaining the current system based LTV and rental cover. If some of the office based valuation and/or rental income figures are higher and some are lower, we base the ROP calculation on the lower of the office based valuation/rental figure and the current system based LTV and rental cover for each property in the portfolio.

### Example

Property - Existing BTL Security	Last Internal TMW Valuation	Last Internal TMW Rental	Original Valuation Date	AVM/Desktop Valuation	AVM/Desktop Rental	Difference in Valuation	Difference in Rental
Address A	£100,000	£6,000	Mar-06	£120,000	£6,000	£20,000	£0
Address B	£100,000	£6,000	Oct-05	£80,000	£5,700	£-20,000	£-300
Address C	£100,000	£6,000	Mar-06	£100,000	£6,300	£0	£300
Address D	£100,000	£6,000	Oct-05	£80,000	£5,700	£-20,000	£-300
<b>Sub Total</b>	<b>£400,000</b>	<b>£24,000</b>		<b>£380,000</b>	<b>£23,700</b>	<b>£-20,000</b>	<b>£-300</b>

**LTV Based on Last Internal Valuations 75.00%**

**Existing Portfolio Borrowing: £300,000**

**Rental covers 133.56% @ 5.99% stress rate**

Property - Existing BTL Security	Lowest Valuation of the latest TMW internal valuation and new valuation	Lowest Retail figure of the latest TMW internal valuation and new valuation
Address A	£100,000	£6,000
Address B	£80,000	£5,700
Address C	£100,000	£6,000
Address B	£80,000	£5,700
<b>Sub Total</b>	<b>£360,000</b>	<b>£23,400</b>

To release Address A £105,000 plus fees is required to maintain the current system LTV of 75% as we use the lowest of the latest TMW internal valuation and new valuation.

To release Address A £82,506 plus fees is required to maintain rental cover of 133.56% @ 5.99% stress rate as we use the lowest rental figure of the latest TMW internal valuation and new valuation.

**We require £105,000 to maintain LTV as noted above. If we received £82,506 to maintain rental cover as noted above, the LTV would increase. We calculate the ROP figure to maintain both the current LTV and rental cover.**

**The current system LTV may alter as a result of a ROP.**

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