

Form MM

Specialist Mortgage Institutions

Monthly Analysis of ~~Secured~~ Lending to Individuals, Individual Trusts and Housing Associations

General

This form provides analysis of sterling and euro secured lending to individuals and individual trusts and housing associations (in item 21 only) and other lending to individuals and individual trusts (in item 20 only) and is to be completed monthly by institutions specifically asked to do so by the Bank of England.

The Bank of England requires this information for monetary policy purposes. The Bank publishes ~~the secured~~ lending data in a monthly press release on lending to individuals; and these and the data collected on the form MQ contribute to the UK national and financial accounts statistics compiled and published by the Office for National Statistics.

~~The reports should be returned to the Bank's Monetary and Financial Statistics Division within ten working days of the month end to which the report refers.~~

Form MM – Monthly analysis of ~~secured~~ lending to individuals, individual trusts ~~sector~~ and Housing Associations

This form covers the secured and unsecured lending ~~mortgage~~ business undertaken by all members of the reporting group or entity. The reporting institution is requested to list on the form (below supplementary information) those parts of the group whose business is included on the return (and those companies excluded, if any). Institutions are requested to pay particular attention to the treatment of securitisations held by companies within the reporting group. ~~and those held by companies outside the reporting group.~~ Lending includes:

Secured loans (in sterling and euro) to individuals and individual trusts secured on residential properties (both freehold and leasehold) which are or will be occupied by the borrower, or which are rented (i.e. let to others). If any part of the property is used for non-residential purposes, the loan should not be reported in this form. However, loans secured on property where the occupier works at home but no structural alterations are required to return the property to full residential use may be reported here.

Include bridging finance (both secured and unsecured).

Item 10d only includes any unsecured loans to individuals.

Item 10e only includes lending to housing associations and other types of Registered Social Landlords, secured on residential property.

Reporters should note:

The data include all loans secured on residential properties irrespective of their purpose (e.g. for home improvements, cars, holidays, etc). Reporters are required to separate loans into first and other mortgages. First mortgages are where the reporting group holds the first charge on the security and further advances where the reporting group already holds the first charge. Other mortgages cover loans where the reporting group holds only a second or subsequent charge on the security.

The treatment for specific negative equity products is as follows: where banks can separately identify the element of negative equity which is not fully secured, this amount should be included under 'other' advances to individuals on the Form MM item 20 and Form MQ items 18b and 18bb and the fully secured element should be included under loans secured on residential property on the form MM under item 2. Where these two elements cannot be separately identified, the WHOLE amount of the loan should be regarded as secured and included under loans secured on residential property on the form MM.

Do not deduct provisions for bad and doubtful debts. Instead, show all loans and advances gross and include any resulting provisions in item 10 on the MQ and item 18 on the MM for loans secured on residential properties.

Secured lending includes flexible mortgage loans which are defined as having some or all of the following options -

- (a) The original loan can be increased up to an agreed limit by:
 - Making reduced monthly payments
 - Making no monthly payments for up to e.g. two months per year or for six months throughout the life of the loan
 - Taking further advances to replace other debts, or for home improvements, cars, holidays, etc
- (b) Repayments can be accelerated by:
 - Increasing monthly payments
 - Making lump sum payments
- (c) Overpayments can be re-drawn
- (d) The standard 12 months' repayments can be repaid in 10 monthly installments.

MM form details

Item no **Monthly analysis of ~~secured~~ lending to individuals, individual trusts ~~sector~~ and housing associations**

1 **Amount outstanding at the previous reporting date**

Include here the amount outstanding of secured lending to individuals and individual trusts at the previous month-end (as would have been reported under item 9).

2 **Gross lending in ~~advances completed during~~ the month**

Updated o/a
Stats Notice
2012/01

Updated o/a
Stats Notice
2013/05

This item should include only gross new loans to individuals and individual trusts (i.e. should not include repayments and other adjustments) which contribute to the amount outstanding in item 9169. This should include any amounts added to the customer balance during the reporting period, such as capitalised interest, fees charged etc. It therefore comprises new loans advanced in the month, further advances made on existing loans, together with further payments on draw-down products and sundry debits. Where a retention is being made only the actual money lent should be reported ie if the loan is made in installments further sums lent under such an arrangement should be

recorded as they occur. It also includes bridging loans. Any packages of loans secured on residential property acquired from other lenders should be excluded from this item and entered under item 714 below. In the case of an existing borrower who increases a loan with the same institution, only the additional amount of the new loan should be reported. However, for customers with flexible mortgages where the facility increases automatically when overpayments are made, any drawdowns of those overpayments should not be reported in item 2, but instead should be reported as a negative amount in item 4. Wherever possible, internal refinancing (remortgaging with the same lender) should also be excluded from this item, unless it also gives rise to an increase in the amount of the loan in which case, again, only the additional amount of the new loan should be reported. It does not matter whether or not the loan is for the purpose of house purchase. In the case of an existing borrower who refinances in order to move to another property, the loan becomes secured on that other property. Any advances reported here will have had corresponding approvals reported within item 11, either in the same month or in a previous month. ~~Gross lending data are to be provided on a best endeavours basis. Where reporting according to the form definitions will be difficult, we are willing to discuss alternative methods of reporting.~~

Updated o/a
Stats Notice
2012/02

Updated o/a
Stats Notice
2013/05

We ask reporting institutions to contact the Bank of England in cases where they have difficulty in reporting gross lending according to the form definitions.

2a-2d

Breakdown of Gross Lending in the month

Added o/a
Stats Notice
2012/01

Data on gross lending should be reported on an entity basis and should be further split into those for house purchase, for identified remortgaging and for all other advances. Where they cannot be analysed, they should be entered in the unanalysed box (item 2d).

2a

House purchase (item 2a) includes new secured lending where the borrower is moving property, and lending to first-time purchasers. Where identifiable, it should exclude any sum in excess of that required to finance a house purchase in order to simultaneously replace non-secured debts, or to finance home improvements, cars, holidays, etc, which should be included in item 2c.

2b

Identified remortgaging (item 2b) occurs when a borrower who is the existing owner-occupier redeems his/her current secured loan in favour of an alternative form of borrowing secured on the same property. A remortgage would represent the financing of an existing property by a different lender. Where a borrower changes mortgage arrangements with the same lender (internal refinancing), this should be excluded from the analysis wherever possible, except when the borrower is increasing the overall secured debt in which case the net increase should be reported as a further advance in items 2c. Any remortgaging for other purposes (e.g. home improvements) should also be excluded from this line. If such remortgaging leads to an increase in the borrower's overall secured debt, the net increase be reported under other advances (see below). Similarly, where identifiable, these items should exclude any sum in excess of that required to refinance a loan from another lender in order to simultaneously replace non-secured debts, or to finance home improvements, cars, holidays, etc, which should be included in item 2c.

2c All other advances (item 2c) include any loans secured on residential property which are for home improvements, cars, holidays, etc. Where identifiable, they should include any sum in excess of that required to finance a house purchase, or to refinance a loan from another lender, in order to simultaneously replace non-secured debts, or to finance home improvements, cars, holidays, etc. Where a customer with a flexible mortgage is granted a facility other than for house purchase or remortgaging, either at the same time as they are granted a facility for one of these purposes, or separately on application to the reporting institution, the loan should (where identifiable) be included here. However, where the undrawn facility increases automatically by the sum of overpayments that are made, the loan should not be included here.

2d Where the purpose of the gross lending cannot be identified, the lending should be entered in item 2d.

3 Full redemptions of principal during the month (where identifiable)

Include here all repayments representing full redemption of principal (where these can be identified). Where full repayment arises from the maturing of an endowment policy or when a remortgage to another lender takes place, or when an existing borrower refinances in order to move to a new property, the amount of the full redemption should be reported here. If these cannot be separately identified, they should be included within item 6 below. **Where data relate to repayments of loans where interest has been included in the outstanding balance (i.e. capitalised), this repayment of interest will also need to be included in this item.**

Updated o/a
Stats Notice
2012/02

4 Partial redemptions of principal during the month (where identifiable)

Include here only partial lump-sum repayments (where these can be identified) of principal which take place outside the normal repayment schedule. This includes that part of total monthly repayments of flexible mortgages in excess of the sums shown in indicative repayment plans provided by the lender (which advise the borrower e.g. how much would need to be repaid each month to clear the debt by normal retirement age). If these cannot be separately identified, they should be included within item 6 below. Additionally, for customers with flexible mortgages where the facility increases automatically when overpayments are made, any drawdowns of those overpayments should be reported as a negative amount in item 4. **Where data relate to repayments of loans where interest has been included in the outstanding balance (i.e. capitalised), this repayment of interest will also need to be included in this item.**

Updated o/a
Stats Notice
2012/02

5 All other repayments of principal during the month (where identifiable)

Include under this item all regular repayments of principal, including repayments of flexible mortgages up to the sums shown in indicative repayment plans provided by the lender (see previous paragraph). If it is difficult to divide regular payments between principal (which should be entered here) and interest (which should be entered under item ~~8~~¹⁵) then estimates are sufficient. Exclude from this item amounts written-off (which should be entered under item ~~6~~¹³) and any secured lending portfolios disposed of (which should be entered under item ~~8~~¹⁴). **Where data relate to repayments of loans where interest has been included in the outstanding balance (i.e. capitalised), this**

Updated o/a
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2012/01
Updated o/a
Stats Notice

2012/02

repayment of interest will also need to be included in this item.

6

Unanalysed repayments during the month

Institutions that are unable to separately identify repayments for items 3, 4 or 5 above should enter the total amount of repayments during the month under item 6.

Updated o/a
Stats Notice
2012/01

~~Also include under this item all changes to the amount outstanding which are not included elsewhere (e.g. interest charged during the month less interest paid, all fees charged, write offs, etc). Reductions should be reported as negative figures, and increases as positive figures. It should be understood that a degree of estimation in completing item 6 is entirely acceptable within the statistical context for which the information is required.~~

Updated o/a
Stats Notice
2012/02

~~Repayments data are to be provided on a best endeavours basis. Where reporting according to the form definitions will be difficult, we are willing to discuss alternative methods of reporting.~~

Updated o/a
Stats Notice
2013/05

We ask reporting institutions to contact the Bank of England in cases where they have difficulty in reporting repayments according to the form definitions.

7 & 8

Mortgage portfolios acquired and/or disposed

~~Mortgage portfolios acquired represents balances on any relevant loan book acquired during the month from another lender. Books sold represents balances on any relevant loan book (ie packages of loans) sold during the month to another lender. It should cover only that business which is taken onto/removed from the reporting group's own balance sheet. Business which is administered on behalf of a third party should be excluded (these should be reported in item 10). Transfers of packages of mortgages between companies within the reporting group should be excluded. Securitisation of any mortgages should be included within mortgage portfolio disposed of (unless the securities continue to be held within the reporting group).~~

Updated o/a
Stats Notice
2012/01

147a

Net loan sales (-), purchases (+) and other transfers during the month

Secured lending portfolios purchases are balances on any relevant loan book acquired during the month from another lender. Books sold represents balances on any relevant loan book (ie packages of loans) sold during the month to another lender. It should cover only that business which is taken onto/removed from the reporting group's own balance sheet - securitisations where the loans continue to be reported on balance sheet should not be reported in this item. Business which is administered on behalf of a third party should be excluded (these should be reported in item ~~47~~10). Transfers of packages of secured loans between companies within the reporting group should be excluded. Securitisation of any secured loans should be included within the disposed portfolios data (unless the securities continue to be held within the reporting group).

Added o/a
Stats Notice
2012/01

Updated o/a
Stats Notice
2012/05

148a

Other adjustments to the amount outstanding: reductions (-) and increases (+)

Include under this item all changes to the amount outstanding which are not included elsewhere. ~~(e.g. interest charged during the month less interest paid (where interest has not been capitalised), write offs, all fees charged etc). Reductions should be reported as~~

Added o/a
Stats Notice
2012/01

Updated o/a
Stats Notice

2012/05
Updated o/a
Stats Notice
2013/05

~~negative figures and increases as positive figures. It should be understood that a degree of estimation in completing item 158a is acceptable within the statistical context for which the information is required.~~

~~138a1~~

Of which: amounts written off during the month

Added o/a
Stats Notice
2012/01

Record all write-offs of gross new loans (see item 2) made during the reporting period (note: this does not just relate specifically to the loans in item 2 in the same reporting period but to all secured loans). **Write-offs should be reported here net of recoveries and other write-ons.** Write-offs reported here should **reduce** the amounts outstanding; conversely, recoveries and other write-ons would **increase** the amounts outstanding. Write-offs should be reported here as a negative number, and write-ons as a positive number.

Updated o/a
Stats Notice
2012/05

~~9169~~

Amount outstanding at current reporting date

Updated o/a
Stats Notice
2012/01

The outstanding secured loan book records the total amount of loans outstanding to individuals and individual trusts at the end of the month. Include only lending that is on the balance sheet of the reporting group. Business that is administered but not on the reporting group's own balance sheet should be included in item 1070. Securitised secured loans should be included if the vehicle company issuing the securities and holding the assets is included among the companies reporting the form.

Updated o/a
Stats Notice
2012/05

Item ~~9169~~ is equal to the amount outstanding at the previous reporting date (item 1) *plus* items 2, ~~147a~~ and ~~158a~~, *minus* items 3, 4, 5, and 6 and ~~13~~. At end-quarters item ~~£9169F~~ will equal £18A on Form MQ, while ~~£9169O~~ will contribute to £18B on the MQ form. This item should also equal item 1 on the following month's form.

~~101710~~

~~Other mortgage balances managed~~ Mortgage balances managed but not owned

Updated o/a
Stats Notice
2012/01

Enter here the total amount of secured ~~mortgage~~ loans outstanding which are administered by the reporting group but are not on the reporting group's own balance sheet.

Updated o/a
Stats Notice
2012/05

18

Net provision charge for bad and doubtful debts: net secured lending

Added o/a Stats
Notice 2012/01

Enter here the P&L charge for bad debt provisions (both specific and collective (general)) against net lending secured on residential property and land less the corresponding releases and recoveries made during the period. Net provisions are defined as provisions made against impaired financial assets, including interest, less releases and recoveries. This includes financial assets (including income) assessed individually and/or collectively as impaired. The definitions for form PL provides a further guide to the provision process (see item 20 and the appendix of the definitions for further information)

19

Number of lending transactions secured on residential property in the month

Added o/a Stats
Notice 2012/01

Enter here the number of new secured lending transactions completed in the reporting month resulting in new gross loans (i.e. lending reported in item 2). In the case of an

existing borrower who increases a loan with the same institution (including remortgaging with the same lender) but does not move to another property, the additional amount of the new loan reported in item 2 should not lead to additional secured lending transactions being recorded in this box. In the case of an existing borrower who refinances in order to move to another property, the loan becomes secured on that other property. So, irrespective of whether the amount of the original loan is increased or not, the full amount of the new loan should be included in item 2 and the transaction counted in this item.

20 Loans and advances to Individuals and Individual Trusts: Other

Added o/a Stats
Notice 2012/01

Updated o/a
Stats Notice
2012/09

Enter all balances with and funds lent to individuals and individual trusts on an unsecured basis (including credit cards), excluding any lending secured by a first, second or subsequent legal charge on a residential property and/or land. Note that lending to individuals fully secured by a first equitable or legal charge on residential properties and/or land irrespective of the purpose of the loan (including secured bridging finance) is reported on MM£9F (and MQ£18A) on Form MQ and these should be equal at the quarter month. Also, all other secured loans where the reporting group holds a second or subsequent charge on the property is reported in item MM£9O. ~~Therefore, a combination of item 20 and item 9O equates to item 18B on Form MQ at the quarter month.~~ The amount listed in MM20 should equal MQ18BB on quarter months.

Loans and advances to Housing Associations

21

Added o/a Stats
Notice 2012/01

Include in this box lending to housing associations and other types of Registered Social Landlords, secured on residential property. This should equate to MQ£18C on Form MQ at the quarter month.

11

Value and number of approvals made in the month

Updated o/a
Stats Notice
2012/01

These items look at approvals made since the end of the previous month for loans which may eventually be included in items 2 and ~~9A~~ 9B, i.e. loans to individuals and individual trusts secured on residential property in the UK. An approval for house purchase refers to the firm offer (usually after a survey has been conducted) to a customer of a credit facility linked to a specific house or other dwelling (including second properties). Institutions should include the total of agreed advances (whether or not the offer has been accepted by the prospective borrower), along with amounts recommended for retention, all instalment elements and further advances. They should exclude any loans secured on residential property acquired as a package from other lenders.

Data on approvals (and cancellations) should be further split into those for house purchase, for identified remortgaging and for all other advances. Where they cannot be analysed, they should be entered in the unanalysed box.

Value of approvals for Sterling first charge lending, Sterling second and subsequent charge lending and all Euro secured lending should be given. In the Number boxes, however, only the number of approvals for Sterling first charge lending should be given.

11a

House purchase (item 11a) includes new secured mortgage lending where the borrower is moving property, and lending to first-time purchasers. Where identifiable, it should exclude any sum approved in excess of that required to finance a house purchase in

order to simultaneously replace non-secured ~~mortgage~~ debts, or to finance home improvements, cars, holidays, etc, which should be included in item 11c.

11b

Identified remortgaging (item 11b) occurs when a borrower who is the existing owner-occupier redeems his/her current secured loan ~~mortgage~~ in favour of an alternative form of borrowing secured on the same property. A remortgage would represent the financing of an existing property by a different mortgage lender. Where a borrower changes mortgage arrangements with the same lender (internal refinancing), this should be excluded in the approvals analysis wherever possible, except when the borrower is increasing the overall secured ~~mortgage~~ debt in which case the net increase should be reported as a further advance in item 11c. Any remortgaging for other purposes (e.g. home improvements) should also be excluded from these lines and be reported instead under other advances (see below). Similarly, where identifiable, these items should exclude any sum approved in excess of that required to refinance a secured ~~mortgage~~ loan from another lender in order to simultaneously replace non-secured ~~mortgage~~ debts, or to finance home improvements, cars, holidays, etc, which should be included in item 11c

11c

Approvals for all other advances (item 11c) include any loans secured on residential property which are for home improvements, cars, holidays, etc.

Where identifiable, they should include any sum approved in excess of that required to finance a house purchase, or to refinance a secured ~~mortgage~~ loan from another lender, in order to simultaneously replace non-secured ~~mortgage~~ debts, or to finance home improvements, cars, holidays, etc. Where a customer with a flexible mortgage is granted a facility other than for house purchase or remortgaging, either at the same time as they are granted a facility for one of these purposes, or separately on application to the reporting institution, the approval should (where identifiable) be included here. However, where the undrawn facility increases automatically by the sum of overpayments that are made, no approval should be included here.

11d

Where the purpose of the approval cannot be identified, the value and number of such approvals should be entered in item 11d.

12

Value and number of cancellations identified during the month

Updated o/a
Stats Notice
2012/01

Include here the value and number of cancellations of approvals which have been identified during the month by the reporting institution, where an approval has been made (and included in this return, either this month or in a previous month) but not taken up, and the outstanding approval has then been cancelled by the reporting institution. The further breakdown of these items is set out in the preceding definitions for item 11.

Reporters are requested to check that the following relationship applies to both the amount of secured lending book outstanding and the number of loans outstanding in consecutive months:

LOANS TO INDIVIDUALS SECURED ON RESIDENTIAL PROPERTY

Updated o/a

Stats Notice 2012/05

1	Amount outstanding at previous month	
+		
2	Gross lending in the month	<p><u>Includes :</u> New lending Increased lending Remortgaging</p> <p><u>Excludes :</u> Acquisition of packages of loans Internal refinancing Capitalised/deferred interest and sundry debits</p>
-		
3 to 5	Redemptions during the month	<p><u>Includes :</u> Full or part redemptions Repayments of capital on repayment/annuity mortgages</p> <p><u>Excludes :</u> Sale of mortgage portfolios</p>
-		
6	Unanalysed repayments during the month	<u>Includes:</u> Where the analysis for items 3 to 5 cannot be identified, all repayments of principal should be included here.
+		
7a	Net loan sales (-), purchases (+) and other transfers during the month	
+		
8a	Other adjustments to the amount outstanding: reductions (-) and increases (+)	<u>Includes:</u> Write-offs and all changes to amounts outstanding not included elsewhere.
=		
9	Amount outstanding at current reporting date	<p><u>Includes :</u> Capitalised interest Deferred interest Sundry debits/credits (which are not added to loan)</p>

Accurate and timely reporting

The Bank attaches great importance to timely and accurate reporting. All institutions should ensure that they have adequate staffing, internal controls and other arrangements in place so that they can provide accurate information in accordance with these requirements (estimates are acceptable where indicated) and reporting timetables.

The Bank of England Act 1998 makes it an offence to fail without reasonable excuse to comply with the information requirements imposed under the Act, or to knowingly or recklessly provide information that is false or misleading in a material way. It is therefore important that those involved in completing returns should seek advice from the Bank if they have any difficulties and, if they are unable to resolve those difficulties, add any necessary qualifications to the returns. Where there are such problems, institutions should not delay submitting the returns. It is also essential that institutions should not feel deterred from correcting, qualifying or adding to information already provided.

Information powers of the Bank; offences; restrictions on onwards disclosure of information

(a) The Bank of England Act 1998

The Bank of England Act 1998 gives the Bank powers to obtain information, in Section 17 (for the Bank's monetary policy function) the Bank of England (Information Powers) Order 1998, which came into force on 1 June 1998, specifies the types of financial affairs about which the Bank may require information under Section 17 of the Act¹.

Sections 38 and 39 of the Act define the offences of failing to supply the information "without reasonable excuse", and of knowingly or recklessly supplying information which is "false or misleading in a material particular", and the penalties. Given the good reporting record of most institutions, we do not envisage that it will be necessary to invoke these sections of the Act; and we would intend to issue written warnings to poor reporters, before taking any legal action.

Schedule 7 of the Act¹ restricts the onwards disclosure of information relating to the business or affairs of any person obtained by the Bank under these powers, unless (a) the information has been made available to the public from other sources or (b) is summarised or collected in a form so that no information on a particular person can be ascertained from it or (c) the Bank has gained the consent of the supplier of the information and, if different, the person to whom the information relates. The Bank may nonetheless disclose the restricted information to enable or assist it to discharge its functions as a monetary authority or as a supervisor of payment systems. The Bank may also disclose the information for certain other purposes specified in Schedule 7; for example it may disclose information to other authorities listed in paragraph 3 of Schedule 7 (e.g. the Financial Services Authority and the Office for National Statistics) to enable or assist those authorities to discharge certain specified functions.

(b) The Data Protection Act 1998

The personal details of the contact person(s) at your institution are held in accordance with current data protection legislation. Monetary & Financial Statistics Division may share this information with other parts of the Bank and the Financial Services Authority. Individuals have the right to ask for a copy of information held about them in our records, for which they may be charged a small fee, and to require us to correct any inaccuracies, by writing to the Data Protection Officer, Bank of England, Threadneedle Street, London EC2R 8AH.

¹ Section 17 and Schedules 2 and 7 of the 1998 Act and the Information Powers Order were subject to certain consequential amendments with effect from 1 December 2001 to reflect the coming into force of the principal provisions of the Financial Services and Markets Act 2000 on that date.