

Chapter 4

Guidance on regulated activities connected with mortgages

4.7 Entering into a regulated mortgage contract

Definition of 'entering into a regulated mortgage contract'

4.7.1 **G** Article 61(1) of the *Regulated Activities Order* makes *entering into a regulated mortgage contract* as lender a regulated activity.

Exclusions

4.7.2 **G** The *Regulated Activities Order* contains an exclusion which has the effect of preventing certain activities of trustees, nominees and personal representatives from amounting to *entering into a regulated mortgage contract*. There is also an exclusion for *local authorities* and their wholly-owned subsidiaries. These are referred to in ■ PERG 4.10 (Exclusions applying to more than one regulated activity). In addition, there are exclusions where both the lender and borrower are overseas, which is referred to in ■ PERG 4.11 (Link between activities and the United Kingdom) and related to consumer buy-to-let lending, which is described in ■ PERG 4.10B.

Transfer of lending obligations

4.7.3 **G** A *person* who provides credit to a borrower under a *regulated mortgage contract* will enter into a *regulated mortgage contract*, even if the lending obligations under that contract are subsequently transferred to a third party. Consequently, a *person* who acts as a so-called 'correspondent lender' in the mortgage market will need to seek *authorisation*.