



# Criteria Guide

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<b>Approved Submission Routes</b>	Applications will only be accepted by a mortgage broker that is an appointed representative (a “Network AR”) of a mortgage network (a “Network”), or is a Directly Authorised intermediary (a “DA Broker”) on the Magellan Distribution Register (each of a Network and DA Broker an “Intermediary”). Firms on the Magellan Distribution Register may also delegate the submission of mortgage business to one of the Approved Packagers on the Magellan Distribution Register.
<b>Acceptable Applicants</b>	<ul style="list-style-type: none"> <li>• Applicants must be advised by a suitably qualified mortgage adviser.</li> <li>• Maximum applicants: 2</li> <li>• Minimum age 21 (Primary borrower minimum age 25 for Credit Repair products only). Maximum age 75 for applicants whose income is used for affordability.</li> <li>• Primary borrowers must be a UK resident with indefinite leave to remain and have been resident in the UK for a minimum of 12 months.</li> <li>• Minimum household income: £20,000</li> <li>• Applicants will only be considered for Credit Repair products if they have experienced an unexpected event that was beyond the reasonable control of the applicant that led to an adverse credit history as evidenced by a credit reference agency search or acceptable external source (e.g. Court document, Insolvency Practitioner’s report).</li> </ul>
<b>Application Submission</b>	<p>All documents should be certified as a true copy of the original, and a true likeness of the applicant (if photographic). When submitting applications we will require the following documentation:</p> <ul style="list-style-type: none"> <li>• A fully completed application form.</li> <li>• Magellan application fee payment.</li> <li>• Proof of identity.</li> <li>• Proof of residency (at the current address dated within the last 3 months).</li> <li>• Proof of expenditure: last 3 months bank statements.</li> <li>• Proof of income (where income is required for affordability): <ul style="list-style-type: none"> <li>○ Employed: Last 3 months consecutive payslips.</li> <li>○ Self-employed (Limited Co/LLP): Latest annual accounts plus last 3 months business bank statements</li> <li>○ Self-employed (Soletrader/Partnership): Latest annual HMRC SA302 and Tax Year Overview, plus last 3 months business bank statements.</li> <li>○ Contractors: the current and previous contract must be provided to verify the value of the contract(s).</li> <li>○ Pension income: Pension provider remittances/documentation or last 3 months bank statements.</li> <li>○ Maintenance payments: Court order or last 3 months bank statements.</li> <li>○ Rental income (net surplus income = gross rental minus 125% of current mortgage payment): Tenancy agreement, rental accounts or last 3 months banks statements. SA302 required to show declared to HMRC.</li> <li>○ Investment income: Investment vehicle statement or last 3 months bank statements.</li> <li>○ Long term State benefits: Benefit’s Office Statement or claim advice letter. (Benefits cannot account for more than 40% of total income used in assessment.)</li> </ul> </li> </ul> <p>Magellan Homeloans will obtain a valid credit search, employer/accountant/landlord references (where applicable) and a valuation report.</p>

<b>Adverse Credit Explanation</b>	All Credit Repair applicants are required to disclose, and provide evidence where requested, the nature of the event that caused their adverse credit record. The circumstances of the event should indicate that it was beyond the reasonable control of the applicant(s). Examples of acceptable events include:	
	<b>Event type</b>	<b>Example of acceptable evidence</b>
	Divorce	Decree, solicitor's letter, divorce petition.
	Separation	Evidence of change from joint to sole addresses, solicitor's letter, CSA/maintenance evidence.
	Serious illness or accident	Hospital or doctor's note, proof of statutory sick pay, health insurance claim document, employer's letter confirming period of absence.
	Stabilised reduction in income	Payslips/P60s or accounts showing reduction, HMRC employment history letter.
	Unemployment or redundancy	P45, redundancy notice, HMRC employment history letter, DWP benefits letter, Insurance claim document.
	Death of close family member	Death certificate, solicitor's probate letter.
	Serious illness or accident of close family member	Hospital or doctor's note, proof of statutory sick pay, health insurance claim document, employer's letter confirming period of absence.
	Business interruption caused by counterparty failure or default	Insolvency practitioner's report, insolvency notice, proof of counterparty failure or default (insolvency/administration notice, claim for costs/damages awarded).
	Business failure	Insolvency practitioner's report, insolvency notice, Companies House search, accountant's letter.
	Errors or system failures of the banking system	Bank letter.
	Victim of stolen identity or fraud by a third party	Solicitor's letter, bank letter, police report, CIFAS confirmation.
	For events not listed above the circumstances of the event must suggest that the event was beyond the reasonable control of the applicant and cannot be a symptom of financial mismanagement.	

<p><b>Applicant employment status</b></p>	<p><b>Employed applicants:</b> Must have 12 months history of employment with a minimum of 3 months in current employment and not in a probationary period. Applicants must provide copies of the last 3 months consecutive payslips (printed by a pay bureau). The following income will be taken into account: Wages / salary, guaranteed commission/bonus/overtime, 50% of regular non-guaranteed commission/bonus/overtime (subject to not being more than 40% of total income used in assessment). Where income is variable, an average over the last three months, or annualised YTD figure, should be used, whichever is the lower.</p> <p><b>Contract workers:</b> Minimum of 12 months continuous history of contracting roles within their relevant industry required. Current contract must be for a minimum of six months with a minimum of 3 months of the original term remaining (minimum 50% of original term must remain unless the borrower can show 18 months continuous service in the same type of employment). The value of the current contract will normally be taken for income purposes, although underwriters may restrict income to an average of the current and previous contract, or the lower of the two if a substantial increase in value is observed.</p> <ul style="list-style-type: none"> <li>• Borrowers employed on a Construction Industry Scheme (CIS) Contract will be considered. The average of the latest 6 months evidenced income is used.</li> <li>• Borrowers employed on a zero hours contract will be considered if they show a consistent level of income. The total of the last 12 calendar months evidenced income will be used.</li> <li>• Customers will be treated as self-employed if they pay their own tax or sub contract to more than one company.</li> </ul> <p><b>Self-employed applicants:</b> Applicants who own more than 25% of their employer/business will be classed as self-employed and must have been self-employed for a minimum of 12 months (minimum 24 months for MAG 1 products). Income will be considered as their proportion of the company/firm net profit for the last 12 month period plus any income or distribution deducted in favour of the applicant in arriving at net profit. Acceptable proof of income is the latest annual accounts (where the Accountant is affiliated with an acceptable professional body) or certified copies of the latest annual HMRC SA302 and Tax Year Overview, plus certified copies of the last 3 months business bank statements (unless this period is included in the latest annual accounts). Please refer to an underwriter for applicants showing excessive increases or reductions in income.</p>
<p><b>Credit History</b></p>	<p>Acceptable credit history (see product guide for product specific limits):</p> <ul style="list-style-type: none"> <li>• County Court Judgements (satisfied or unsatisfied) more than 12 months old.</li> <li>• Mortgage Arrears more than 12 months old.</li> <li>• Defaults more than 12 months old (unless the debt was included within a DMP)</li> <li>• Repossessions over 12 months old may be considered subject to confirmation that any shortfall has been or is being made good or has been forgiven.</li> <li>• Bankruptcy/Debt Relief Order discharged over 12 months ago will be considered subject to a Certificate of Discharge (if does not show as discharged on credit search).</li> <li>• Applicants subject to an IVA for more than 12 months that has been conducted satisfactorily.</li> <li>• Applicants subject to a DMP for more than 12 months that has been conducted satisfactorily.</li> </ul> <p>Unacceptable credit history:</p> <ul style="list-style-type: none"> <li>• More than 5 County Court Judgements (satisfied or unsatisfied).</li> <li>• Mortgage Arrears in the last 12 months.</li> <li>• Defaults in the last 12 months.</li> <li>• Repossessions within 12 months of application.</li> <li>• Any applicants with a failed IVA or who have entered into an IVA in the last 12 months.</li> <li>• Undischarged Bankruptcy/Debt Relief Order or Bankruptcy/Debt Relief Order discharged in the last 12 months.</li> <li>• Applicants showing recent dependence on short term credit, such as payday loans, within the last 12 months, recent excessive rising credit/store card balances, or unpaid debits showing on bank statements will not be acceptable.</li> </ul>

<b>Fees</b>	Magellan completion fees can be added to the loan above maximum Loan-to-Values.
<b>Gifted deposits</b>	Close family gifted deposits are accepted. Builder gifted deposits accepted to a maximum of 5%. Vendor gifted deposits will not be accepted.
<b>Lending beyond state retirement age (SRA)</b>	Applicants declaring continued employment or self-employment beyond state retirement age will be subject to a plausibility assessment as to the likelihood of the income being available after state retirement age. Where up to 20% of the term of the mortgage extends beyond state retirement age (or declared retirement age if lower), and applicants have more than 15 years to pension age, evidence of provision for income into retirement will be required. Where over 20% of the term of the mortgage extends beyond state retirement age (or declared retirement age if lower), or if applicants have less than 15 years to pension age, evidence of provision for income into retirement will be required and this income will be used in affordability assessment.
<b>Loan Purpose</b>	<p>We will consider loans for:</p> <ul style="list-style-type: none"> <li>• Purchases.</li> <li>• Capital Raising for Debt Consolidation to a maximum of 80% LTV (including fees).</li> <li>• Capital Raising for Home Improvements.</li> <li>• Refinancing bridging finance providing it was used to purchase a property at auction within the last six months, or the loan was a “traditional” bridge (a sale and purchase that does not occur simultaneously, with the bridging loan providing the additional finance until the date of sale), the bridging loan was a regulated mortgage contract, and did not include roll-up of interest.</li> </ul> <p>We will not consider loans for:</p> <ul style="list-style-type: none"> <li>• Capital raising for investments, financial speculation or capital injection into a new business.</li> <li>• The supply of goods and services (also known as Debtor, Creditor Supplier (DCS) arrangement).</li> <li>• Purchasing a Timeshare.</li> <li>• Paying a tax bill or settle a HMRC demand.</li> <li>• Refinancing property purchased with a mortgage or re-mortgaged less than 6 months ago (subject to the Firm’s bridging loan criteria above).</li> </ul>
<b>Loan Size</b>	Minimum £25,001. Maximum £500,000. (Maximum 65% LTV for properties with value less than £75,000).
<b>Loan term</b>	Minimum loan term 5 years. Maximum 30 years.

<b>Property exclusions</b>	<ul style="list-style-type: none"> <li>• Properties with a value of less than £50,000.</li> <li>• Leasehold property with less than 55 years remaining on the lease at application.</li> <li>• New build properties with more than 5% builder gifted deposit.</li> <li>• New build flats over 80% loan-to-value (incl fees).</li> <li>• Properties built in the last 10 years without a relevant building certificate (e.g. NHBC, Zurich etc).</li> <li>• Properties determined as unacceptable security by the appointed valuer.</li> <li>• Steel framed properties.</li> <li>• Properties of 100% timber construction.</li> <li>• Properties of 100% concrete construction.</li> <li>• Defective concrete built houses.</li> <li>• Land or existing buildings purchased for future development with no existing planning permission.</li> <li>• Properties containing Mundic Block materials.</li> <li>• Properties with restrictions as regards to occupancy (e.g. agricultural, retirement flats).</li> <li>• Properties not wholly owned by the borrower (e.g. shared ownership).</li> <li>• Freehold flats or maisonettes.</li> <li>• Flats in blocks with more than 5 floors unless built post 1990 and not ex local authority.</li> <li>• Flats over/adjacent to some types of commercial premises.</li> <li>• Flats higher than the third floor with no lift access.</li> <li>• Environmentally contaminated properties.</li> <li>• Mobile homes / house boats.</li> <li>• Commercial usage (including properties designated as live/work).</li> <li>• Flying Freehold where more than 20% overhangs another property.</li> <li>• Properties underpinned within the last 5 years without satisfactory guarantees.</li> <li>• Local Authority properties within pre-emption.</li> <li>• Ex-local Authority flats with a value of less than £200,000 or with LTV over 75% (incl fees).</li> <li>• Studio flats of less than 30sqm, without a separate bathroom, with a kitchenette or with LTV over 75% (incl fees).</li> </ul>
<b>Repayment terms</b>	Capital and Interest only.
<b>Unacceptable income</b>	<ul style="list-style-type: none"> <li>• Employment related DWP payments including: Job Seeker’s Allowance, Income support and Support for Mortgage Interest, Housing benefit.</li> <li>• DWP payments relating to children aged 11 or over at the time of Application.</li> <li>• Expenses.</li> <li>• Unverifiable income.</li> </ul>
<b>Undervalue transactions</b>	Close family gifted equity is acceptable up to 90% of the discounted purchase price. Unacceptable undervalue transactions include: Any private sales incentives (unless they are discounted from the purchase price), a transfer or sale at a reduced price between a Company and one or more of its Directors, or any transaction where we believe the motive is for the vendor to avoid creditors.

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