

MORTGAGE INTERMEDIARY TERMS OF BUSINESS

Introduction

1. These terms of business together with the Criteria Guide, the Product Guide, and the Underwriting Manual, as notified from time to time (the Terms) set out the conditions under which Magellan Homeloans (referred to hereafter as we/us/our) accepts mortgages (the Business) introduced by approved intermediaries, their Registered Individuals and their Appointed Representatives (referred to hereafter as (you/your)).
2. You agree to introduce mortgage applications to us either directly, via your Registered Individuals or your Appointed Representatives as defined in these Terms. You also confirm that mortgage applications originated by you, your Registered Individuals or your Appointed Representatives will comply with all the conditions in these Terms.
3. By introducing mortgage applications to us directly or via an Approved Packager (as agreed by us), you agree to be bound by these Terms and we shall be entitled to treat you, your Registered Individuals or your Appointed Representatives as having fully adopted these Terms as binding upon you, your Registered Individuals or your Appointed Representatives.

Interpretation

4. In these Terms, unless the context requires otherwise, the words and phrases will have the following meaning:
 - “Applicant” means an individual who applies through an Intermediary to us for a Mortgage;
 - “Application” means an application for a Mortgage;
 - “Appointed Representative” as defined in FSMA and the FCA Rules;
 - “Approved Packager” means a company with which we have agreed that you may delegate Packaging Services. A list of Approved Packagers is available from us on request.
 - “Borrower” means an Applicant to whom a Mortgage has been made or is to be made or may be offered;
 - “Business Day” means any day which is not a Saturday, Sunday or a bank or public holiday in England;
 - “Compliance Review” means a review by us of your procedures, processes and systems and appropriate samples of your DIPs & Applications to ensure compliance with Regulatory Requirements;
 - “DIP” means summary document containing limited information on an Applicant that you, or your Registered Individuals or your Appointed Representatives submit to us for the purpose of enabling us to make a decision in principle on whether the Application fits our Lending Criteria.
 - “Data Protection” means the Data Protection Laws, including General Data Protection Regulation (EU) 2016/679 (GDPR), the EU Privacy and Electronic Communications (e-Privacy) Regulation and the Privacy and Electronic Communication Regulations 2003 as amended and any other data protection legislation enacted or otherwise applicable in the United Kingdom.
 - “FCA” means the United Kingdom’s Financial Conduct Authority or anybody carrying on its statutory responsibilities in succession to it;
 - “FCA Rules” means the rules of the FCA as amended from time to time and any other codes of practice, rules, guidance and regulations that the FCA may adopt from time to time;
 - “FSMA” means the Financial Services and Markets Act 2000 and any subordinate legislation enacted under it as amended from time to time;
 - “Intermediary” means a Network, an Appointed Representative, a Directly Authorised firm or an Approved Packager;
 - “Lending Criteria” means our lending criteria as set out in the Underwriting Manual, Responsible Lending Manual and Credit Risk Policy;
 - “Marketing Material” means any email, letter, newsletter or other communication you produce with the intention of publicising us and our products.
 - “MCOB” means the FCA’s Mortgages and Home Finance: Conduct of Business sourcebook.
 - “Mortgage” means a loan to a Borrower including any additional or further advances made by us and secured or intended to be secured by a first charge over the Borrower’s property; “Network” as defined in FSMA and the FCA Rules;
 - “Offer” means an offer of a Mortgage;
 - “Packaging Services” means a mortgage packaging service that receives and forwards to us, Applications and documentation received from Brokers, ensuring that as per our Underwriting Manual and Guidelines:
 - a) Applications have been properly completed
 - b) The relevant required documentation is collated so we can process a mortgage application.
 - “Distribution Register” means the Intermediaries who have agreed to our Terms of Business and have been approved by us to submit and/or package Applications.
 - “Part IV Permissions” means the relevant permissions required under Part IV [or 4A] of FSMA;
 - “Product Guide” is the document providing details of the mortgage rates offered by us at the time of publication and fees payable by Borrowers.

“Prudent Mortgage Intermediary” means a Mortgage Intermediary having relevant permissions for the activities it carries out with internal policies and procedures in place that adhere to Regulatory Requirements, trade body guidance and industry best practice at all times;

“Registered Individual” as defined in FSMA and the FCA Rules;

“Regulatory Authority” means the FCA and any other authority which has statutory responsibility for regulating Magellan, the Intermediary or the activities carried out by them;

“Regulatory Requirements” means all applicable United Kingdom statutory and other laws, rules and regulations, instruments and provisions to which the parties are subject from time to time including but not limited to FSMA, the FCA Rules, the Data protection Laws, the Consumer Credit Act 1974, the Advertising Standards Authority’s British Code of Advertising, Sales Promotion and Direct Marketing, the Money Laundering Regulations 2007, the Terrorism Act 2000 and the Proceeds of Crime Act 2002 and any subordinate legislation under these Acts;

“Underwriting Manual” means the manual provided by us (as amended from time to time) setting out the Lending Criteria and information and processes for the submission of Applications;

Our relationship with you

5. You will be approved for addition to our Distribution Register only for the purposes of introducing Applicants to us as well as advising Applicants and Borrowers in accordance with the provisions of MCOB in relation to entering into Mortgages. Your services will include assisting Applicants in preparing application forms and/or forwarding Applications to us. The services you will provide under these Terms are to be provided to the standards of a Prudent Mortgage Intermediary.
6. We do not make personal recommendations to Applicants and Borrowers in relation to entering into Mortgage contracts and all advised sales of Mortgages will be based upon the advice provided by you, your Registered Individuals or Appointed Representatives.
7. Nothing in these Terms is intended to or shall operate to create a partnership or employer and employee relationship between the parties or to authorise you to act as our agent or Appointed Representative.

Your Obligations

8. You warrant at all times that you have adequate internal systems and controls in place to carry out your activities under these Terms in compliance with Regulatory Requirements. You consent to our conducting Compliance Reviews on reasonable notice.
9. You shall notify us of any matters and/or events relating to these Terms about which we could reasonably expect to be notified. These include but are not limited to:
 - 9.1. Suspension or termination of the FCA authorised status of you, or a Registered Individual or an Appointed Representative; limitations or restrictions imposed by the FCA that may affect your ability to comply with your obligations under these Terms; and
 - 9.2. Disclosing in writing if an Applicant or an Applicant’s proposed guarantor is an employee of yours, a Registered Individual, Appointed Representative or the spouse or child of such
 - 9.3. You cease to act on behalf of the Applicants
10. You will not use the name “Magellan”, “Magellan Homeloans Ltd”, “Magellan Homeloans” or any name, logo or Intellectual Property of Magellan Homeloans or any of its Group without our prior written consent.

Our Obligations

11. We will review a DIP within the timeframe we notify to you. The findings of our review will not be binding on us and we will not be obliged to advance funds as a result of a review.
12. We agree to make the necessary arrangements to regularly provide all information you require to the progress of an Application.

Distribution of our Products

13. From time to time, we expect to agree with you qualitative and quantitative distribution parameters which shall comply with applicable Regulatory Requirements at all times.
14. You acknowledge that we are entitled to set such distribution parameters and you will use your best endeavors to meet these parameters. In the event that you are unable to meet these parameters you accept that we may limit your access to our products for a period of time.

Credit Searches & Anti Money Laundering Checks

15. Each party to these Terms is responsible for carrying out their own customer due diligence verification exercises in order to comply with all applicable Regulatory Requirements for Applicants applying for Mortgage finance and accepting new Borrowers.
16. We may conduct credit searches on Applicants in respect of all DIPs or any Applications.

Property Valuations

17. You acknowledge that all valuations of property which are to be taken as security for a Mortgage will be under our instruction. We will not instruct any valuation until we have received the relevant Assessment and Valuation fees as set out from time to time in our Product Guide available on our website.

Supervision of Registered Individuals

18. You will be responsible for monitoring on an ongoing basis the compliance with Regulatory Requirements of your Registered Individuals and Appointed Representatives.
19. You may delegate Packaging Services to any of our Approved Packagers. Delegating Packaging Services to an Approved Packager does not relieve you from complying with Regulatory Requirements.
20. You shall immediately inform us if you become aware that you or a member of your Network is involved in or has received a threat of enforcement or other form of intervention by a Regulatory Authority or any other form of litigation relevant to our business activities.
21. We may at our discretion inform you that we will no longer accept Applications from you or any one of your Registered Individuals or Appointed Representatives.

Varying our Terms

22. We may at any time by giving 14 days prior written notice (unless not reasonably possible to do so) vary the terms of these Terms in order to comply with Regulatory Requirements, a change in our policies and procedures or in discharge of any other of our obligations. Any such changes will not affect your accrued rights and obligations unless a legal or Regulatory Requirement applies.

Fees

23. We will pay you the fees specified in the Mortgage Illustration Section 2 (which shall be VAT inclusive, unless otherwise stated) at the time and within 5 Business Days of the date that our conveyancing solicitor has confirmed Mortgage completion or, for purchases, exchange of contracts. We may amend the fee structure by giving one week's prior written notice. These amendments will not apply retrospectively. We will be entitled to set off any amounts you owe from any payment due from us.

Compliance and Regulatory Requirements

24. You will maintain all authorisations, approvals and permissions necessary to fulfil your obligations under these Terms including but not limited to all applicable Regulatory Requirements; and non-statutory codes of practice applicable to your duties under these Terms.
25. You will perform your obligations under these Terms in accordance with Regulatory Requirements and you will make your staff, Registered Individuals or Appointed Representatives available for meetings with us or a Regulatory Authority as reasonably requested and provide reasonable access to and copies of all documents, records, tapes, computer systems or any other medium upon which relevant information may be stored which are within your possession or control.
26. In respect of Compliance Reviews of business received from you, your Registered Individuals or your Appointed Representatives, you will permit us to conduct these Compliance Reviews at a frequency we deem appropriate.
27. You will notify us immediately of any suspicions or evidence of fraud of which you are aware in connection with business activities you, your Registered Individuals or your Appointed Representatives conduct with us.
28. You will be responsible for handling complaints in accordance with applicable Regulatory Requirements in respect of activities you, your Registered Individuals or your Appointed Representatives has carried out in connection with these Terms and you will notify us as soon as is reasonably practical of any complaints received in respect of our business.

Limitation of Liability

29. You will at all times maintain appropriate and sufficient Professional Indemnity and other insurance to cover any liabilities it may incur pursuant to these Terms. We may request evidence of such insurance.
30. We will not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill or otherwise in each case whether direct, indirect or consequential which arises out of or in connection with these Terms.
31. We will not be liable for any claims for indirect or consequential loss, damage or compensation whatsoever (howsoever caused) which arise out of or in connection with these Terms.

Data Protection

32. Some information that you and we hold and process in relation to any Applicant, your Registered Individuals or your Appointed Representatives will be personal data for the purposes of the Data Protection Laws including GDPR. You and we undertake to comply with the Data Protection Laws (as amended or replaced from time to time) in all respects as it relates to the personal data we each hold and process. We will keep any information confidential and will not disclose this to any other person unless required to do so by law or where the information is required to be disclosed to our agents or third parties involved in the processing or administration of any Application or the administration of the activities envisaged by these Terms.
33. We and you recognise that we will each be processing personal data in connection with the performance of our respective obligations and/or exercise of our rights under these Terms and that the factual arrangement between us will dictate the role of each party (as to data controller or data processor) in respect of the Data Protection Laws. Notwithstanding the foregoing, you and we agree and acknowledge that where either of us processes personal data pursuant to or in relation to these Terms, that party will be carrying out the processing for its own purposes, and as such will be a data controller (or data controller in common) under the Data Protection Laws.
- 33.1. Neither party (nor any sub-contractor of either of us) will act as a data processor of the other party unless expressly agreed in writing. We and you acknowledge and agree that any such agreed data processing can only take place after

appropriate contractual arrangements have been put in place between us and you to ensure that such data processing is carried out in compliance with applicable Data Protection Laws.

- 33.2. We and you agree that we will at all times comply with our respective obligations under all applicable Data Protection Laws to the extent such Data Protection Laws apply in connection with the performance of our respective obligations or exercise of our respective rights under these Terms.
- 33.3. We and you will ensure that all necessary registrations and notifications of our respective particulars have been made in accordance with applicable Data Protection Laws and will ensure that such registrations and notifications are kept accurate and up to date during the period of application of these Terms. You will supply on request to Magellan Homeloans a copy of such registrations and notifications, together with any amended particulars that may be filed from time to time.
- 33.4. You will ensure that you obtain consent from the Applicant prior to the transfer of their personal data to us in connection with any Mortgage Application.
34. In addition to and notwithstanding any other right or obligation arising under this Agreement, you will (and will procure that all persons acting for you will):
 - 34.1. Take all appropriate technical and organisational measures necessary or desirable to ensure that any personal data you process is protected against loss, destruction and damage, and against unauthorised access, use, modification, disclosure or other misuse;
 - 34.2. Take all technical and organisational security measures necessary to ensure that only authorised Personnel have access to personal data of which you are a data controller;
 - 34.3. Take all reasonable steps to ensure the reliability and trustworthiness of any persons who will have access to any personal data processed by you;
 - 34.4. Consider all reasonable suggestions made by any member of Magellan Homeloans to ensure that the level of protection provided for personal data you process is in accordance with these Terms and to make the changes suggested (at your own cost) unless you can prove to Magellan Homeloans' reasonable satisfaction that they are not necessary to ensure ongoing compliance with this clause;
 - 34.5. Not do, or omit to do, anything which causes Magellan Homeloans to breach any Data Protection Laws or contravene the terms of any registration, notification or authorisation under any Data Protection Laws;
 - 34.6. Not transfer personal data which has been obtained by or made available to you from any country outside the European Economic Area without the prior written consent of the Applicant;
35. Immediately notify Magellan Homeloans if you:
 - 35.1. Become aware of a breach of this clause, or
 - 35.2. Receive any request, correspondence, notice or other communication whether orally or in writing from the Office of the Information Commissioner, or any other person, relating to Personal Data processed by you if such communication may impact in any way whatsoever on Magellan Homeloans or any member of our group of companies;
36. You will promptly complete and return to Magellan Homeloans on request from time to time any questionnaire designed to evaluate your compliance with your obligations in respect of personal data under these Terms.
37. Nothing in this clause shall relieve you of any liability for the acts or omissions of any of your staff or agents in relation to the personal data referred to in these Terms. We and other companies in the Magellan Homeloans group will use the information provided to us about you, your Registered Individuals or your Appointed Representatives for all administrative purposes associated with the activities envisaged by this agreement including allocating, monitoring and managing Advisor Credentials; verification, analysis, and auditing of any Application submitted to us; conducting market research, statistical analysis and marketing plans; keeping you and your Advisors informed about changes to our Products, Processes and Policies; fraud and money laundering prevention; verification and searches against you and your Advisors against public and other databases (including Credit Reference Agencies).

Protection of Employees

38. You undertake that you will not for the duration of these Terms or for 12 months following its conclusion employ or seek to employ any person who is our employee or solicit or induce or endeavor to solicit or induce such person to cease their employment with us.

Confidentiality

39. Each party undertakes that it will not at any time use, divulge or communicate to any person, except to its professional representatives, advisers or any company in its Group which has a need to know such information (and is bound by an obligation of confidentiality in respect of such information) or as may be required by law or any legal or Regulatory Authority, any confidential information concerning the business or affairs of the other party which may have or may in future come to its knowledge and each of the parties shall use all reasonable endeavors to prevent the publication or disclosure of any confidential information concerning such matters.
40. You acknowledge that you will release such information as we may deem necessary in order to sell, leverage or securitise the Mortgages. We will be entitled to disclose all information relating to or arising from these Terms to our bankers, funding partners and potential advisers from time to time and members of our Group in order to execute such sale, leverage or securitisation transaction.
41. Either party will disclose information if requested by the other party if it is necessary for the other party to comply with the Regulatory Requirements provided it is legally permitted to make such disclosure.

Assignment

42. Except as otherwise set out in these Terms you may not without our prior written consent assign, transfer, charge or deal in any other manner with these Terms or any of its rights under it, nor subcontract any or all of its obligations under these Terms.

Termination

43. Without prejudice to any other rights to which it may be entitled, either party may give notice in writing to the other terminating these Terms with immediate effect if:
- 43.1. The other party commits any material breach of any of the terms of these Terms and (if such a breach is remediable) fails to remedy that breach within 14 days of that party being notified of the breach;
- 43.2. The other party has a bankruptcy order made against it or makes an arrangement or composition with its creditors, or otherwise takes the benefit of any act for the time being in force for the relief of insolvent debtors, or (being a body corporate) convenes a meeting of creditors (whether formal or informal), or enters into liquidation (whether voluntary or compulsory), or has a receiver and/or manager, administrator or administrative receiver appointed; or
- 43.3. Any authorisation of or any registration with government, public bodies or any Regulatory Authority required by the other party in order to carry out its obligations under these Terms including any Part IVA Permission is revoked, materially varied;
- 43.4. The other party is the subject of disciplinary action by a Regulatory Authority or is found to be in breach of an obligation of duty following investigation by a Regulatory Authority;
44. We may terminate these Terms immediately by giving notice in writing if you are in breach of or likely to breach any clause or we believe that continuing our association with you may have a detrimental effect on our reputation, relationship with any Regulatory Authority or our ability to comply with any Regulatory Requirements or any obligations to any Regulatory Authority or other third party.

Effects of Termination

45. Termination of these Terms however caused shall be without prejudice to any rights or liabilities accrued at the date of termination.
46. In the event of termination:
- 46.1. All Applications received from you, your Registered Individuals or your Appointed Representatives for which we have not made an Offer will be returned to you.
- 46.2. We will pay all fees due to you in respect of fees for Mortgages which have been completed and/or for all Mortgages completed after termination for which written offers were made to Borrowers prior to termination.
- 46.3. You will return to us all documentation, information, records or other materials whether in hard copy or electronic form which belong to us;
47. All parties shall use their best endeavors to ensure the orderly closure or transfer of the activities carried out under these Terms.

Notices

48. Any notice or other communication given under these Terms shall be in writing shall be deemed served if it is sent by post or by delivering it personally to the address and for the attention of the relevant party set out in this clause. Any such notice shall be deemed to have been received if delivered personally, at the time of delivery or within 48 hours from the date of posting.
- 48.1. The contact details submitted with your registration submission and our details provided below will be used for the purpose of this clause: Compliance Department, Magellan Homeloans, Ashcombe House, 5 The Crescent, Leatherhead, Surrey, KT22 8DY. Fax: 0330 335 5888.

Rights of Third Parties

49. No terms of these Terms shall be enforceable by a third party under the Contracts (Rights of Third Parties) Act 1999 or otherwise. Governing Law and Jurisdiction

Submission of mortgage applications and use of Magellan Hub

50. Use of the Magellan Hub will be subject to these Terms and any other on-line Terms and Conditions notified to you through the Hub or any other method.
51. You will ensure that all software and any other items of property that belong to us is made available for inspection on demand. We shall retain ownership of all software and literature, which you are permitted to use for the sole purpose of fulfilling your obligations under these Terms.
52. You understand and acknowledge that your log in details for accessing the Hub are personal to you, and you shall not share these with any other person or allow any other person access using your details.
53. You may only use, print and download documents from the Hub for the purpose of submitting Mortgage Applications to us, subject to the following conditions:
- 53.1. You will not make changes to our materials, any of the Hub's content or any related graphics in any manner;
- 53.2. You may not copy our copyright, name, trade mark, logos or other proprietary notices and disclosures.

- 53.3. All content found on the Hub including (but not limited to) layout, text, graphics, links, marks, logos and trademarks and all content constitute our intellectual property, and are not to be used, copied, downloaded, distributed or published in any way without prior written consent.

You Obligations when submitting mortgage applications

54. Before submitting any Application to us, you will verify the Applicant's identity in accordance with all applicable regulations as well as our requirements (which may change from time to time).
- 54.1. You will ensure that where the identification documents of applicants are required the relevant adviser inspects the originals of such documents and checks that documents bearing a signature are pre-signed and any photographs on documents bear a true resemblance to the Applicant.
- 54.2. You will provide originals or certified copies on demand. Every page of any certified document must be certified by the adviser by adding his/her name in block capitals, the company name, the date certified and a signed certification that the copy is a 'True copy of the original'. When face to face advice is provided all photo ID must also be certified that 'I confirm this is a true likeness of the customer'.
55. You will comply, and will ensure compliance by your Advisers, with all our regulatory and our requirements while preparing and completing a Mortgage Application, and in addition, confirm that:
- 55.1. The mortgage application will be suitable to the circumstances of the applicants;
- 55.2. There are no other lower cost mortgage loans available to the customer which are suitable to the circumstances of the applicant;
- 55.3. On the basis of information collected and enquiries made, the loan will be affordable to the applicant on a capital and interest basis.
- 55.4. The applicants will be advised on the suitability of adding broker and/or completion fee to the loan;
- 55.5. Where the applicants are consolidating debt, the total cost of debt will reduce on a pound for pound basis after the loan is advanced. Where the total cost of debt service does not reduce on a pound for pound basis after the loan is advanced, the mortgage loan will be suitable for the applicant's circumstances.
- 55.6. The applicants will be provided with the required initial disclosure information, including whether or not the range of mortgage products offered is unlimited and if not, the names of the lenders whose mortgage products are offered.
- 55.7. When considering the suitability of the mortgage for the applicants, reasonable steps to obtain all information likely to be relevant will be made and this information will be considered in arriving at the assessment that the product is appropriate to the needs and circumstances of the applicants;
- 55.8. The implications of interest rate rises will be discussed with the applicants;
- 55.9. Where the mortgage extends into retirement, investigations will be made with the applications to ensure they are able to meet their mortgage obligations beyond retirement age.
- 55.10. The applicant's obligation to arrange suitable buildings insurance for the property will be discussed;
- 55.11. The applicant's obligations within the application declaration will be discussed with them.
- 55.12. The applicants will be provided in writing or read to, how personal data may be used for the purposes of assessing the Mortgage Application. We will not be responsible for ensuring that the data protection wording used complies with Data Protection Laws or any other Applicable Regulations;
- 55.13. You will be able to show your compliance with the FCA's Principles for Business as listed in the FCA Handbook and will comply with MCOB.
- 55.14. You will promptly pass any documentation the applicants have provided in relation to the Mortgage Application, without amending its form or content. In the event that you become aware of any material facts in relation to any Mortgage Applications or such material facts are divulged to you must inform us of such material facts as soon as reasonably practicable.

Data Protection Declaration

56. You confirm that:
- 56.1. You are registered with the Information Commissioners Office and hold a valid certificate of registration to process personal data;
- 56.2. You will at all times comply with the Data Protection Laws including the GDPR.
- 56.3. We will process information about you and all Applicants in accordance with our privacy policy (available on our website and on request). Data Protection Laws say that we are allowed to use personal information only if we have a proper reason to do so. Our lawful reason to process personal data is necessary in order to take steps at the request of the Applicant prior to entering into a contract or for the performance of a contract to which the Applicant(s) is already party.
- 56.4. When collecting Applicants personal data you will:
- 56.4.1. Provide the required Data Protection Wording to Applicants and ensure they understand that Magellan Homeloans will carry out one or more credit/fraud checks (which may include searches under additional names by which the applicant(s) has/have been known and for any additional addresses to which the applicant(s) have been connected)
- 56.4.2. Obtain the Applicant's prior explicit consent to share their Personal Data with Magellan Homeloans.
- 56.4.3. Not process any personal data for any purpose other than to which the Applicant has consented for which you hold a lawful reason;

- 56.4.4. Not undertake any activity that would put us in breach of our obligations under Data Protection Laws;
- 56.4.5. Provide us with full co-operation and information in relation to any complaint or Data Subject Request made.
- 57. These Terms shall be governed by and construed in accordance with the law of England and Wales and the parties submit to the exclusive jurisdiction of the English Courts.

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