

Commercial Mortgage Packager 

in association with

**BusinessLending**Ltd

**Owner Occupier**  
and **Investor** Products

# Owner Occupier by Business Lending

## 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) with Core Margins calculated in relation to LTV and loan size where security property is of a good quality, in demand and readily saleable and tenatable.**

Add-ons to core margin are calculated at 0.25%-0.50% to allow for any weakness in the Security Property, Financial Evidence, Debt Service Ratio (DSR) or Credit Profile.

## LTV Banding & Base Margins

	Fine Prime	Near Prime	Self Certification
Income Verification & Status	2 years trading accounts available	Trading accounts and forecasts available Additional support acceptable	Income Declaration supported by Accountant's Letter of Affordability
up to 60%	1.50% to 2.00%	2.00% to 3.00%	3.50% to 4.50%
60% to 65%	1.75% to 2.25%	2.00% to 3.00%	3.50% to 4.50%
65% to 70%	2.00% to 2.50%	2.25% to 3.25%	3.75% to 4.75%
70% to 75%	2.25% to 2.75%	2.50% to 3.50%	4.00% to 5.00%
75% to 80%	2.50% to 3.00%	2.75% to 3.75%	4.50% to 5.50%
80% to 85%	n/a	3.00% to 4.00%	n/a
Advance Size LTV Limits			
£50k to £100k	80% (margin + 0.25%)	85% (margin + 0.25%)	80% (margin + 0.25%)
£100k to £200k	80% (margin + 0.25%)	85%	80%
£200k to £750k	80%	85%	80%
£750k to £1m	n/a	85%	80%
Income/Serviceability	DSR 150% from net profit and acceptable add backs	DSR 175% from net profit and acceptable add backs	DSR 250% Self certification declaration
Credit Profile	No adverse credit	Some adverse credit Limited CCJ's accepted Satisfactory IVA/CVA	Adverse credit recorded Limited CCJ's accepted Satisfactory IVA/CVA
Mortgage Conduct	No PMA	Some PMA	Some PMA
Bank Conduct	Account well maintained	Maintained within limits	Maintained within limits

## Security Requirements

Security	First mortgage on freehold or long leasehold property, England, Wales, Northern Ireland.
Valuations	Bricks & Mortar valuation based on Market Value.
Property	In acceptable condition for intended trade and purpose with necessary consents in place prior to completion. See Product Criteria for acceptable property types, exclusions and restrictions.

## 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	Subject to DSR & LTV	Subject to DSR & LTV
Repayment Holiday	Subject to DSR & LTV	Subject to DSR & LTV	Subject to DSR & LTV

## Fees

Arrangement Fee	1.5% of the loan amount requested, may be added to the advance up to 75% LTV. Max gross LTV 76.25%. Advances > 75% LTV fee deducted from advance.		
Legal & Valuation Fee	Payable by the borrower - see legal fee scale in Product Criteria.		
Commitment Fee	A Commitment fee of 0.25%, minimum of £500 is payable upon acceptance of offer, refundable on completion.		
Redemption Fees	3%, 3%, 2%, 2%, 2% in years 1-5 then 1% for remainder of term	3%, 3%, 2%, 2%, 2% in years 1-5 then 1% for remainder of term	5%, 5%, 3%, 3%, 3% in years 1-5 then 1% for remainder of term

# Investor by Business Lending

## 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) with Core Margins calculated in relation to LTV and loan size where security property is of a good quality, in demand and readily saleable and tenatable.**

Add-ons to core margin are calculated at 0.25%-0.50% to allow for any weakness in the Security Property, Financial Evidence, Debt Service Ratio (DSR) or Credit Profile.

## LTV Banding & Base Margins

	Standard Investment	Non Standard Investment
Investment Property Status	FRI Lease(s) or AST(s)	Non standard or informal lease, or licence or tenancy
up to 65%	1.50% to 2.50%	2.50% to 3.50%
65% to 70%	1.75% to 2.75%	2.75% to 3.75%
70% to 75%	2.00% to 3.00%	3.00% to 4.00%
75% to 80%	2.25% to 3.25%	3.25% to 4.25%
80% to 85%	2.50% to 3.50%	n/a
Advance Size LTV Limits		
£50k to £100k	85% (margin + 0.25%)	80% (margin + 0.25%)
£100k to £200k	85%	80%
£200k to £750k	85%	80%
£750k to £1m	85%	80%
Income/Serviceability	DSR 110% Lease or AST in place or vacant and in demand	DSR 130% Informal lease or licence or vacant and in demand Additional support by way of income declaration
	For LTV >75% 12 months rental history	For LTV >75% rental history or financial records and prior experience
Credit Profile	Clean or limited adverse	Some adverse credit
Mortgage Conduct	Satisfactory	Some PMA
Bank Conduct	Well maintained	Maintained within limits

## Security Requirements

Security	First mortgage on freehold or long leasehold property, England, Wales, Northern Ireland.
Valuations	Bricks & Mortar valuation based on Market Value.
Property	In acceptable condition to lease for intended trade and purpose with necessary consents in place prior to completion. See Product Criteria for acceptable property types, exclusions and restrictions.

## Repayment Options

Capital & Interest	5 years to 30 years	5 years to 30 years
Interest Only	Subject to DSR & LTV	Subject to DSR & LTV
Repayment Holiday	Subject to DSR & LTV	Subject to DSR & LTV

## Fees

Arrangement Fee	1.5% of the loan amount requested, may be added to the advance up to 75% LTV. Max gross LTV 76.25%. Advances > 75% LTV fee deducted from advance.	
Legal & Valuation Fee	Payable by the borrower - see legal fee scale in Product Criteria.	
Commitment Fee	A Commitment fee of 0.25%, minimum of £500 is payable upon acceptance of offer, refundable on completion.	
Redemption Fees	3%, 3%, 2%, 2%, 2% in years 1-5 then 1% for remainder of term	5%, 5%, 3%, 3%, 3% in years 1-5 then 1% for remainder of term

# Product Criteria

## Borrower

Income/ Serviceability	The borrowers 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 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.
Financial Evidence	Additional support from employed income, other business profit or investment income may be considered. Subject to individual product requirements; two years accounts/financial statements, one years management accounts/financial forecasts or an income declaration supported by accountants 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.
Credit Profile and Mortgage & Bank Conduct	Bank conduct to be confirmed in all cases by 3 months most recent and consecutive bank statements. Mortgage conduct to be confirmed by 12 months mortgage history (refinance and self certification cases). Subject to individual product requirements; Prior mortgage arrears (PMA) are generally acceptable up to 2-3 months outstanding. A full explanation will be required.
	CCJ's - subject to a satisfactory explanation, ignored if under £250 or if satisfied or more than 3 years old. CCJ's registered by the Inland Revenue & Customs must be satisfied on or before completion.
	Where an applicant is subject to a debt management plan confirmation of satisfactory conduct will be required.
	Where an applicant has been bankrupt discharge and explanation will be required.
	Where an applicant or borrower is party to an IVA or CVA a satisfactory reference and consent will be required from the trustee.
Security Requirements	Where borrower is a limited company a debenture and directors' guarantees are required.

## Property

LTV	Loan to Value is based on open market valuation. LTV thresholds may be reduced for certain property types where marketability or resale is limited.
Acceptable Property Types	Retail 85% Offices & Commercial 85% Hospitality 80% Rural & Agricultural 80%
Unacceptable Property	Healthcare except Day Nurseries. Hotels although country hotels, guest houses and mixed use hotels are acceptable. Domestic residential property although buy to let and residential investments are acceptable.
	Development Proposals are not 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	No minimum property value - see minimum loan amount and LTV requirements.
Other LTV features	Tenant purchases at discount considered using 100% of open market valuation.

Call  
**Commercial Mortgage Packager**   
 on 0845 260 2210

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