

Business Credit Facility

PRODUCT GUIDE

2022

FOR INTERMEDIARY USE ONLY

020 3984 8578

Product Key Features

Product Description

Selina's Business Credit Facility ('BCF') is a flexible secured loan for businesses. It is secured on residential property, either the main residence or an investment property owned by the applicant (the business owner).

The BCF comes with a term of 5-30 years, allowing business borrowers to spread the repayments of the loan over a much longer period than a typical business loan.

The first 5 years of the BCF is structured as a flexible loan which allows business borrowers to flex their loan balance up and down within their credit limit (see below).

Flexible period – first 5 years

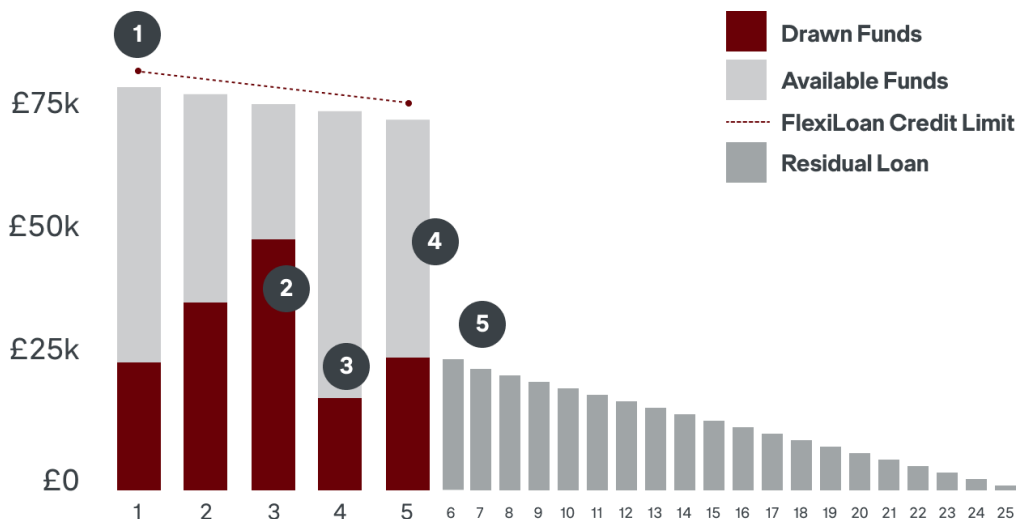
Draw funds as required within the credit limit. Repay (and redraw) funds as required at any time.

After year 5, the balance converts into a standard term loan (the "residual loan") which is paid off on a full repayment basis until the end of term or when the loan is refinanced.

Monthly repayments

Monthly repayments are calculated on the drawn funds, meaning the borrower only pays interest on the funds in use. No non-utilisation fees for the undrawn balance.

How it works



1 Day 1: borrowers can draw down the funds they need from the facility. Monthly repayments are calculated on the drawn funds balance.

2 Within years 1-5: flexible period where borrowers can continually redraw up to their credit limit.

3 Overpayments: can be made without incurring charges; overpaying frees up available funds for further drawdown in years 1-5.

4 At the end of year 5: the flexible period ends and the loan balance reverts onto a standard term loan for the remainder of the term (the 'residual loan').

5 Residual loan: paid off on a capital and interest basis until the end of the term or when the loan is refinanced.

Product Terms																			
Facility Amount (min – max)	£25k - £1,000,000																		
Product Fee	<p>Starting at 2% (no cap; determined by broker – see 'Fee share')</p> <table border="1"> <thead> <tr> <th>Product fee</th> <th>2%</th> <th>3%</th> <th>4%</th> <th>5%</th> <th>6%</th> </tr> </thead> <tbody> <tr> <td>Selina share</td> <td>1%</td> <td>1.5%</td> <td>2%</td> <td>2%</td> <td>2%</td> </tr> <tr> <td>Broker share</td> <td>1%</td> <td>1.5%</td> <td>2%</td> <td>3%</td> <td>4%</td> </tr> </tbody> </table>	Product fee	2%	3%	4%	5%	6%	Selina share	1%	1.5%	2%	2%	2%	Broker share	1%	1.5%	2%	3%	4%
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Fee share	<p>Selina share: 50% of the product fee capped at 2% Broker share: the remainder</p>																		
Interest rates	Starting at 4.8%																		
Loan-to-value	Borrow up to 75% of the Security Property's value																		
Repayment	Capital and Interest (serviced monthly)																		
Facility Term	Up to 30 years (subject to max age of 75 at the end of the term)																		
Rate Type	Variable rate																		
Loan Purpose	Business Purposes																		
Charges	First, Second or Third charge registered on the Security Property																		

Applicant Criteria	
Business type	Limited company
Minimum trading period	24 months
Personal guarantees	Required from up to two owners, including the collateral guarantor, to meet a minimum cumulative shareholding of 50% or more of the limited company or ultimate parent/holding company
All associated individuals	<p>Personal guarantors and security providers must meet the following criteria:</p> <ul style="list-style-type: none"> • Age 25 to 75 • 3 years UK residence with permanent right to reside • Owner of Security Property must have shareholding of 25% or more in the limited company

Document Requirements

Business Financials	<p>Latest 2 years full financials, including a minimum of 1 years filed accounts</p> <p>Management accounts required if the latest full year financial statements are older than 3 months - alternatively, an accountant's certificate can be completed</p>
Business bank statements	6 months business bank statements
ID and verification	<p>Selina share: 50% of the product fee capped at 2%</p> <p>Broker share: the remainder</p>

Credit Criteria

CCJs	<p>Selina will ignore CCJs registered in the last 36 months where:</p> <ul style="list-style-type: none"> • The value of the CCJ is less than £500 • All CCJs are satisfied at the time of application
Defaults	<p>Credit defaults:</p> <ul style="list-style-type: none"> • None in the past 24 months <p>Non-credit defaults:</p> <ul style="list-style-type: none"> • No more than 2 in the past 24 months • Max value per default: £300 <p>No more than £5,000 in credit, non-credit & CCJ defaults in the past 72 months</p>
Arrears (credit and non-credit)	<ul style="list-style-type: none"> • No current arrears • No Mortgage or secured arrears within the past 12 months • No more than 1 unsecured or other arrears in the past 12 months • Selina will ignore any settled Defaults & unsettled Defaults with a value of under £500
Bankruptcy & IVA	<ul style="list-style-type: none"> • None within the past 36 months • Any registered more than 36 months ago must be cleared
DMP	Allowed if the DMP has been in place for at least 12 months, and there are no missed payments

Business Affordability	
History of profitability & Covid-19 Allowance	<p>Profitable in the last 2 financial years with allowance for COVID-19 Affected Businesses:</p> <ul style="list-style-type: none"> • COVID-19 Allowance: Businesses who were loss-making in their financial year ending June 2020 – June 2021 will still be eligible for a BCF • Businesses must demonstrate profitability in both the year prior and period following the financial year ending June 2020 -June 2021 • Revenue must not have dropped by more than 50% during the Covid-19 Period
Affordability metric	<p>Minimum EBIT Debt Service Coverage Ratio of 1.2x</p> <ul style="list-style-type: none"> • EBIT = Net Profit Before Tax + Interest Payable (calculated on trailing 12 months) • Total Credit Repayments = Existing Business Credit Repayments (excluding any debt being consolidated) + Annualised Selina Facility Monthly Repayment (assuming fully drawn down facility) • EBIT Debt Service Coverage Ratio = EBIT / Total Credit Repayments
Security Property	
Property ownership type	Main/2nd residence or buy-to-let
Valuation types	<p>Security property can be valued using two methods:</p> <ul style="list-style-type: none"> • Automated Valuation by Hometrack (free) • RICS valuation (at expense of borrower if property does not meet AVM criteria)
Max no. of properties	1
Minimum period of ownership	6 months
Tenure	<ul style="list-style-type: none"> • Freehold (not acceptable for flats and maisonettes) • Leasehold (not acceptable for houses) with minimum remaining lease of 85 years at the beginning of the loan term • Absolute ownership (for Scottish properties)

Security Property Continued

Minimum property value	<p>£100,000 for all properties, except:</p> <ul style="list-style-type: none"> • Flats with 5+ floors, studio flats, and flats over commercial properties: £150,000
Property location	England, Wales, and Mainland Scotland
New build properties	<p>Will accept new build properties:</p> <ul style="list-style-type: none"> • Constructed within last 2 years with full RICS valuation • Constructed within last 10 years with a building warranty certificate
Flats above commercial properties	Subject to a minimum property value of £150,000, max LTV of 60%, and commercial use type
Semi-commercial properties	Will consider semi-commercial properties where the commercial component is no more than 25% of the overall property
Unacceptable properties	<p>Construction</p> <ul style="list-style-type: none"> • Grade I, II* or A listed buildings; multi-unit block properties; fully commercial properties; properties with ongoing structural movement; concrete – except Wimpey No-Fines and Laing Easi-Form buildings, which are accepted; steel framed construction, unless the property is modern build with a traditional brick outer leaf; properties with a high asbestos content; properties designated as defective under the Housing Act 1984, or constructed of PRC; caravans, static caravans, or houseboats; park and mobile homes; self-build properties; properties requiring/subject to major renovation; properties affected by Japanese Knotweed (RICS category 1, 2, 3, or 4); properties in the Channel Islands or Isle of Man; ex-council flats in a block with more than 4 storeys (Greater London properties can be looked at on a case-by-case basis); properties deemed defective under the Housing Defects Act 1984 and Housing Act 1985; blocks of flats over 6 floors that contain external cladding; flats on 4th floor or above of a block of flats which is not serviced by a lift; properties with >25% as flying freehold; timber-framed properties <p>Legal Position</p> <ul style="list-style-type: none"> • HMOs; properties with agricultural restrictions; freehold flats and maisonettes (share of freehold is acceptable provided the flat has its own leasehold title); shared ownership or similar restrictions; properties owned in trust; commonhold properties; properties liable to be subject to clearance or compulsory purchase order; properties with possessory title; properties with any section 20 notice of more than £5,000