

Owner Occupier
and **Investor** Products
Product Criteria **£100k** to **£500k**

Commercial
loan company

Tel: 0845 241 6464

www.commercialloancompany.com

Commercial Loan Company

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Tel 0845 241 6464 Fax 0845 241 6465 www.commercialloancompany.com

Owner Occupier

Borrowers & Loan Type

- The term mortgage for Owner Occupiers to provide funding for the acquisition or refinance of commercial properties for the borrowers occupational business requirements. Most types of commercial and semi-commercial properties including land and farms are acceptable.
- Loans are available to Sole Traders, Partnerships & Limited Companies.
- Self Administered Pension Funds and Trusts may also borrow subject to an acceptable legal opinion as to their capacity to borrow and grant security.

Margin Calculations are above Bank Base Rate (BBR). Margins are calculated in relation to LTV and loan size where the security property is of a good quality, in demand and readily saleable and tenantable.

Margins will be increased to allow for any weakness in the Security Property, Financial Evidence, Debt Service Ratio (DSR) or Credit Profile.

LTV Bands & Margins

	Fine Prime	Near Prime
Income Verification & Status	1-2 years trading accounts available	Management or trading accounts and forecasts available Additional support acceptable
Below 60%	2.00% to 2.50%	2.50% to 4.50%
60% to 65%	2.25% to 2.75%	2.75% to 4.75%
65% to 70%	2.50% to 3.00%	3.00% to 5.00%
70% to 75%	2.75% to 3.25%	3.25% to 5.25%
75% to 80%	3.00% to 3.50%	3.50% to 5.50%
Advance Size		
£100k - £500k	80% max	80% max
Credit Profile		
Adverse Credit	No adverse credit	Historical adverse credit and CCJs, generally up to £3000, may be accepted Loadings apply.
Mortgage Arrears	No past arrears	Past arrears may be accepted. Loadings apply.
Loadings		
Arrears Loading	n/a	1 month last 12 add 0.25% 2 months last 12 add 0.50%
CCJ's Loading	n/a	1 - 2 last 3 years add 0.25% 1 - 2 last 12 months add 0.50%
Bank Conduct	Satisfactorily maintained	Satisfactorily maintained
Income/Serviceability		
DSR - Debt Service Ratio	DSR 150% from net profit and acceptable add backs	DSR 175% from forecast or actual profit and additional support
Repayment Options		
Capital & Interest	5 years to 30 years	5 years to 30 years
Interest Only	Subject to DSR & LTV (Max 75%)	Subject to DSR & LTV (Max 80%)
Repayment Holiday	Subject to DSR & LTV (Max 75%)	Subject to DSR & LTV (Max 80%)
Security Requirements		
Security	First mortgage on freehold or long leasehold property, England, Wales, Northern Ireland.	
Guarantee	Where borrower is a limited company a debenture and director's guarantees are required.	
Valuation	Open Market Vacant Possession Value. For Licensed & Hospitality, Closed Business Value.	
Fees & Commissions		
Valuation & Legal Fees	Payable by borrower. Valuation fee individually negotiated. Legal fee scale in Product Criteria.	
Commitment Fee	A Commitment fee of 0.25%, minimum of £500 and maximum of £1,250 is payable upon acceptance of offer, and set off against arrangement fee on completion.	
Lender's Arrangement Fee	1.5% of loan amount payable on completion, may be added to the advance up to 75% LTV. Max gross LTV 76.25%. Advances > 75% LTV fee deducted from advance.	
Redemption Fees	3%, 3%, 3% in years 1-3 then 1% for remainder of term	3%, 3%, 3% in years 1-3 then 1% for remainder of term
Introducer Commission	0.50% - 1.00%	1.00%



Investor

Borrowers & Loan Type

- The Commercial Property Investment Mortgage provides funding for investors seeking to buy or refinance the acquisition of a commercial property for investment purposes. Multiple occupancy, semi commercial and residential investment properties are acceptable.
- Loans are available to Sole Traders, Partnerships & Limited Companies.
- Self Administered Pension Funds and Trusts may also borrow subject to an acceptable legal opinion as to their capacity to borrow and grant security.

Margin Calculations are above Bank Base Rate (BBR). Margins are calculated in relation to LTV and loan size where the security property is of a good quality, in demand and readily saleable and tenatable.

Margins will be increased to allow for any weakness in the Security Property, Financial Evidence, Debt Service Ratio (DSR) or Credit Profile.

LTV Bands & Margins

	Fine Prime Investment	Near Prime Investment	Non Conforming Investment
Income Verification & Status	FRI Lease(s) or AST(s)	FRI Lease(s) or AST(s)	Non standard or informal lease, or licence or tenancy
Below 60%	2.00% to 2.50%	2.50% to 3.00%	3.50% to 4.00%
60% to 65%	2.25% to 2.75%	2.75% to 3.25%	3.50% to 4.00%
65% to 70%	2.50% to 3.00%	3.00% to 3.50%	3.75% to 4.25%
70% to 75%	2.75% to 3.25%	3.25% to 3.75%	4.00% to 4.50%
75% to 80%	3.00% to 3.50%	3.50% to 4.00%	n/a
Advance Size			
£100k - £500k	80% max	80% max	75% max
Credit Profile			
Adverse Credit	No adverse credit	Historical adverse credit and CCJs, generally up to £3000, may be accepted Loadings apply.	Historical adverse credit and CCJs, generally up to £3000, may be accepted Loadings apply.
Mortgage Arrears	No past arrears	Past arrears may be accepted. Loadings apply.	Past arrears may be accepted. Loadings apply.
Loadings			
Arrears Loading	n/a	1 month last 12 add 0.25% 2 months last 12 add 0.50%	1 month last 12 add 0.25% 2 months last 12 add 0.50%
CCJ's Loading	n/a	1 - 2 last 3 years add 0.25% 1 - 2 last 12 months add 0.50%	1 - 2 last 3 years add 0.25% 1 - 2 last 12 months add 0.50%
Bank Conduct	Satisfactorily maintained	Satisfactorily maintained	Satisfactorily maintained
Income / Serviceability			
DSR - Debt Service Ratio	DSR 110% of annual rent Lease or AST in place or vacant and in demand	DSR 110% of annual rent Lease or AST in place or vacant and in demand	DSR 130% of annual rent Informal lease or licence or vacant and in demand
Repayment Options			
Capital & Interest	5 years to 30 years	5 years to 30 years	5 years to 30 years
Interest Only	Subject to DSR & LTV (Max 80%)	Subject to DSR & LTV (Max 80%)	Subject to DSR & LTV (Max 75%)
Repayment Holiday	Subject to DSR & LTV (Max 80%)	Subject to DSR & LTV (Max 80%)	Subject to DSR & LTV (Max 75%)
Security Requirements			
Security	First mortgage on freehold or long leasehold property, England, Wales, Northern Ireland.		
Guarantee	Where borrower is a limited company a debenture and director's guarantees are required.		
Valuation	Investment Valuation subject to acceptable lease, otherwise Open Market Vacant Possession Value.		
Fees & Commissions			
Valuation & Legal Fees	Payable by borrower. Valuation fee individually negotiated. Legal fee scale in Product Criteria.		
Commitment Fee	A Commitment fee of 0.25%, minimum of £500 and maximum of £1,250 is payable upon acceptance of offer, and set off against arrangement fee on completion.		
Lender's Arrangement Fee	1.5% of loan amount payable on completion, may be added to the advance up to 75% LTV. Max gross LTV 76.25%. Advances > 75% LTV fee deducted from advance.		
Redemption Fees	3%, 3%, 3% in years 1-3 then 1% for remainder of term	3%, 3%, 3% in years 1-3 then 1% for remainder of term	6%, 6%, 6% in years 1-3 then 1% for remainder of term
Introducer Commission	0.50% - 1.00%	1.00%	1.00%



Product Criteria

Borrower

Income/Serviceability	The borrower's income should be sufficient to cover the projected capital & interest payments. Sufficient income should remain after the loan payments to cover other financial commitments. Minimum Debt Service Ratio (DSR) in accordance with the individual product requirements. An Interest Cover Ratio (ICR) test is also applied.
	Income is calculated based on forecast or actual net profit plus acceptable add-backs (interest on refinanced debt, rent payments, owners'/directors' salaries, some depreciation or non-recurring costs). Investment cases are tested against net rental income.
	Additional support from employed income, other business profit or investment income may be considered.
Financial Evidence	Subject to individual product requirements; one to two years' accounts/financial statements, one year's management accounts/financial forecasts or an income declaration supported by accountant's letter of affordability will be required to confirm serviceability.
	For investment cases; copy leases and confirmation of rental payments by rent or bank statements. If the business is a new venture we will require financial forecasts and an income/expenditure statement together with a summary of the background and experience of borrower. Forecasts should be verified by an accountant or business advisor.
Credit Profile and Mortgage & Bank Conduct	Bank conduct to be confirmed in all cases by 3 months most recent and consecutive bank statements. Business and personal statements will usually be required. Mortgage conduct to be confirmed by 12 months mortgage history (refinance, self declaration or where there is adverse credit history).
	Subject to individual product requirements; Past mortgage arrears are permissible up to a maximum 2 months. A full explanation will be required.
	CCJ's - subject to a satisfactory explanation. CCJ's registered by the Inland Revenue & Customs must be satisfied on or before completion.
	Where the applicant is subject to a debt management plan confirmation of satisfactory conduct will be required.
	Where the applicant has been subject to a formal insolvency procedure, a full explanation will be required, together with appropriate references.

Property

LTV	Loan to Value is based on open market valuation. LTV thresholds may be reduced for certain property types where condition, marketability or resale is limited.								
Acceptable Property Types	<table border="0"> <tr> <td>Retail</td> <td>80%</td> </tr> <tr> <td>Offices & Industrial</td> <td>80%</td> </tr> <tr> <td>Licensed & Hospitality</td> <td>75%</td> </tr> <tr> <td>Rural & Agricultural</td> <td>75%</td> </tr> </table>	Retail	80%	Offices & Industrial	80%	Licensed & Hospitality	75%	Rural & Agricultural	75%
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Offices & Industrial	80%								
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Unacceptable Property	Healthcare except Day Nurseries. Domestic residential property although buy to let and residential investments are acceptable.								
	Property must be in acceptable condition for intended trade and purpose on completion. Minor upgrade, fit-out and refurbishments are acceptable.								
Property Tenure	Freehold or Long leasehold property acceptable where a period of 55 years lease is remaining at the end of the proposed loan term.								
Property Value	Minimum property value £150,000.								
Other LTV features	Tenant purchases / family transfers at discount considered using 100% of open market valuation.								

Application Procedure

Application Procedure	Complete a DIP (www.commercialloancompany.com) and fax to 0845 241 6465 or email info@commercialloancompany.com Property details from agent particulars or prior valuations will help us quote best terms. The New Business team will aim to provide indicative terms within 48 hours.									
Valuation	Our New Business team will arrange all valuations. You can agree fees and payment terms. Our processing team will follow up with the instruction letter once you have confirmed payment.									
Application	Credit searches are completed by Commercial Loan Company and or Business Lending. To comply with Data Protection requirements we must have a signed application form and information declaration before we obtain the searches. (Application forms can be downloaded from www.commercialloancompany.com)									
Offer & Acceptance	On receipt of an acceptable valuation and application form with proof of identification and residency. The offer will be sent to you to arrange acceptance.									
Legal Process	On acceptance of the offer and payment of the commitment fee we will instruct our solicitors to complete the legal review and security documentation, the costs of which will be payable by the borrower. A fee scale applies for standard cases: <table border="0"> <tr> <td>i</td> <td>Minimum fee</td> <td>£500</td> </tr> <tr> <td>ii</td> <td>Loans up to £350,000</td> <td>0.5%</td> </tr> <tr> <td>iii</td> <td>Loans of £350,000 to £500,000</td> <td>£1,750 flat fee</td> </tr> </table> All the above are subject to VAT and disbursements. In cases where there are additional/multiple leases or titles there may be additional fees payable. The borrower will need to be represented by their own solicitor and they will be responsible for the legal fees in this respect.	i	Minimum fee	£500	ii	Loans up to £350,000	0.5%	iii	Loans of £350,000 to £500,000	£1,750 flat fee
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