



aldermore

# Commercial Mortgage Product Information

Telephone: 01733 404518

Lending amounts £25,001 - £1m\* • Terms from five to 20 years • Non-regulated and regulated mortgage contracts

## Lending on a broad range of properties, including:

- Offices
- Industrial Units
- Modern Factories and Warehouses
- Retail without living accommodation
- Retail with living accommodation
- Commercial and Residential Investment properties
- Licensed Houses in Multiple Occupation

## Funding Options

Up to 70% Loan to Value

### Sitting tenant purchase

Where applicants are purchasing the property they are currently renting i.e. purchase as a sitting tenant, subject to the Bank being fully appraised and satisfied with the reasons for the discounted price a mortgage of up to 100% of the discounted purchase price can be granted, provided the loan does not exceed our normal LTV based on the Market Value of the property.

### Valuation basis

The market value of the property in its present condition, excluding any goodwill, fixtures and fittings etc.

The valuation panel will be restricted with all valuations instructed by Aldermore Bank PLC.

## Interest margin available over Bank Base Rate (BBR) or Libor

All cases will be individually assessed and priced for risk.  
Subject to availability fixed rate products may also be offered.  
Please call us for details.

The bank will adopt a minimum base rate of 3%, therefore the minimum charging rate will be the margin plus 3%.

This minimum rate will not be applied until such time as the current base rate (BBR or Libor as applicable) reaches 3%. Until this time the charging rate will be the current base rate plus the margin.

## Repayment options

- Capital & Interest - **the mortgage must be on this basis for borrowing over 60% LTV (except see below)**
- Interest Only product (please see below)

## Interest Only Product

- Up to 50% LTV available on interest only for a maximum two or three year term\*\*
- Up to 60% LTV available on interest only for a maximum two year term\*\*
- Up to 70% LTV available on interest only for a maximum 10 year term on residential investment and HMO properties\*\*

\*Maximum £1M on a single property (maximum £3M exposure to a single customer over multiple securities)

\*\*Interest only period available provided we are satisfied with the application.

## Arrangement Fees

1.5% - 2.00%  
(Fees may vary for special products)

## Commission

0.5% - 0.75%

## Early repayment charge (ERC)

3% in first three years, 2% in years four and five (calculated on outstanding balance or amount repaid\*). Different ERC structure applies to fixed rates, please call for more information.

**\*Up to 10% of the outstanding balance can be repaid in any 12 month period without incurring an ERC.**

## Lending Criteria

- Borrowers with experience, robust financial information / track record and clean credit history.
- Three full year's audited / certified accounts plus current management figures (if produced); two months bank statements\*; assets and liabilities statement. Cash flow projections and business plan may be required for business purchase and capital raising situations.
- Employed applicants need to provide their last three months pay-slips and latest P60; two months bank statements\*; assets and liabilities statement.
- Clear credit search on all applicants, however a maximum of two CCJ's in the last 24 months and must be trade disputes or similar, with satisfactory explanation and documentation, will be accepted. No history of any previous bankruptcy is to be shown on the credit search.
- Clean repayment history on all existing mortgages in the last 24 months.
- No history of being a director of a wound up / liquidated company; without satisfactory explanation.
- Corporate lending must normally be supported by a Personal Guarantee.
- Owner Occupier debt cover must be a minimum of x 1.5.
- Investment property payment cover on rental income must be a minimum of 1.3x cover based on a minimum charging rate of 7.5% on a capital and interest basis. Equating to 95x the monthly rental income.
- Professional investor (being a borrower who has held at least three properties over the last two years) need to demonstrate a minimum 1.3x cover based on a minimum charging rate of 7.5% against interest only payments. Equating to 123x the monthly rental income.

**\*We may request a longer period of Bank Statements if there are concerns regarding cashflow.**

## Security

- First charge over freehold or leasehold property (minimum 40 years plus mortgage term).
- Property to be insured for a minimum of the reinstatement value advised by our Valuer.
- Directors Guarantees.

## Additional security may be required on a case by case basis:

- Where the value of the property is insufficient to provide the full mortgage required then a charge can be provided over other suitable properties to cover the shortfall.
- Fixed & Floating charge over the assets of a limited company may be required where this supports the underwriting requirements.
- Key man life cover may be required.

## Special Products

### Auction Purchase

- Applicant must have owned an existing commercial property portfolio for at least three years.
- Purchase of commercial property only.
- Maximum 70% LTV against investment value.
- Maximum 20 year capital and interest term.
- Maximum 50% residual debt based on the vacant possession value at expiry or break of the lease whilst still fully amortising within the loan term.
- Personal guarantee required for Limited Company applications – minimum level equivalent to 12 months gross rental income from the property.
- Demonstrate a minimum 1.5x cover based on a minimum charging rate of 7.5% over a 20 year term against interest only payments. Using both rental income and the guarantee commitment. Passing rent must service actual capital and interest by a minimum 100%.
- Prime property and tenants only.

### Light Refurbishment Product

- Up to 65% loan to value on day one (lower of purchase price or valuation).
- A retention on the advance to take the total advance up to 70% of the completed value.
- An arrangement fee of 2.5% of the loan amount with a procurement fee of 0.75%.
- A minimum interest margin of 5%, with an additional loading of 1% during the refurbishment phase.
- The refurbishment phase is to take no more than six months from the date of the drawing of the original advance.
- Retention to be released upon satisfactory re-inspection by the valuer to confirm that the property is in a condition suitable for letting.
- This product is designed for properties that require light refurbishment therefore the property must be habitable at day one.
- Full costings for the works are to be approved by the valuer acting on behalf of the Bank and the applicants must be able to demonstrate that they have the funds available plus a reasonable contingency.
- The applicant must be able to demonstrate that they have the means available to service the debt during the refurbishment.

**Any property used as security, which may include your home, may be repossessed if you do not keep up repayments on your mortgage.**

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