

Introduction

1. These terms of business together with (the Fees Letter, 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 and 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.

“DPA” means the Data Protection Act 1998 and any subordinate legislation enacted under it;

“Fees Letter” means a letter setting out the fees payable by us to you under these Terms provided by Magellan to the Intermediary;

“FCA” means the United Kingdom’s Financial Conduct Authority or any body 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 DPA, 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", "Mars Capital Finance Limited", "Mars Capital" or any name, logo or Intellectual Property of Mars Capital 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 endeavours 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 the fees specified in the Fees Letter (which shall be VAT inclusive, unless otherwise stated) at the time and in the manner specified in the Fees Letter within 5 Business Days of the date that the Mortgage completion is confirmed by our conveyancing solicitor. We may amend the Fees Letter 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. Parties will comply at all times with their respective obligations under the DPA in relation to these Terms.
33. To the extent that a party acts as a data processor on behalf of the other party it shall:
 - 33.1 process such data in accordance with the DPA and the instructions of that other party;
 - 33.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of personal data and against accidental loss or destruction of or damage to personal data.

Protection of Employees

34. 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 endeavour to solicit or induce such person to cease their employment with us.

Confidentiality

35. 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 endeavours to prevent the publication or disclosure of any confidential information concerning such matters.
36. 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.
37. 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

38. 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

39. 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:
 42. In the event of termination:

- 39.1 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;
 - 39.2 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
 - 39.3 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;
 - 39.4 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;
40. 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

41. Termination of these Terms however caused shall be without prejudice to any rights or liabilities accrued at the date of termination.

- 42.1 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.
 - 42.2 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.
 - 42.3 you will return to us all documentation, information, records or other materials whether in hard copy or electronic form which belong to us;
43. All parties shall use their best endeavours to ensure the orderly closure or transfer of the activities carried out under these Terms.

Notices

44. 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.

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

45. 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

46. 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.