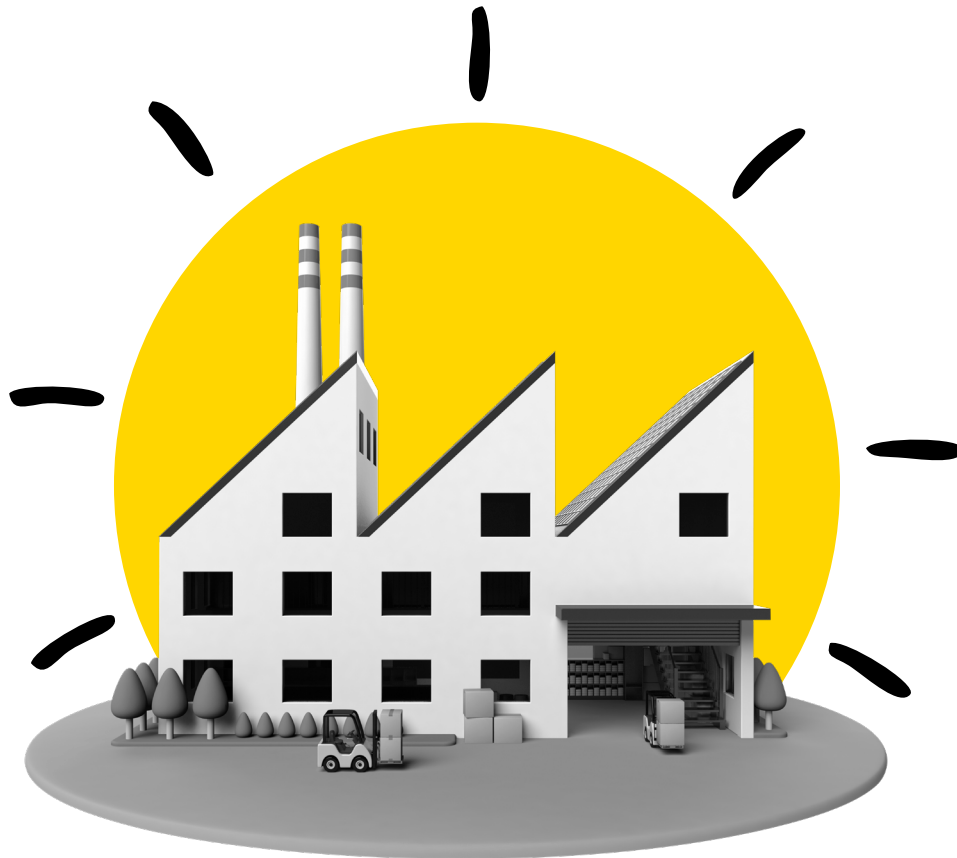


Commercial Mortgages Product Guide

Valid from 08 February 2018



In Focus

Recent changes:

- New 7 year fixed rates
- New 3 & 5 year fixed rates with revised reversionary rates
- New Semi Commercial fixed rates
- Reduced arrangement fees
- Reduced early repayment charges on 5 year fixed rates

Other highlights:

- Rates available up to 75% LTV, with flexible repayment structures
- Loans from £50k – £1m, bespoke terms available for loans over £1m
- All cases are individually assessed by our experts, to get your clients the best deals

We've introduced search insurance for commercial remortgages up to £1m, removing the need for Local Authority and most other searches.

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Commercial Investment Range

For purchase and remortgage

These products are for your individual or limited company clients who want to invest in commercial property including offices, warehouses, industrial units, factories and retail units.

Maximum LTV	60%	70%	75%
Variable for term	5.14% LIBOR + 4.59%	5.49% LIBOR + 4.94%	5.59% LIBOR + 5.04%
3 year fixed	5.34%	5.69%	5.79%
5 year fixed	5.44%	5.79%	5.89%
7 year fixed	5.54%	5.89%	5.99%
Reversion rate for fixed rates	5.14% LIBOR + 4.59%	5.49% LIBOR + 4.94%	5.59% LIBOR + 5.04%
Arrangement Fee	1.50% can be added (includes 0.25% commitment fee payable at Offer)		
LIBOR*	0.55%		

Early repayment charges	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Variable rate	2.50%	2.50%	2.50%	2.50%	2.50%		
3 year fixed	4.50%	4.00%	3.50%				
5 year fixed	5.50%	5.00%	4.50%	4.00%	3.50%		
7 year fixed	7.50%	7.50%	7.00%	6.50%	6.00%	5.50%	5.00%

Up to 10% of the outstanding balance can be repaid in any 12 month period without incurring an early repayment charge.

*LIBOR will be re-set on 15th February, May, August and November. A minimum LIBOR rate of 3% will apply once LIBOR reaches 3%.

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Semi-Commercial Range

For purchase and remortgage

These products are for your individual or limited company clients who want to invest in a commercial property with living accommodation.

Maximum LTV	60%	70%	75%
Variable for term	4.94% LIBOR + 4.39%	5.34% LIBOR + 4.79%	5.44% LIBOR + 4.89%
3 year fixed	5.14%	5.54%	5.64%
5 year fixed	5.24%	5.64%	5.74%
7 year fixed	5.34%	5.74%	5.84%
Reversion rate for fixed rates	4.94% LIBOR + 4.39%	5.34% LIBOR + 4.79%	5.44% LIBOR + 4.89%
Arrangement Fee	1.50% can be added (includes 0.25% commitment fee payable at Offer)		

LIBOR*	0.55%
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Early repayment charges	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Variable rate	2.50%	2.50%	2.50%	2.50%	2.50%		
3 year fixed	4.50%	4.00%	3.50%				
5 year fixed	5.50%	5.00%	4.50%	4.00%	3.50%		
7 year fixed	7.50%	7.50%	7.00%	6.50%	6.00%	5.50%	5.00%

Up to 10% of the outstanding balance can be repaid in any 12 month period without incurring an early repayment charge.

*LIBOR will be re-set on 15th February, May, August and November. A minimum LIBOR rate of 3% will apply once LIBOR reaches 3%.

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Commercial Owner Occupied Range

For purchase and remortgage

These products are for clients who want to take the opportunity to own their business premises as an individual or as a limited company.

Maximum LTV	60%	70%	75%
Variable for term	4.74% LIBOR + 4.19%	5.09% LIBOR + 4.54%	5.19% LIBOR + 4.64%
3 year fixed	4.94%	5.29%	5.39%
5 year fixed	5.04%	5.39%	5.49%
7 year fixed	5.14%	5.49%	5.59%
Reversion rate for fixed rates	4.74% LIBOR + 4.19%	5.09% LIBOR + 4.54%	5.19% LIBOR + 4.64%
Arrangement Fee	1.50% can be added (includes 0.25% commitment fee payable at Offer)		

LIBOR*	0.55%
--------	-------

Early repayment charges	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Variable rate	2.50%	2.50%	2.50%	2.50%	2.50%		
3 year fixed	4.50%	4.00%	3.50%				
5 year fixed	5.50%	5.00%	4.50%	4.00%	3.50%		
7 year fixed	7.50%	7.50%	7.00%	6.50%	6.00%	5.50%	5.00%

Up to 10% of the outstanding balance can be repaid in any 12 month period without incurring an early repayment charge.

*LIBOR will be re-set on 15th February, May, August and November. A minimum LIBOR rate of 3% will apply once LIBOR reaches 3%.

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Key Lending Criteria

Here's a few things you'll need to check to see if your client is eligible for our products.

Applicant and loan		Commercial Investment	Semi-Commercial	Commercial Owner Occupied
Applicant types		Individuals, partnerships, Limited Liability Partnerships (LLP), Private Limited Companies (LTD) Public Limited Companies (PLC) that are registered and based in the United Kingdom and Northern Ireland (including Channel Islands and Isle of Man)		
Purpose		Purchase or Remortgage (including capital raising)		
Maximum LTV		75% LTV (loans above 70% LTV are subject to additional criteria)		
Loan size		£50k - £1m (Over £1m - bespoke terms may be available and all cases will be individually assessed and priced for risk) Maximum aggregate exposure to a single customer £25m		
Term		Minimum 6 years, maximum 20 years		
Minimum age		21 years		
Maximum age		85 years (at end of mortgage term) Age restrictions may be waived for applications from Limited Companies, Limited Liability Partnerships and established professional partnerships, where there is clear evidence of appropriate experience for the principals and they are capable of running the business as a going concern		
Repayment		Commercial Investment	Semi-Commercial	Commercial Owner Occupied
Repayment method	Capital repayment	Available up to 75% LTV based on an investment valuation		Available up to 75% LTV based on a vacant possession valuation
	Interest only for 2 years	Available up to 60% LTV based on an investment valuation		Available up to 60% LTV based on a vacant possession valuation
	Interest only for 3 years	Available up to 50% LTV based on an investment valuation		Available up to 50% LTV based on a vacant possession valuation
	Interest only for 10 years	Available up to 60% of vacant possession Max term 10 years		n/a
	Part Interest only and Part Capital repayment	Available up to 70% of market value with partial amortisation to 60% of vacant possession value by expiry of the maximum 10 year term. Variable rates only		n/a
Credit status		Commercial Investment	Semi-Commercial	Commercial Owner Occupied
Mortgage/secured loan arrears		None in last 3 months No more than 1 month's arrears in last 12 months		
Unsecured loan arrears		Minor missed payments considered		
County Court Judgements (CCJ)/ Sheriff Court Decrees		The maximum number of unsatisfied CCJ's must not exceed 2 or a total value of £5,000 CCJ's against both the company and/or individuals are to be aggregated together Borrowing funds to satisfy CCJ is unacceptable		
Defaults		Can be considered subject to a satisfactory explanation		
Bankruptcy Order (Sequestration in Scotland)		None in the last 3 years		

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Key Lending Criteria

Credit status		Commercial Investment	Semi-Commercial	Commercial Owner Occupied
Individual Voluntary Arrangement (IVA) (Trust Deed in Scotland); or Corporate Voluntary Arrangement (CVA) Debt Relief Order		None in the last 3 years		
Corporate gazette history		There should normally be no history of Directorships with the following registered within the last 3 years: <ul style="list-style-type: none"> · Creditors Voluntary Liquidation (CVL) or Compulsory Liquidation · Administration Orders · Winding up Orders 		
Serviceability		Commercial Investment	Semi-Commercial	Commercial Owner Occupied
Interest only	Term variable	160% at pay rate		Net Operating income (NOI) to be a minimum of 165% on capital and interest terms, calculated at higher of product or revert rate
	5 & 7 year fixed rate			
	3 year fixed rate	160% at higher of product or revert rate		
Capital repayment	Term variable	140% at pay rate		
	5 & 7 year fixed rate			
	3 year fixed rate	140% at higher of product or revert rate		
Part interest only and part capital repayment loans		<ul style="list-style-type: none"> · The interest only element of the loan must meet the interest only calculation · The C&I element must meet the C&I calculation that applies · The total income figure must cover both calculations · Therefore once the interest only element has been calculated, the rental income required to cover this element of the loan is to be deducted from the total rental income and the surplus income remaining must be sufficient to cover the C&I calculation 		n/a
Income		Commercial Investment	Semi-Commercial	Commercial Owner Occupied
Acceptable employed income		Basic salary, up to 50% of profit related pay, 100% of London weighting allowance, 100% of shift allowance, 100% of car allowance, 50% of guaranteed and regular overtime/bonus/commission		
Self employed	Trading period	2 years minimum trading period		
	Verification	Sole trader – use of net profits Partners – use share of net profits Limited Company Directors – use Director's remuneration, dividend and share of retained profits HMRC Self Assessment tax returns (SA302's) Where SA302 Tax Calculations are being used to assess income these should be verified by the Tax Year Overview information issued by HMRC; or <ul style="list-style-type: none"> · Accounts (prepared or certified by a qualified accountant); or · An accountant's reference 		
Other acceptable sources of outside income		100% of the following additional income can also be included: Income from trust funds, Occupational pension income (state pension as the only source of income is not acceptable), Second and other jobs, Investment income (only where supported by full accounts or SA302s/ Tax Year Overviews), Rental income		
Security		Commercial Investment	Semi-Commercial	Commercial Owner Occupied
Location		The security must be located in England, Wales and mainland Scotland only, including the Isle of Wight and Anglesey (This does not include the Channel Islands, the Isle of Man, the Scilly Isles or Scottish Islands).		
Minimum property value		£75k		

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Our service

We back you with...



Dedicated contacts

We employ experts to help you with new opportunities in your area. Use our **BDM Finder** to get the details of your regional representatives. You'll also be contacted by our processing and underwriting teams at key stages of your client's application, including a dedicated case owner following the initial underwrite.



Transparent service

To give you an idea of how long it'll take us to progress your client's case, we update our current underwriting and offer timescales every working day on our **Intermediary website**.



Teamwork

You're our valued intermediary partners and we're here to give you the right products and support to help keep your clients for the long-term. That's why we pay **retention procurement fees** on our loyalty mortgages.



Fairness

Your clients will get the same deals as direct customers. We aim to keep you up to date with product and policy changes as soon as we can.

If you've not used us before, you will need to apply to join our commercial panel. To do this, please download and fill in our **Broker Registration Form** and email it to mortgage.registrations@aldermore.co.uk.

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