

Buy-to-Let Product Guide

Why choose Magellan Homeloans:

- No credit scoring - human decision making
- Loans up to £1m considered
- Variable rates with no ERCs
- 2 & 5 year Fixed rates
- CCJs, Defaults, Arrears, and historic DMPs considered
- Online case submission and tracking
- Bespoke Income Cover Ratio (ICR) assessments starting from 125% on Payrate

BTL for Individuals

- Rates from 2.69%
- Up to 80% LTV
- Loans up to £1m considered
- Portfolio and First-time Landlords accepted
- Shared houses considered

BTL for Limited Companies

- Rates from 2.69%
- Up to 80% LTV
- Loans up to £1m considered
- SPV and Trading Ltd Companies considered
- Shared houses considered

HMOs & Multi-Unit Blocks

- Rates from 3.24%
- Up to 75% LTV
- Loans up to £1m considered
- Individuals and Limited Company applicants
- Up to 6 units/rooms considered

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All credit decisions made at the discretion of the credit risk team. This product guide is for guidance only and is not intended for distribution to customers or to be used as a financial promotion under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Not for display.

01 Oct 2018

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0.80%

BTL PRODUCT GUIDE

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Buy-to-Let for Individuals

For all property types including Shared Houses (exc HMOs/Multi-units) and up to 4 individual applicants.

Range	Maximum adverse credit considered (see General Criteria page for more details)	Completion Fees*	Maximum LTV			
			65%	70%	75%	80%
B0	CCJs/Defaults: 0 registered in 72m. Arrears (secured): Max 0 missed in 72m. Arrears (unsecured): Max status 1 in 36m (0 in 12). Bankruptcy/IVA/DRO: Discharged +72m. DMP: Discharged +72m. All adverse must be up-to-date/satisfied at least 3 months prior to application.	2 year Fixed	2.69%	2.69%	2.79%	3.00%
		5 year Fixed	3.31%	3.38%	3.41%	3.83%
		LIBOR Tracker	3.30%	3.30%	3.45%	3.80%
		2 year Fixed	2.94%	2.94%	3.04%	3.25%
		5 year Fixed	3.41%	3.48%	3.51%	3.93%
		LIBOR Tracker	3.55%	3.55%	3.70%	4.05%
		Reversionary rate	5.17%	5.17%	5.17%	5.17%
B1	CCJs/Defaults: (instalment debt): 0 registered in 36m. CCJs/Defaults: (non-instalment debt): 1 CCJ up to £500 registered in 36m (0 in 3). Arrears (secured): Max 1 missed in 36m (0 in 12). Arrears (unsecured): Max status 2 in 36m (0 in 3). Bankruptcy/IVA/DRO: Discharged +72m. DMP: Discharged +36m. All adverse must be up-to-date/satisfied at least 3 months prior to application.	2 year Fixed	3.00%	3.00%	3.20%	3.35%
		5 year Fixed	3.62%	3.62%	3.82%	3.97%
		LIBOR Tracker	3.45%	3.70%	3.80%	4.30%
		2 year Fixed	3.25%	3.25%	3.45%	3.60%
		5 year Fixed	3.72%	3.72%	3.92%	4.07%
		LIBOR Tracker	3.70%	3.95%	4.05%	4.55%
		Reversionary rate	5.42%	5.42%	5.42%	5.42%

Acceptable Landlords

Single self-contained units (SSC) / Shared house (non-HMO)

Experienced Landlord	An applicant who has owned a minimum of two Buy to Let or Investment properties for at least 2 years.
Professional Landlord	An applicant who earns at least 50% of their income from lettings and has owned a minimum of four Buy to Let or Investment properties for at least the last 2 years.
Next-time Landlord	An applicant who has owned investment property but does not meet the definition of an Experienced or Professional Landlord (as above).
First-time Landlord	An applicant who has never owned a BTL property. Must have owned their residential home for at least 12 months or be applying with a BTL Guarantor. Must not be a Consumer BTL.
First-time Buyer	An applicant who has never owned their own home or a BTL property. Must be applying with a BTL Guarantor who meets the definition of either an Experienced/Professional Landlord (as above). Must not be a Consumer BTL.

Product Criteria Snapshot

Applicants	Maximum 4 applicants. All applicants must have been a UK resident for at least 12 months and be at least 21 years old. No maximum age if rental income not required for retirement income, otherwise maximum age of youngest applicant is 85 at end of term. No minimum income for Professional Landlords otherwise minimum income is £25k (or £50k if aggregate borrowing with Magellan is >£1m). Please note all applicants must be able to verify affordability of their personal lifestyle and debts.
Flats	Purpose built and conversions acceptable. New build flats max 70% LTV. Studio flats and ex-local authority flats acceptable up to 75% LTV. Studio flats minimum value £100k (f <30sqm min value £200k and max 65% LTV).
Shared house	Is defined as a property that is let to multiple unrelated tenants that does not require either change of use or a mandatory/discretionary HMO licence and can sell as a single unit without alteration. Shared houses are acceptable on non-HMO product ranges up to a maximum of 75% LTV. At least one applicant must have a minimum of 1 years' experience of owning a Shared house.

ICR assessment rates from 125% @ 3.31%
(see Product Details page for full details)

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Buy-to-Let for SPV/Trading Limited Companies

For all property types including Shared Houses (exc HMOs/Multi-units) and applications with SPV and Trading Limited Companies with up to 4 shareholders.

Range	Maximum adverse credit considered (see General Criteria page for more details)	Completion Fees*	Maximum LTV			
			65%	70%	75%	80%
BLO	CCJs/Defaults: 0 registered in 72m. Arrears (secured): Max 0 missed in 72m. Arrears (unsecured): Max status 1 in 36m (0 in 12). Bankruptcy/IVA/DRO: Discharged +72m. DMP: Discharged +72m. All adverse must be up-to-date/satisfied at least 3 months prior to application.	2 year Fixed	2.69%	2.79%	2.94%	3.50%
		5 year Fixed	3.31%	3.41%	3.48%	4.12%
		LIBOR Tracker	3.30%	3.30%	3.45%	3.80%
		2 year Fixed	2.94%	3.04%	3.19%	3.75%
		5 year Fixed	3.41%	3.51%	3.58%	4.22%
		LIBOR Tracker	3.55%	3.55%	3.70%	4.05%
		Reversionary rate	5.17%	5.17%	5.17%	5.17%
BL1	CCJs/Defaults: (instalment debt): 0 registered in 36m. CCJs/Defaults: (non-instalment debt): 1 CCJ up to £500 registered in 36m (0 in 3). Arrears (secured): Max 1 missed in 36m (0 in 12). Arrears (unsecured): Max status 2 in 36m (0 in 3). Bankruptcy/IVA/DRO: Discharged +72m. DMP: Discharged +36m. All adverse must be up-to-date/satisfied at least 3 months prior to application.	2 year Fixed	3.15%	3.35%	3.50%	3.95%
		5 year Fixed	3.77%	3.97%	4.12%	4.57%
		LIBOR Tracker	3.45%	3.70%	3.80%	4.30%
		2 year Fixed	3.40%	3.60%	3.75%	4.20%
		5 year Fixed	3.87%	4.07%	4.22%	4.67%
		LIBOR Tracker	3.70%	3.95%	4.05%	4.55%
		Reversionary rate	5.42%	5.42%	5.42%	5.42%

Acceptable Landlords

Single self-contained units (SSC) / Shared house (non-HMO)

Experienced Landlord	An applicant who has owned a minimum of two Buy to Let or Investment properties for at least 2 years.
Professional Landlord	An applicant who earns at least 50% of their income from lettings and has owned a minimum of four Buy to Let or Investment properties for at least the last 2 years.
Next-time Landlord	An applicant who has owned investment property but does not meet the definition of an Experienced or Professional Landlord (as above).
First-time Landlord	An applicant who has never owned a BTL property. Must have owned their residential home for at least 12 months or be applying with a BTL Guarantor. Must not be a Consumer BTL.
First-time Buyer	An applicant who has never owned their own home or a BTL property. Must be applying with a BTL Guarantor who meets the definition of either an Experienced/Professional Landlord (as above). Must not be a Consumer BTL.

Product Criteria Snapshot

Ltd Company (SPV & Trading)	All Ltd/LLP company borrowers (and any related parent/holding Company) must be incorporated in the UK. Special Purpose Vehicles (SPV) Ltd/LLP companies acceptable with Floating charges only taken if SPV has a parent/holding Limited Company. Trading Ltd/LLP companies acceptable if trading for at least 2 years and Fixed and Floating charges are taken. Details of all Shareholders must be provided. Personal Guarantees are required by all Shareholders for loans exceeding 65% LTV.
Applicant / Shareholders	Maximum 4 applicants. All applicants must have been a UK resident for at least 12 months and be at least 21 years old. No maximum age if rental income not required for retirement income, otherwise maximum age of youngest applicant is 85 at end of term. No minimum income for Professional Landlords otherwise minimum income is £25k (or £50k if aggregate borrowing with Magellan is >£1m). Please note all applicants must be able to verify affordability of their personal lifestyle and debts.
Flats	Purpose built and conversions acceptable. New build flats max 70% LTV. Studio flats and ex-local authority flats acceptable up to 75% LTV. Studio flats minimum value £100k (f <30sqm min value £200k and max 65% LTV).
Shared house	Is defined as a property that is let to multiple unrelated tenants that does not require either change of use or a mandatory/discretionary HMO licence and can sell as a single unit without alteration. Shared houses are acceptable on non-HMO product ranges up to a maximum of 75% LTV. At least one applicant must have a minimum of 1 years' experience of owning a Shared house.

ICR assessment rates from 125% @ 3.31%
(see Product Details page for full details)

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Complex BTL for HMOs and Multi-Unit Blocks.

For Professional and Experienced Landlords applying as Individuals and SPV and Trading Limited Company borrowers with up to 4 applicants/shareholders.

			Maximum LTV				
Range	Maximum adverse credit considered (see General Criteria page for more details)	Completion Fees*	60%	65%	70%	75%	
BC0	CCJs/Defaults: 0 registered in 72 months. Arrears (secured): Max 0 missed in 72 months. Arrears (unsecured): Max status 1 in 36 months (0 in 12). Bankruptcy/IVA/DRO: Discharged +72 months. DMP: Discharged +72 months. All adverse must be up-to-date/satisfied at least 3 months prior to application.	2 year Fixed	1.50%	3.24%	3.29%	3.39%	3.69%
		5 year Fixed		3.75%	3.80%	3.86%	3.98%
		LIBOR Tracker		3.70%	3.70%	3.80%	3.95%
		Reversionary rate	5.42%	5.42%	5.42%	5.42%	
BC1	CCJs/Defaults: (instalment debt): 0 registered in 36m. CCJs/Defaults: (non-instalment debt): 1 CCJ up to £500 registered in 36m (0 in 3). Arrears (secured): Max 1 missed in 36m (0 in 12). Arrears (unsecured): Max status 2 in 36m (0 in 3). Bankruptcy/IVA/DRO: Discharged +72m. DMP: Discharged +36m. All adverse must be up-to-date/satisfied at least 3 months prior to application.	2 year Fixed	1.50%	3.75%	3.85%	4.05%	4.25%
		5 year Fixed		4.22%	4.32%	4.52%	4.72%
		LIBOR Tracker		3.90%	3.90%	4.05%	4.30%
		Reversionary rate		5.67%	5.67%	5.67%	5.67%

* Completion fees can be added to the advance in excess of published product LTV.

Acceptable Landlords HMO and Multi-Unit Blocks

Experienced Landlord	An applicant who has owned a minimum of two Buy to Let or Investment properties for at least 2 years, or has owned at least one HMO/Multi-unit property for at least 2 years.
Professional Landlord	An applicant who earns at least 50% of their income from lettings and has owned a minimum of four Buy to Let or Investment properties for at least the last 2 years.
Other Landlords	Any applicant who does not meet the definition of either an Experienced/Professional Landlord (as above) must be applying with a BTL Guarantor who does. Must not be Consumer BTL.

Product Criteria Snapshot

Ltd Company (SPV & Trading)	All Ltd/LLP company borrowers (and any related parent/holding Company) must be incorporated in the UK. Special Purpose Vehicles (SPVs) Ltd/LLP companies are acceptable if the sole purpose is for residential property investment. Floating charges will not be taken on SPVs unless they have a parent/holding Company. Trading Ltd/LLP companies are acceptable if they have been trading for at least 2 years and Fixed and Floating charges are taken. Details of all Shareholders must be provided up to a maximum of 4. Personal Guarantees are required by all Shareholders for loans exceeding 65% LTV.
Applicant / Shareholders	Maximum 4 applicants. All applicants must have been a UK resident for at least 12 months and be at least 25 years old. No maximum age if rental income not required for retirement income, otherwise maximum age of youngest applicant is 85 at end of term. No minimum income for Professional Landlords otherwise minimum income is £25k (or £50k if aggregate borrowing with Magellan is >£1m). Please note all applicants must be able to verify affordability of their personal lifestyle and debts.
Multi-unit Blocks	Single freehold Multi-units accepted up to a maximum of 6 units. If there is any element of shared utilities between units the maximum LTV is 65%. Mixed units (e.g. HMO and Flats on single freehold or Semi-commercial are unacceptable).
HMO (House of Multiple Occupancy)	As defined by the Housing Act 2004. Acceptable with a maximum of two kitchens. No limit on number of bathrooms. Maximum 6 letting rooms. Single and multiple tenancy agreements acceptable.

ICR assessment rates from 130% @ 3.75%
(see Product Details page for full details)

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www.atomltd.co.uk**Early Redemption Charges (ERCs)**

2 year Fixed	Yr 1 - 3%, Yr 2 - 2%
5 year Fixed	Yr 1 - 4%, Yr 2 - 4%, Yr 3 - 3%, Yr 4 - 2%, Yr 5 - 2%
LIBOR Tracker	No early redemption charges apply.

During any Early Repayment Charge (ERC) period, overpayments of up to 10% of the mortgage balance each calendar year can be made without incurring an ERC. If a product does not have ERCs then overpayments are allowed without restriction. Any overpayments may not be subsequently redrawn once they have been made to reduce the mortgage balance.

Income Cover Ratio (ICR) & Stresses

Tax rate:	20%	40%	45%	Ltd Co
Single self-contained unit:	125%	140%	145%	125%
Shared/HMO/Multi-unit:	130%	145%	150%	130%

Bespoke ICRs are available for multiple applicants with different tax rates using each applicants' share of the rent. See the Core Criteria page and our online Bespoke ICR calculator for more information (overleaf).

Interest Rate Stress Tests

Libor trackers & <5 year fixed rates: Highest of the Payrate +2%, Reversionary rate, or 5.50%.

5+ year fixed rates: <=60% LTV: Payrate.
>60%-70% LTV: Highest of the Payrate or 4.00%.
>70% LTV: Highest of the Payrate or 4.50%

There are no overall portfolio limits of any non-Magellan investment properties owned by the applicants. Debt Service Cover tests for background portfolios will be tested at 125% of the current interest rate paid or 5.50%, whichever is highest.

Interest Rates

Fixed rates	Are fixed from the date of completion. After the fixed rate mortgage period ends it will revert to the LIBOR variable reversionary rate. Please note that fixed rates have limited availability and may be withdrawn at any time. After a product is withdrawn no further applications can be accepted.
LIBOR	Magellan Homeloans resets its LIBOR every three months in accordance with published levels. Magellan Homeloans has a LIBOR Floor of 0.25%. Should 3 month LIBOR drop below this level then variable and reversionary rates will be charged at a minimum of the product margin plus 0.25%.

Application Fees[^]

Property value	Single self-contained property [^]	HMO/ Multi-units [^] (up to 6 units)
Up to £100,000	£382	£700
Up to £200,000	£435	£740
Up to £300,000	£485	£785
Up to £400,000	£535	£845
Up to £500,000	£592	£900
Up to £600,000	£710	£975
Up to £700,000	£810	£1,050
Up to £800,000	£900	£1,140
Up to £900,000	£960	£1,215
Up to £1,000,000	£1,067	£1,285
Up to £1,500,000	£1,475	£1,685
Over £1,500,000	Refer	
Re-inspection fee	£75	

Contact us for Homebuyers Survey prices.

[^] Non-refundable. Payable on application and includes a valuation for mortgage purposes and a Magellan assessment fee of £250. Fees include VAT (where applicable). Applications for incomplete new build properties will require a property re-inspection before completion can occur that is paid for by the applicant(s).

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Experienced Landlord	Landlords who have owned a minimum of two Buy to Let or Investment properties for at least 2 years. If applying for a HMO/MUB product has owned at least one HMO/MUB property for at least 2 years.
Professional Landlord	Landlords earning at least 50% of their income from lettings and have owned a minimum of four Buy to Let or Investment properties for at least the last 2 years.
Next-time Landlord	An applicant who has owned investment property but does not meet the definition of an Experienced or Professional Landlord.
First-time Landlord	An applicant who has never owned an investment property.
First-time Buyer	An applicant who has never been a homeowner or owned an investment property.
Buy-to-Let Guarantor	An Experienced Landlord or Professional Landlord who is applying to act as Guarantor for a Buy-to-Let mortgage and will be jointly liable for the entire loan including any shortfall.
Consumer Buy-to-Let	We will not accept any applicant or application which can be defined as a Consumer Buy-to-Let under the Mortgage Credit Directive Order 2015.

Please note: Spouses may meet the number of investment property requirements above in aggregate

For further details visit:

www.atomltd.co.ukor call the
Mortgage Helpdesk on:

01403 272625

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Buy-to-Let Quick Criteria

(see the the full BTL Criteria Guide and our BTL Criteria A-Z on the website for full details)

Bespoke ICR	Rental cover is calculated using individual circumstances to maximise the loan based on their individual share of ownership and personal income. ICR tests start from 125% assessed on a interest only monthly repayment calculated using the Payrate. Please see our Product Details pages and our online BTL calculators for more details.
Loan details	England & Wales only. Maximum loan size £500k (to 80% LTV) and £1m (to 75% LTV). Minimum loan £25,001. Maximum aggregate exposure per applicant is 20 properties or £2m. Minimum term 5 years. Maximum term 35 years.
Adverse credit history	See product tables for the product specific adverse accepted. Maximum 5 CCJs per application. Arrears made up-to-date the following month not included in product limits. Arrears considered up to product limits per individual loan/mortgage/agreement. We will not accept borrowers showing a lack of financial stability, habitual overindebtedness, a dependence on short term credit (e.g. payday loans) in the last 12 months or excessive increases in credit/store card balances in the last 12 months. Any adverse in the last 3 months is unacceptable. Non-instalment debts are defined as non-fixed instalment agreements and include parking/speeding fines, utility/communication bills, mail order/store cards, and credit cards. Any adverse on the credit file (missed payments, defaults, CCJs) that is proven to have been a by-product of another arrangement (DMP, IVA, direct with lender arrangement, Bankruptcy) will be excluded from the product limits. Any non-defaulted unsecured credit arrangements with a status >2 will be treated as defaults under the product rules, using the date the account last exceeded status 2 as the default date and the account balance as the default value.
Consumer BTL	Are not acceptable. Including any borrowers who are: intending to use the property for non-business purposes; intending to occupy the property; intending to rent the property to a related person (spouse/partner or close family); a first-time landlord or landlord with a single BTL looking to refinance the property that either they or a related person (spouse/partner or close family) has ever occupied; a first-time landlord or a landlord with a single BTL looking to refinance an inherited property; using more than half of the funds raised for the borrower(s) personal use (e.g. to repay debts not related to business purposes). In addition, any borrower where the lender has reasonable cause to suspect they aren't acting wholly or predominantly for business purposes (e.g. entering into BTL purely because of difficulties selling the property or because they have to relocate for employment).
Property General	Minimum property value £50k (£100k in London & South East). Maximum LTV 65% for properties valued <£75k. For leasehold property the minimum lease length at the end of the term is 50 years for Interest Only. If 35-50 years remaining at term, Capital & Interest Repayment is required or a maximum of 70% LTV. Properties confirmed by the surveyor as currently lettable, in good locations, but in poor condition are acceptable up to 65% LTV. All relevant planning permission and licenses are required before completion. All security will be valued on a market value and market rent basis using comparable evidence (HMOs using individual room rents).
Offer validity	Offers are valid for up to 4 months from the date of Offer.
Tenants	Students, tenants on state-support (DWP) and Housing Association tenants are acceptable up to 70% LTV (Applicants must have at least 1 years prior experience of these tenant types). Private tenants and Corporate Lets are acceptable up to maximum product LTVs. ASTs and Common Law Tenancies acceptable. Protected or regulated tenancies are not acceptable.
Solicitors	Magellan will allow joint representation with the borrower's nominated Solicitor provided the firm has a minimum of four (4) SRA Approved Partners, is registered with the Law Society, and has experience relevant to the mortgage application. Magellan Homeloans will not accept Licenced Conveyancers.
Deposits	Builder deposits/incentives up to 5% accepted. Family gifted deposits accepted if non-refundable. Director Loan deposits are acceptable. Vendor gifted deposits unacceptable. Gifted equity from close family accepted with loans limited to 90% of the discounted purchase price (within overall maximum product LTVs).
Remortgages	Remortgages are acceptable for any legal purpose including Capital Raising and Debt Consolidation. Loans on properties purchased/inherited within the last 6 months will be considered as long as the applicants title is registered at Land Registry (Magellan will only lend against the original purchase price plus, where applicable, the evidenced cost of works that have already been carried out). If a bridging loan was used to purchase a property within the last six months the loan will be limited to the current loan balance.