



Subject: Mortgageability

Mortgages and Modern Methods of Construction

Modern methods of construction have successfully obtained mortgages over many decades and no real prejudice exists providing the technology used within the construction of the house is not deemed to be too 'radical'. Steel frame, timber frame, ICF (insulated concrete formwork and SIPs (Structural Insulated Panels) are all now 'common place' in the modern house building market.

What is required to Satisfy?

The Council of Mortgage Lenders has outlined the requirements for MMC's (Modern Methods of Construction) to be satisfied as follows:

- 1) Durability; the property must have a lifespan of at least 60 years.
- 2) Whole life costs; these are particularly relevant to lenders to the housing association sector. A property should have total costs over its operating lifespan that are equal to, or better, than traditional construction.
- 3) Reparability; properties should be capable of being repaired using locally available skills and should not present repair issues greater in extent or more complex than traditional designs.
- 4) Adaptability; designs should be flexible enough to allow for alterations or additions over the life of the property, e.g. fitting a conservatory.
- 5) Insurability; buildings insurance covering normal insured perils should be available on normal terms. If a building insurance is not available on a dwelling on normal terms then it is unlikely to be suitable to stand as loan security.

N.B. The above requirements can be satisfied as follows:

- 1) Durability; The BBA certificate for the 142 panel states on page 8, section 16.1 "*The panels will have comparable durability to that of OSB/3 to BS EN 300: 1997, therefore, provided the installation remains weathertight, a life of at least 60 years may be expected*".
- 2) Whole life costs; this needs little explanation. While this currently has little relevance to private sector housing, the TEK systems whole life costs improves on the more commonly recognised methods.



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- 3) Reparability; other than the TEK panel itself, all other aspects of the building for maintenance and reparability are no different to most other type of building method, and therefore can be repaired using locally sourced labour.
- 4) Adaptability; the TEK system can be adapted to accommodate minor alterations and extensions. As with all types of this work to a building, building control requirements will need to be satisfied.
- 5) Insurability; like with most other building methods the TEK Building System is insurable for what is recognised as normally insured perils. These perils are: fire, lightning, aircraft, explosion, earthquake, storm, flood, escape of water or oil, riot, malicious damage, theft or attempted theft, falling trees and branches, subsidence, heave, landslip, collision, accidental damage to underground services, professional fees such as demolitions and site clearance and public liability to any one else.

Conclusion

Most of the general requirements for Mortgageability can be satisfied by the contents of the BBA certification or the BM TRADA certificate in conjunction with the fire test evidence for the TEK 125. The items that are not satisfied by such certification would normally be taken as accepted standards such as reparability and insurability.

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