

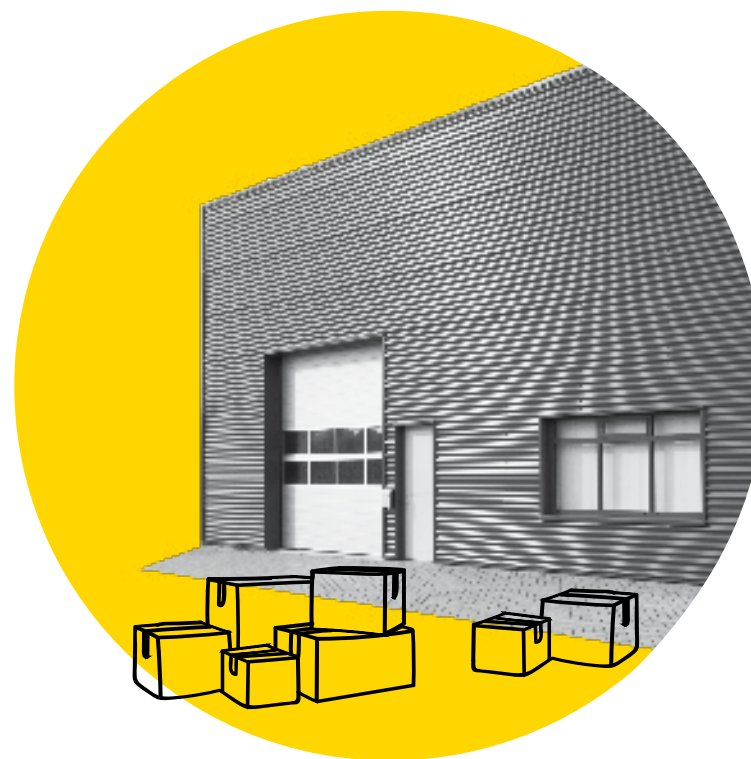
Commercial Mortgages Product & Key Criteria Guide

Valid from 17 November 2020

- Commercial Investment
- Commercial Owner Occupied
- Semi Commercial
- Commercial Residential Investment

In focus:

- Loans from £50,000 – £25m
 - Rate card for loans from £50,000 – £200,000 and £200,001 – £1m
 - Bespoke terms and rates for loans from £1m to £25m
- Lending up to a maximum of 75% LTV
- A range of variable and 3, 5 or 7 year fixed rates
- Every case individually assessed by specialists
- Flexible repayment terms up to a maximum of 20 years – including interest only and capital repayment options – or a mixture of both when deal meets our criteria
- We lend on offices, warehouses, industrial, purpose-built student accommodation, mixed use portfolios, retail units and large residential portfolios including HMO or multi unit blocks with 7 or more bedrooms/units
- Lending to a range of applicant types including Individuals, Sole Traders, Partnerships, Limited Liability Partnerships, PLCs, Limited Companies, Trusts
- Can also accommodate complex corporate structures
- VAT Loans available on qualifying commercial properties



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Rates for loans from £200,001 to £1m

Bespoke terms and
pricing for loans from
£1m to £25m

Commercial Investment Range

For your individual or limited company clients who want to invest in commercial property including offices, warehouses, industrial units, factories, and retail units with/without living accommodation.

Maximum LTV	60%	70%	75%
Variable for term	LIBOR + 4.30%	LIBOR + 4.50%	LIBOR + 4.83%
3 year fixed	5.15%	5.35%	5.68%
5 year fixed	5.05%	5.40%	5.55%
7 year fixed	5.30%	5.65%	6.60%
Reversion rate for fixed rates	LIBOR + 4.30%	LIBOR + 4.50%	LIBOR + 4.83%
Arrangement fee	1.50% can be added (includes 0.25% commitment fee payable at Offer)		

Commercial Owner Occupied Range

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	LIBOR + 3.98%	LIBOR + 4.18%	LIBOR + 4.48%
3 year fixed	4.70%	5.05%	5.15%
5 year fixed	4.70%	5.05%	5.15%
7 year fixed	4.95%	5.30%	5.40%
Reversion rate for fixed rates	LIBOR + 3.98%	LIBOR + 4.18%	LIBOR + 4.48%
Arrangement fee	1.50% can be added (includes 0.25% commitment fee payable at Offer)		
LIBOR*	0.05%		

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

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Rates for loans from £200,001 to £1m

Bespoke terms and
pricing for loans from
£1m to £25m

Semi Commercial Range

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	LIBOR + 4.16%	LIBOR + 4.36%	LIBOR + 4.66%
3 year fixed	4.90%	5.30%	5.45%
5 year fixed	4.90%	5.30%	5.45%
7 year fixed	5.15%	5.55%	5.70%
Reversion rate for fixed rates	LIBOR + 4.16%	LIBOR + 4.36%	LIBOR + 4.66%
Arrangement fee	1.50% can be added (includes 0.25% commitment fee payable at Offer)		

Commercial Residential Investment Range

For landlords and investors with simple or complex ownership structures looking to purchase or remortgage residential portfolios that include 7 or more multi unit blocks or HMOs with 7 or more bedrooms.

Maximum LTV	60%	70%	75%
Variable for term	LIBOR + 4.16%	LIBOR + 4.36%	LIBOR + 4.66%
3 year fixed	4.90%	5.30%	5.45%
5 year fixed	4.25%	4.65%	4.80%
7 year fixed	5.15%	5.55%	5.70%
Reversion rate for fixed rates	LIBOR + 4.16%	LIBOR + 4.36%	LIBOR + 4.66%
Arrangement fee	1.50% can be added (includes 0.25% commitment fee payable at Offer)		
LIBOR*	0.05%		

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

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Rates for loans from £50,000 to £200,000

Bespoke terms and
pricing for loans from
£1m to £25m

Maximum LTV	75%
Variable for term	LIBOR + 5.83%
3 year fixed	6.55%
5 year fixed	6.70%
7 year fixed	6.80%
Reversion rate for fixed rates	LIBOR + 5.83%
Arrangement fee	1.50% can be added (includes 0.25% commitment fee payable at Offer)
LIBOR[^]	0.05%

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

Commercial Investment Range

For your individual or limited company clients who want to invest in commercial property including offices, warehouses, industrial units, factories, and retail units with/without living accommodation.

Semi Commercial Range

For your individual or limited company clients who want to invest in a commercial property with living accommodation.

Commercial Owner Occupied Range

For clients who want to take the opportunity to own their business premises as an individual or as a limited company.

Commercial Residential Investment Range

For clients looking to purchase or remortgage larger HMO or multi unit blocks with 7 or more bedrooms/units. Also for investors who have more complex corporate structures who are looking to fund portfolios of residential investments.

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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	Mortgage type			
	Commercial Investment	Semi Commercial	Commercial Owner Occupied	Commercial Residential Investment
Applicant types	Individuals, Partnerships, Limited Liability Partnerships (LLP), Private Limited Companies (LTD), Public Limited Companies (PLC) and Trusts** 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 – £25m. Rates contained within this guide are for loans up to and including £1m. For loans over £1m and up to £25m bespoke terms may be available and all cases will be individually assessed and priced. Maximum aggregate exposure to a single customer £25m			
Term	Minimum 6 years, maximum 20 years			
Minimum age	21 years (25 years for first time landlords)			
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			

** Additional guidance and criteria for lending to Trusts can be found on [page 10](#)

Security	Mortgage type			
	Commercial Investment	Semi Commercial	Commercial Owner Occupied	Commercial Residential Investment
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)			
Acceptable asset types	Offices, Industrial, Retail with Living Accommodation, Retail without Living Accommodation, Purpose Built Student Accommodation, HMOs (7 or more bedrooms), Multi Unit Residential (7 or more units in a block. Security can be leasehold or freehold but must be on a single title), and Mixed Use Portfolios			
Minimum property value	£75k			
Valuation fees	Valuation fees will vary depending on property type and location. Quotations will be provided prior to instruction			
Legal fees	Please refer to the separate Commercial Mortgages Legal Fee Scale document			

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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

Repayment		Mortgage type			
		Commercial Investment	Semi Commercial	Commercial Owner Occupied	Commercial Residential Investment
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	Available up to 75% LTV based on the market valuation for HMO (7 bedrooms+) and vacant possession valuation for all other commercial residential assets
	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	n/a
	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	n/a
	Interest only for 10 years	Available up to 60% LTV based on an investment valuation. Maximum term 10 years			Available up to 75% LTV based on the market valuation for HMO (7 bedrooms+) and vacant possession valuation for all other commercial residential assets
	Part interest only and part capital repayment	Available up to 75% of market value with partial amortisation to 60% of vacant possession value by expiry of the maximum 10 year term			Available up to 75% LTV based on the market valuation for HMO (7 bedrooms+) and vacant possession valuation for all other commercial residential assets. Partial amortisation can feature at any agreed level subject to meeting serviceability criteria

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Key lending criteria

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Serviceability		Mortgage type			
		Commercial Investment	Semi Commercial	Commercial Owner Occupied	Commercial Residential Investment
Interest only	Term variable	160% at pay rate		165% at higher of product or revert rate (based on Annual EBITDA/ Repayments)	See table on page 10*
	5 & 7 year fixed rate	160% at higher of pay rate or revert rate			
	3 year fixed rate	160% at higher of pay rate or revert rate			
Capital repayment	Term variable	140% at pay rate (lower threshold if term is 15 years or less may apply)		165% at higher of product or revert rate (based on Annual EBITDA/ Repayments)	Loans on capital repayment or part capital repayment and part interest only must meet ICR requirements based on interest only. In addition, the rental income alone must be 100% of stressed mortgage payment.
	5 & 7 year fixed rate	140% at higher of pay rate or revert rate			
	3 year fixed rate	140% at higher of product or revert rate (lower threshold if term is 15 years or less may apply)			
Part interest only and part capital repayment loans		The interest only element of the loan must meet the interest only calculation at 160% and the C&I element must meet the C&I calculation at 120%		The interest only element of the loan must meet the interest only calculation at 165% and the C&I element must meet the C&I calculation at 135%	
		The interest only element will be calculated first, 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 as stated			
Income		Mortgage type			
		Commercial Investment	Semi Commercial	Commercial Owner Occupied	Commercial Residential Investment
Verification		HMRC Self Assessment tax returns (SA302s) Where SA302 Tax Calculations are being used to assess income these should be verified by the Tax Year Overview information issued by HMRC; or · Accounts (prepared or certified by a qualified accountant); or · An accountant's reference			
					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
Trading period					2 years minimum trading period

Use of outside income to support serviceability is not acceptable

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Subject to status. Credit will be secured on your property. Your property may be repossessed if you do not keep up repayments.

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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

Credit status	Mortgage type			
	Commercial Investment	Semi Commercial	Commercial Owner Occupied	Commercial Residential Investment
Credit searches	Aldermore conducts credit searches for each applicant to establish creditworthiness, additional information may be requested. Parameters detailed below are the absolute limit			
Mortgage or secured loan arrears	0 in last 3 months 1 in last 12 months		0 in last 3 months 3 in last 24 months	
Unsecured loan arrears	Missed or late payments are acceptable if proportionate to the level of borrowing and the number of properties held		0 in the last 3 months 3 in the last 24 months	
County Court Judgements (CCJ) / Sheriff Court Decrees	Up to 2 unsatisfied CCJs or a total value of £5,000 Unsatisfied CCJs against both the company and controlling Shareholder/Partner will be part of the total		0 recorded in last 36 months 1 active in last 36 months with balance up to £500	
Defaults	Acceptable if proportionate to the level of borrowing and number of properties held. An explanation for any defaults must be obtained and included in the rationale		0 in last 12 months 1 in last 13-36 months with balance up to £500 Communications defaults are ignored	
Bankruptcy Order / Sequestration	Discharged for 3 years		Discharged for 6 years	
Forced/Voluntary Possessions	n/a		None in the last 6 years	
Pay Day Loans	None taken out in the last 6 months			
Individual or Corporate Voluntary Arrangement / Trust Deed / Debt Relief Order	None in the last 3 years No directorships with the following in the last 3 years: - Compulsory Liquidation - Administration Orders - Winding up Orders - Receiverships			

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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

Lending to Trusts	Mortgage type			
	Commercial Investment	Semi Commercial	Commercial Owner Occupied	Commercial Residential Investment
The following additional requirements apply:	Maximum loan amount: £1,000,000 Maximum Term: 15 years Repayment type Capital and Interest repayment only (fully amortising) Other requirements: <ul style="list-style-type: none"> · Maximum term should not exceed the perpetuity period referred to within the Trust Deed · UK based Trustees and Beneficiaries · Company structure chart required · Copy of the Trust Deed and any amendments to the original documentation required · Solicitors to confirm the Trustees ability to borrow and the company structure is suitable to lend on · Individual application per Trustee required · Borrower must have experience in this market. Applications from First Time Landlords are not acceptable. 			

*Serviceability for Commercial Residential Investment

	Asset Type	Minimum ICR	Stress rate		
			Term variable rate	Fixed rate < 5 years	Fixed rate ≥ 5 years
Interest only	Single Investment Property (including multi-unit freehold)	125%	Pay rate + 2%	Higher of (i) pay rate + 2% or (ii) 5.5%	Higher of (i) pay rate or (ii) reversion rate plus 0.75%
	House in Multiple Occupation (HMO)	155%			

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Early Repayment Charges (ERCs)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Variable for term	3.00%	2.50%	1.00%				
3 year fixed	4.00%	3.50%	3.00%				
5 year fixed	5.00%	4.50%	4.00%	3.50%	3.00%		
7 year fixed	6.00%	5.50%	5.00%	4.50%	4.00%	3.50%	3.00%

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

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Rates for loans from
£200,001 to £1m

Rates for loans from
£50,000 to £200,000

Key lending
criteria

Early Repayment Charges
(ERCs)

Our service

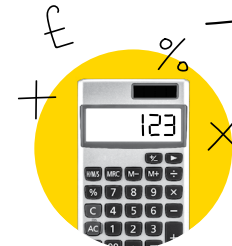
Our service

We back you with...



Dedicated contacts

We employ experts to help you with new opportunities in your area. Use our [postcode look-up tool](#) to find 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.



Easy access to terms

Through our **commercial mortgage calculator** you can access our latest rates and products at your finger tips. Test affordability and eligibility, generate illustrative terms and calculate repayment options for your clients.



Personal service

Every case is individually assessed and underwritten to get the best deals.



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.

Our commercial mortgage panel is currently closed to new members. If you've not submitted commercial mortgage cases to us before or are not currently registered on our panel please contact: commercialmortgages@aldermore.co.uk or call 01733 404518.

Alternatively, you can discuss and submit cases via one of our preferred [commercial mortgage packagers](#).

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