

Your guide to our full range of mortgage products

When it comes to property, we understand that it's the small details which make up the bigger picture. So, if you are looking for a specialist mortgage on a Commercial, Semi-Commercial, Buy to Let or HMO property, we have the products for you.

Correct as at: **31 January 2017**

All rates and product criteria are correct at the time of going to print.

For use by professional intermediaries only

Complete
Your Specialist Packager Distributor

InterBay
Commercial

Our parent company

OneSavings Bank is a specialist lender focused on carefully selected sub-sectors of the lending market.

Its main focus is specialist mortgage products, supported by an established and stable retail savings franchise. Its dedication to building long-term customer relationships has consistently delivered high customer satisfaction scores.

OneSavings Bank plc ('OSB') began trading as a bank on 1 February 2011 and was admitted to the main market of the London Stock Exchange in June 2014 (OSB.L). OSB joined the FTSE 250 index in June 2015.

OSB is a specialist lending and retail savings group authorised by the Prudential Regulation Authority, part of the Bank of England, and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

OSB primarily targets underserved market sub-sectors that offer high growth potential and attractive

Our beliefs

When it comes to commercial mortgages we are the experts. We pride ourselves in providing innovative solutions in complex cases that other lenders lack the appetite to handle.

We believe that when it comes to commercial and Buy to Let mortgages, there's no such thing as one size fits all.



risk-adjusted returns in which it can take a leading position and where it has established expertise, platforms and capabilities. These include private rented sector Buy to Let, commercial and semi-commercial mortgages, residential development finance, bespoke and specialist residential lending and secured funding lines. OSB originates organically through specialist brokers and independent financial advisers. It is differentiated through its use of high skilled, bespoke underwriting and unique low cost base.

OSB is predominantly funded by retail savings originated through the long established Kent Reliance name, which includes online and postal channels, as well as a network of branches in the South East of England. Diversification of funding is currently provided by securitisation and participation in the Funding for Lending Scheme.

That's why we always look at the small details as well as the bigger picture – and, because we have the financial support of OneSavings Bank plc, we have the means to achieve our ambition to become the UK's most trusted provider of commercial and specialist Buy to Let mortgages.

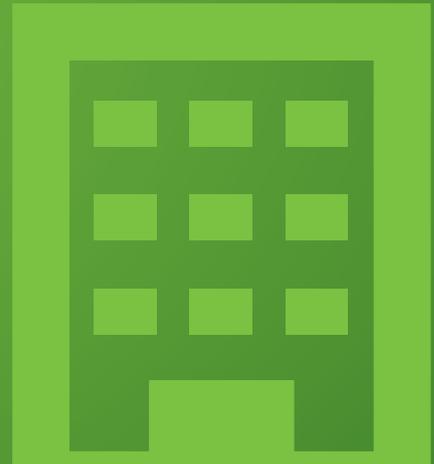


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Commercial and Semi-Commercial Mortgages

Whether an investor or an owner-occupier, if your client is buying or remortgaging a Commercial or Semi-Commercial property, we can help. Most property types are considered, and lower rates are also offered where the property attracts a strong yield.



Commercial



Up to **75% LTV**



125% DSCR



Interest-only
for term



**Investor and
Owner Occupied**

Tier 1 and 2 products available on lower yielding, typically better quality properties, based on factors such as property age, location and condition

Property Yield*	Rate	55%	65%	75%
Tier 1 - Up to 7%	3 month LIBOR +	4.14%	4.64%	5.14%
Tier 2 - 7% to 8.5%	3 month LIBOR +	4.24%	4.74%	5.24%
Tier 3 - Above 8.5%	3 month LIBOR +	4.74%	5.24%	6.14%

Fee
1.50%

$$*Property Yield = \left(\frac{\text{Market rent}}{\text{Market value (vacant possession)}} \right) \times 100$$

3 month LIBOR is subject to a minimum rate of 0.75%

Fixed rates

Add to variable rate

**3 year
fi ed**

**Add
0.10%**

**5 year
fi ed**

**Add
0.20%**

0.25% **Existing borrower fee reduction**
Clear six-month InterBay payment history required

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Semi-Commercial



Up to **75% LTV**



125% DSCR



Interest-only
for term



**Investor and
Owner Occupied**

Tier 1 and 2 products available on lower yielding, typically better quality properties, based on factors such as property age, location and condition

Property Yield*	Rate	55%	65%	75%
Tier 1 - Up to 7%	3 month LIBOR +	3.54%	4.04%	4.54%
Tier 2 - 7% to 8.5%	3 month LIBOR +	3.64%	4.14%	4.64%
Tier 3 - Above 8.5%	3 month LIBOR +	4.14%	4.64%	5.14%

Fee
1.50%

$$\text{*Property Yield} = \left(\frac{\text{Market rent}}{\text{Market value (vacant possession)}} \right) \times 100$$

3 month LIBOR is subject to a minimum rate of 0.75%

Fixed rates

Add to variable rate

**3 year
fi ed**

**Add
0.10%**

**5 year
fi ed**

**Add
0.20%**

0.25%

Existing borrower fee reduction

Clear six-month InterBay payment history required

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Product Terms

Location

England and Wales

LTV

Up to 75%, based on lower of vacant possession value (VP), investment value or purchase price.

Term

2-30 years

Interest-Only (I/O)

Normal rates apply if I/O period is 10 years or less. If I/O period exceeds 10 years, 0.5% rate increase applies.

Minimum Debt Service Coverage Ratio (DSCR)

DSCR will apply based on 5%, or the initial pay rate, whichever is higher.

Investment: 125%

Owner occupier: Asset 110% (Market Rent), Borrower 125% (Net profit/EBITDA)

Eligible Applicants

Individuals, Limited Companies, LLPs, Partnerships, Trusts and Pension Schemes.

Excluded Property Types

All products: The following properties are excluded - Heavy industrial, petrol stations, religious property, hostels, bedsits, equestrian centres, public houses, agricultural properties, catteries, kennels, golf clubs, hospitals, mobile home parks, garden centres, telecommunication masts and all other uses within Classes A4, C2, C2A and D2 of the T & CP Use classes Order 1987, or those properties listed as Sui-Generis.

Sector Experience

Minimum 2 years relevant sector experience

Credit History

Good credit history required – at least 2 years with no adverse credit.

Interest Rate

Interest rate is margin plus LIBOR (3 month).

Minimum LIBOR is currently 0.75%

If LIBOR reaches 3%, minimum LIBOR becomes 3%.

The start rate is the lifetime floor rate for a loan.

Discretionary rate increases may apply to complex cases.

Fees

1.5% Arrangement Fee

0.25% of the Arrangement Fee, known as the Booking Fee, is payable on acceptance of the Formal Offer and is non-refundable.

The balance of the Arrangement Fee can be added to the loan (without increasing the interest rate banding) or can be deducted from the advance.

Arrangement fee reduces by 0.25% for applicants with a clear 6 month InterBay payment history.

Early Repayment Charge (ERC)

Variable: 3% years 1-5, then 1% for the life of the loan.

Fixed: 4% year 1, 3% for remaining fixed period, then 1% for the life of the loan

10% of the balance can be repaid in any 12 month period, without notice and without incurring ERC.

Buy to Let and HMO Mortgages

We offer mortgages for a wide variety of residential property, whether its single or multiple occupancy, purpose built or converted. We also provide single loans to cover large property portfolios, including some or all units on a single freehold, or multiple properties in different locations.



**TO
LET**

Buy to Let & HMO



Up to **85% LTV**



From **125% DSCR**



Interest-only
for term



Lower rates
for **large loans**

Loan size	Rate	65%	75%	85%
£100,000+	3 month LIBOR +	3.45%	3.60%	4.25%*†

Fee 1.70%

*Maximum loan amount £1,000,000.

† Maximum 75% LTV for HMOs with more than 8 rooms

3 month LIBOR is subject to a minimum rate of 0.75%

Fixed rates

Available up to 75% LTV

Add to variable rate

5 year fixed stress tested at pay rate

**3 year
fi ed**

**Add
0.10%**

**5 year
fi ed**

**Add
0.20%**

0.50%**

Fee reduction for loans above £1m

0.25%**

Existing borrower fee reduction

Clear six-month InterBay payment history required

**Minimum fee (if combining discounts) is 1.2%

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Rental Cover Requirements

Debt Service Coverage Ratio (DSCR) will depend on the property type, whether or not we are lending to a limited company and, if we are not lending to a limited company, the number of investment properties owned by each individual.

DSCR will be calculated using a stressed rate of 5.5%, or the initial pay rate + 1.55%, whichever is higher.

However, the following exceptions apply:

- if the case is a remortgage with no additional borrowing, DSCR will be calculated using the initial pay rate + 1.05%, with no minimum stress rate.
- if the 5 year fixed rate is being used, DSCR will be calculated using the initial pay rate, with no additional margin or minimum stress rate.

Standard Property

- Single dwellings.
- HMO/multi/student lets with up to 5 rooms.
- Freehold blocks/titles of land with up to 4 residential units.

Personal Applicants

140%

cover applies where each applicant owns fewer than 4 investment properties, including the subject property (known as a 'Non-Portfolio' landlord)

155%

cover applies where at least one applicant owns 4 or more investment properties, including the subject property (known as a 'Portfolio' landlord)

Limited Company

125%

cover applies

Specialist Property

- HMO/multi/student lets with 6 or more rooms.
- Freehold blocks/titles of land with 5 or more residential units.

Personal Applicants

165%

cover applies where each applicant owns fewer than 4 investment properties, including the subject property (known as a 'Non-Portfolio' landlord)

180%

cover applies where at least one applicant owns 4 or more investment properties, including the subject property (known as a 'Portfolio' landlord)

Limited Company

145%

cover applies

Product Terms

Location

England and Wales

LTV

BTL & Small HMO (8 rooms or less): Up to 85%.

Large HMO (more than 8 rooms): Up to 75%

Term

2-30 years

Interest-Only (I/O)

Normal rates apply if I/O period is 10 years or less. If I/O period exceeds 10 years, 0.5% rate increase applies.

Minimum Debt Service Coverage Ratio (DSCR)

125% - 180%, see previous page

Eligible Applicants

Individuals, Limited Companies, LLPs, Partnerships, Trusts and Pension Schemes.

Property Types

Houses, flats, blocks of flats, multiple units on one freehold, new-build (up to 75% LTV), converted during past 2 years (up to 70% LTV) are all acceptable.

Multiple units must all be individually marketable and mortgageable for us to consider lending against the sum of individual values, otherwise lending may be based on the lower of vacant possession value (VP), investment value or purchase price.

Sector Experience

Minimum 2 years relevant sector experience

Credit History

Good credit history required – at least 2 years with no adverse credit.

Interest Rate

Interest rate is margin plus LIBOR (3 month).

Minimum LIBOR is currently 0.75%

If LIBOR reaches 3%, minimum LIBOR becomes 3%.

The start rate is the lifetime floor rate for a loan.

Discretionary rate increases may apply to complex cases, large HMOs generally 8 or more rooms, (including purpose-built student accommodation) or cases involving a high concentration of individual units in a particular location.

Fees

1.70% Arrangement Fee

Arrangement fee reduces by 0.25% for applicants with a clear 6-month InterBay payment history.

Arrangement fee reduces by 0.5% for loans above £1m.

Minimum fee (if combining discounts) is 1.2%.

0.25% of the Arrangement Fee, known as the Booking Fee, is payable on acceptance of the Formal Offer and is non-refundable.

The balance of the Arrangement Fee can be added to the loan (without increasing the interest rate banding) or can be deducted from the advance.

Early Repayment Charge (ERC)

Variable: 3% years 1-5, then 1% for the life of the loan.

Fixed: 4% year 1, 3% for remaining fixed period, then 1% for the life of the loan.

10% of the balance can be repaid in any 12 month period, without notice and without incurring ERC.

Short Term Loans

If your client is buying or remortgaging a property in need of refurbishment, or if they are looking to exit expensive development finance terms while they sell, we have a range of short term loan products to suit them.



Developer Exit



Up to **75% LTV gross**



Interest roll up
for full term



No exit fees



Up to **12 month term**

Max Gross LTV	Term	Max Day 1 LTV	Rate (per month)
65%	6 months	61%	0.55%
	12 months	59%	0.60%
75%	6 months	70%	0.70%
	12 months	67%	0.75%

Fee
2%

Product Terms

Loan Size

£100,000 to £5,000,000.

Target Market

Experienced developers with a residential development that has reached practical completion, with the benefit of all consents and a warranty or Professional Consultants Certificate (PCC). The property/properties must be marketable and only recently offered for sale.

Repayment

100% of the net sales proceeds will be applied in reduction of the loan, until the LTV reaches 50% or less, after which the surplus sale proceeds can be retained by the borrower, provided the loan is still redeemed within the term.

Loan Term

6 or 12 month options (minimum 3 months' in both cases).

Repayment Term

6 or 12 months interest roll up.

Commercial

N/A - Residential properties only.

Arrangement Fee

2%. The arrangement fee can be added to the loan; or it can be paid on completion.

ERCs

Nil (subject to a minimum 3 month term).

Default Loadings

If the loan is not repaid within the agreed term, a default charge of 0.25% pcm will be applied (3% p.a).

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Refurbishment Loans & Pre-Planning and Term Loan Options

If required, select a Pre-Planning option to precede the Heavy Refurb phase

1

Pre-planning

Day 1 LTV	60%	70%
Buy to Let	0.80%	0.85%
HMO	0.85%	0.90%

No exit fees when planning obtained, move on to Refurb phase

Product Terms

Location

England and Wales

Target Market

Borrowers with a demonstrable track record of successfully undertaking similar schemes. If an HMO, the applicant must hold at least one other HMO within their portfolio.

Extent of Works

Planning consent and/or change of use must be in place for the proposed works (where applicable) – excluding Pre-Planning. For conversion to HMO, the standard InterBay licence requirements apply. No licence is required during the refurbishment phase, but where a licence will be required following completion of the refurbishment, an application must have been made prior to conversion to the Term phase of the loan.

*Maximum LTV

Light Refurb - Day 1: 75%

Medium/Heavy Refurb & Pre-Planning - Day 1: 65% Gross (including interest and fees): 70% of Day 1 value.

Select a Refurb option

2

Refurb

Day 1 LTV		60%	70%*	75%
Light	BTL	0.60%	0.65%	0.75%
	HMO	0.65%	0.70%	0.80%
Medium	BTL	0.65%	0.70%	-
	HMO	0.70%	0.75%	-
Heavy	BTL	0.70%	0.75%	-
	HMO	0.75%	0.80%	-

No exit fees when refurb completed, move on to Term phase if required

Loan Size

£100,000 to £5,000,000. Please note that all Pre-Planning and Heavy Refurb loans above £500,000 will require approval by Credit Committee at AIP stage.

Light Refurb

Decoration; replacement kitchens; replacement bathrooms. No load bearing structural changes will be made to the property. The refurbishment works should not exceed more than 20% of the day one value/purchase price. Maximum refurb period of 6 months.

Medium Refurb

Longer term projects with a refurb period of up to 10 months. Internal configuration changes of a non-load bearing nature; new windows/doors; flooring etc. No load bearing structural changes will be made to the property. The refurbishment works should not exceed more than 30% of the day one value/purchase price, or £200,000; whichever is lower.

Pre-Planning/Heavy Refurb

Likely to include some structural alterations, conversion and/or property extension work. The works should not exceed more than 40% of the day one value/purchase price, or £300,000; whichever is lower. The works must not include full development i.e. new-build, or demolition and re-build. Maximum combined pre-planning/refurb period of 18 months. An inspection will be carried out by our Real Estate department after 6 months for all Heavy refurb loans where the refurb phase is longer than 6 months.

If required, select a Term loan option to follow the Refurb phase

3

Term Loans

InterBay

Refer to the standard BTL/HMO product page.

or

Kent Reliance - BTL & HMO

Fixed Term	65%	75%	80%	85%
2yr	3.79	3.99	4.49	5.19
3yr	-	4.19	4.59	5.29
5yr	-	4.19	4.59	5.29

If a fixed product is selected for the Term loan, the rate applicable will be from the product range available at the time the switch to a Term loan is made. The rates shown above, and on the BTL/HMO product page, reflect the current product range and may therefore be subject to change.

Exit

Can be sale or refinance.

Loan Term

Maximum 24 months; but subject to the pre-planning and/or refurb phase being limited to the maximum periods referred to previously. On conversion to the Term phase our standard Buy-to-Let terms apply i.e. 2-30 years. On conversion to the Kent Reliance priced fixed rates, the Term phase cannot exceed the period of the fixed rate.

Interest Roll-Up

Maximum 12 months' interest roll-up for Heavy refurb. Maximum 10 months' interest roll-up for Medium refurb. Maximum 6 months' interest roll-up for Light refurb. All loans are subject to a minimum 3 month term.

Commercial

Maximum 40% of the property value can be commercial, but must be pre-let.

Minimum Debt Service Coverage Ratio (if the Term loan option is selected)

The projected DSCR must meet that required for a standard Term loan - refer to page 10.

Arrangement Fee

1.95% of the day 1 loan for Refurb Only. 3% of the day 1 loan for Pre-Planning/Refurb to Term. The arrangement fee can be added to the loan (without increasing the interest rate banding); or it can be paid on completion. Any increase in the loan on conversion to the Term phase will attract a fee of 0.5% on the additional amount (net of proc fee).

ERCs (if the Term option is selected)

If an InterBay Term loan is selected, ERC will apply as per BTL/HMO product terms. If the Kent Reliance priced fixed rate option is selected, the ERC for 2 and 3 year fixed is 4% for the first 12 months and then 3% for the remainder of the fixed rate period. For 5 year fixed, the ERC is 5% for the first 12 months, 4% in year 2 and then 3% for the remainder of the fixed rate period. In all cases the borrower can repay up to 10% of the loan outstanding in any 12 month period without notice and without incurring an ERC.

Default Loadings

If refurbishment works are not carried out in the agreed time, a default charge of 0.25% pcm will be applied (3% p.a.).

Valuation fee scale



Valuation fee scale

Buy to Let and Specialist Valuation Fees

The valuation fee is payable by the applicant prior to valuation instruction. The prices listed below are a guideline and may be subject to change. Fees are non-refundable once the valuer has visited the property.

Standard Valuation fees: Applies to Buy to Let properties that are single houses or flats. Value greater than £100,000.

Specialist Valuation fees: Applies to blocks of up to 6 flats, HMO's of up to 8 bedrooms & Habitable Light/Medium Refurbishment. Value greater than £100,000.

	Standard	Specialist
Estimated valuation or purchase price – not exceeding	Total fee (including VAT)	Total fee (including VAT)
£100,001 - £150,000	£165	£430
£150,001 - £200,000	£190	£445
£200,001 - £250,000	£215	£445
£250,001 - £300,000	£240	£515
£300,001 - £350,000	£265	£575
£350,001 - £400,000	£290	£575
£400,001 - £450,000	£315	£635
£450,001 - £500,000	£340	£635
£500,001 - £600,000	£485	£710
£600,001 - £700,000	£585	£770
£700,001 - £800,000	£650	£880
£800,001 - £900,000	£710	£955
£900,001 - £1,000,000	£825	£1,025
£1,000,001 - £1,500,000	£1,225	£1,425
£1,500,001 to £2,000,000	£1,625	£1,825

Property values over £2 million: Quotes available on request.

Commercial, semi-commercial and other specialist fees

A bespoke fee quote will be obtained from one of our specialist panel once we have issued an Agreement in Principle, and your client will only have to pay this amount to instruct the valuation.

The fee amount will be confirmed to you, and the Agreement in Principle updated, by the end of the next working day.

The quote will be valid for 5 working days, after which it may be subject to change.

Legal fee scale

Commercial/Semi-Commercial	InterBay legal costs only	Combined cost to include your own legal work	
	Purchase or Remortgage	Purchase	Remortgage
< £100,000	£950	£2,500	£1,700
£100,001 - £300,000	£1,250	£3,000	£2,125
£300,001 - £500,000	£1,450	£3,500	£2,350
£500,001 - £750,000	£1,650	£4,125	£2,650
£750,001 - £1,000,000	£1,950	£4,650	£3,000
> £1,000,001	£2,250 or 0.1% loan (whichever is greater)	POA	POA

Buy to Let/Residential	InterBay legal costs only	Combined cost to include your own legal work
	Purchase or Remortgage	Purchase or Remortgage
< £100,000	£650*	£1,400**
£100,001 - £300,000	£750*	£1,625**
£300,001 - £500,000	£850	£1,750
£500,001 - £750,000	£960	£1,950
£750,001 - £1,000,000	£1,050	£2,175
> £1,000,001	£1,150 or 0.1% loan (whichever is greater)	POA

* Minimum £850 for limited company or partnership loans.

** Minimum £1,750 for limited company or partnership loans.

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InterBay
Commercial