
Sample IFA Service Level Agreement

This document sets out the terms of business between (insert IFA name) and (insert RP/LHBA name)..... .

(IFA name) will provide an independent financial assessment service to (RP/LHBA name) to establish the affordability of low cost home ownership. This will include undertaking financial interviews to assess whether the customer(s) is able to afford to buy with assistance and/or is able to buy independently without public assistance.

The customer can choose where they get their mortgage from as long as the supplier meets guidelines outlined in the Capital Funding Guide. If the customer is interested and makes the choice to use the IFAs mortgage arranging service then the IFA must advise (RP/LHBA name).

These terms seek to formalise the relationship and monitoring requirements.

General

(IFA name) agree to: -

Maintain all necessary registrations, licences and other regulatory requirements needed to carry out services as a mortgage arranger and to act within them.

That they are independent mortgage consultants and will offer impartial advice to all clients that are referred by (RP/LHBA name).

Make clear in an introductory letter given to all applicants before the interview the status of the advice.....offer, the fact that the services are optional and that is not part of(RP/LHBA name) or employed directly by them but acts on their behalf.

Respond to complaints within the timescales set out in (RP/LHBAs) Complaints Procedure and in the spirit of that procedure.

No charges will be made to (RP/LHBA name) or the client for any aborted purchases regardless of the amount of work involved.

However, a minimal charge, prior agreed with the RP/LHBA, is chargeable on small loans.

Operate with an Equal Opportunities Policy.

To return all telephone messages within 24 hours of receipt.

Financial Interviews

Agree to: -

Carry out detailed financial interviews with all applicants going ahead with a low cost home ownership scheme.

There are two levels of financial assessment/interview depending on the services required of IFAs by their regional LHBA as follows:

- responsibility for all financial eligibility assessments of applicants for government-funded affordable home ownership products; or
- responsibility for complimentary in-depth financial assessments following an initial headline affordability assessment conducted by the LHBA.

(IFA name) needs to be conversant with the Agency's affordability calculators. If required to conduct all financial eligibility interviews/assessments this should involve using either the Agency's affordability calculator and guidance or a methodology of comparable standard.

If required to produce a more in-depth financial assessment, (insert IFA name) are still required to use income multipliers and percentage of income targets that align with those in the Agency's affordability calculator and associated guidance. These have been set at levels which reflect the current difficulties for first time buyers in obtaining mortgage finance and with the aim of ensuring applicants can sustain their mortgage commitments long-term.

To calculate mortgage ability on the basis of a range of income multipliers between 2.5- 4 for joint applications and 3-4 times income for single applications. If using household income, 30 – 45% of household income is considered to be in the acceptable range for housing costs as a percentage of disposable income. For the purpose of income assessment, we assume that disposable income is equivalent to 74% of gross income (this takes account of tax and national insurance commitments less regular debt and outgoings.

(insert IFA name) will endeavour to carry out financial interviews, within an average of four working days and within no more than eight days of request.

Respond to feedback from customer satisfaction surveys on financial interviews raised by (RP/LHBA name).

To provide credit reference checks for applicants within 24 hours of request and to inform (RP/LHBA name) immediately in writing.

Provide(RSL/HBA name) with a weekly progress report by 1 p.m. every Friday with a list of all applicants who have attended a financial interview and are proceeding with a mortgage application.

Fill in the standard Interview form supplied by (RP/LHBA name) to record the outcome of all financial interviews. This will be given to / posted to.....within 24 hours of the interview, along with all documents collected at the interview.

RSL/LHBA agrees to: -

Maintain quality standards of applicants invited to interview, by checking at application stage for:

Income/savings
Employment
Residency

Send out written requests to ensure that applicants bring all the necessary documentation to the interview.

Copy application form and other documentation to.....at least two days before the financial interview.

Send out a customer satisfaction form to all interviewed applicants with the offer letter.

On the basis of the information on the interview query form, decide whether an applicant goes ahead with low cost home ownership and to inform.....of the decision within 48 hours.

In addition to (and resulting from) the financial assessment, LHBAs are required to provide all applicants with an indicative mortgage level, showing how much they could expect to borrow, as well as estimated mortgage repayment levels. LHBAs are required to

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ensure that applicants purchase the maximum share they can afford to sustain at the outset.

Any changes to the indicative mortgage level are to be highlighted to RPs selling the units.

Mortgage products

(IFA Name) agree to:

Keep (RP/LHBA name) Sales Manager regularly updated on mortgage products available.

Mortgage Arranging

'Package' mortgages for applicants for low cost homeownership requested by the applicant, obtaining all necessary references and supporting information.

Endeavour to obtain mortgage offers within four weeks of application.

RSL/LHBA name agree to: -

Inform.....immediately if an applicant withdraws from a sale.

Liaison

Agree to:

Attend regular liaison meetings (at least quarterly) with (RP/LHBA name) staff.

Attend an annual review meeting with the Sales Manager and Sales Team Leader(s) to review terms of business and performance standards.

Have staff available in office to answer basic queries five days a week in office hours.

The following text, describing our company and services, should be included on the information sheet that (RP/LHBA name) give to prospective clients.

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Input RP/LHBA details – if describing HomeBuy/FIRST STEPS the definition should be taken directly from the HCA’s brand guidelines

Signed **Date**

.....
On behalf of (IFA name)

Signed **Date**

.....
On behalf of (RSL/HBA name)