



# Commercial Mortgages. Product Information.

Lending amounts from £25,001

Terms from 5 to 20 years

Non-regulated and regulated  
mortgage contracts

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Aldermore Bank PLC is authorised and regulated by the Financial Services Authority for deposit taking and regulated mortgages.  
Registered Office: 1st Floor, Block B, Western House, Lynch Wood, Peterborough PE2 6FZ. Registered in England no. 947662

### 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

Houses in Multiple Occupation

### Funding Options

Up to 70% Loan to Value

#### Arrangement Fees

1.5% - 2.00%

#### Commission

0.5% - 0.75%

(Fees may vary for special products)

### 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

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 £2M on a single title**

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

### 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.
- 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.

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

### Does it matter if my client has adverse?

- A maximum of five County Court Judgements (CCJ), within the last 60 months will be considered.
- If the CCJs total less than £1,000, were registered more than 12 months apart and they are recorded as being either set aside or satisfied then no explanation is required.
- If the total value of the CCJs is greater than £1,000 but less than £5,000, or where more than 3 of them were recorded within a 12 month timeframe then a satisfactory explanation is required.
- Where there are outstanding CCJs of any value a satisfactory explanation is required and should be settled prior to completion.
- There should be no evidence of missed mortgage or secured loan payments within the last 36 months, save where it can be evidenced that the missed payments are the result of exceptional circumstances and the Bank is provided with satisfactory evidence to support this.
- Occasional missed payments on unsecured credit/loans will be considered.
- There should be no history of directorships of liquidated/wound up companies within the last 3 years, unless a satisfactory explanation can be provided. Where the business failure occurred prior to this an explanation of the events may be requested and there should be evidence of satisfactory credit conduct since.
- There should be no history of any bankruptcy within the last 3 years. Where the bankruptcy occurred prior to this a full explanation should be obtained along with evidence of satisfactory credit conduct since.

### Serviceability

The Bank uses Debt Service Cover Ratio (DSCR) to determine whether or not there is sufficient money coming into the business/ investment to service its borrowings.

Every lender needs to calculate whether a borrower can afford their mortgage in the long term, to account for times when interest rates rise or income might become a bit thin.

#### Residential investments

The rate the customer pays is loaded by 3.75% and gross rents have to match or be greater than the interest only costs of the loan; i.e.  $\text{Pay rate} + 3.75\% \times 100\%$

Where the property is a HMO the loading is increased to 4.75%; i.e.  $\text{pay rate} + 4.75\% \times 100\%$

#### Owner occupier loans

The rate the customer pays is loaded by 3.75% and reconstituted profits have to match or be greater than the capital and interest loan costs over a 20 year term

### 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.
- 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.

**The Serviceability elements described on this page also apply.**

**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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