

apponyi

From: "Anthony Apponyi" <aa@chainmender.co.uk>
To: "Meryl Morgan" <Meryl.Morgan@morgan-cole.com>
Sent: 27 February 2007 18:10
Subject: Chain Mender Limited and VAL FREE

Meryl

The points you subsequently clarified on the phone are in [blue](#).

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----- Original Message -----

From: [Meryl Morgan](#)
To: aa@chainmender.co.uk
Sent: Tuesday, February 27, 2007 3:01 PM
Subject: Chain Mender Limited and VAL FREE

Anthony

Thank you for your email below which we have discussed.

I confirm that subject to the two conditions outlined below, estate agents introducing VAL FREE™ to either Chain Mender Limited ('company') or the lenders who will provide the VAL FREE™ regulated mortgages, can rely on the exclusions from FSA regulation contained in PERG 4.5.11 G.

[PERG 4.5.11 G applies if introducing firm introduces borrower to a regulated firm \(i.e company or lender\).](#)

The conditions (PERG 4.5.12 G) are that:

1. the estate agents cannot receive any money paid by the borrower in connection with VAL FREE™ other than money legitimately due to the estate agent for services rendered to the borrower, and
[If lender pays company or estate agent a commission and that commission is split by the recipients PERG 4.5.11 G will not apply. Solution - Estate agent and/or company receive separate commissions from borrower](#)
2. the estate agents must, before introducing the borrower to you or the lender, disclose (PERG 4.5.14 G):
 - (a) details of any fee or commission which the estate agent will receive from Chain Mender

Limited or the lender for introducing the borrower, and

- (b) an indication of any other reward or advantage arising out of the introduction which the estate agents will receive. Examples given by the FSA of such reward or advantage are office space, travelling expenses and subscription fees.

I note the permissions that have been suggested to you by Jennifer Nwaghanata. I recommend that if you proceed with VAL FREE™ you also apply for permission to advise on regulated mortgage contracts in that it is a fine line between arranging and advising on a regulated mortgage contract. The FSA would consider a statement by you to potential borrowers that you "recommend that they take out a VAL FREE™ mortgage" as providing advice on a regulated mortgage contract.

Company should apply for an additional consent "Providing advice on regulated mortgage contracts".

Regards,

Meryl.

Meryl Morgan | Partner | **Banking**
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