

Commercial Mortgage

Factsheet

This could be the right solution for you

- If you want to buy or re-finance new or existing business premises for your own business use.

Key features and benefits

- Borrow up to 75% of the professional valuation or the purchase price, whichever is lower.
- The loan can be repaid over any period from two years to 30 years.
- Minimum loan amount of £25,001 – maximum loan amount¹ is subject to status.
- Interest rates and arrangement fees are individually negotiated on a case by case basis.
- Capital repayment holiday options available subject to status.²

Interest rates

Interest rates are charged at an agreed margin over a reference rate (e.g. Bank of England Base Rate³, near Risk Free Rates (RFRs)⁴ such as SONIA (Sterling Overnight Average Rate)) or the cost of funds for fixed rate loan.

- **Variable rate** – you pay an agreed interest rate margin, which is added to the Bank of England Base Rate or relevant RFR. This allows you to benefit if interest rates fall, but could leave you exposed to increased repayments if rates rise. If the loan is repaid early, a pre-payment fee may be payable.
- **Fixed rates** – you have a fixed repayment amount so you can be sure of the amount of your repayments for the fixed term⁵. If the loan is repaid early, a pre-payment fee may be payable and, if you repay the loan within a fixed rate period, you may also have to pay an early repayment charge.

Your Relationship Manager can advise you of the full range of interest rate risk management solutions available to you. Availability is subject to status.

Standards of Lending Practice for Business Customers (the “Standards”)

We are committed to the Standards of Lending Practice for Business customers (the “Standards”).

The Standards are a set of principles of good practice in relation to lending to business customers with a consolidated annual turnover of up to £25m (exclusive of VAT and other turnover related taxes). The Standards apply to products offered for business lending purposes: overdraft, loan, credit card, commercial mortgage and chargecard products across the customer/product lifecycle.

¹ For variable rate, Bank of England Base Rate linked facilities, the maximum limit is £25m. For fixed rate loans, the maximum limit is £10m.

² Taking a Capital Repayment Holiday will increase the total interest charged and the total amount payable over the full term of the loan. Therefore, your monthly repayments will be higher to ensure your loan will be repaid by the end of the agreed term.

³ Variable debit interest is payable on your loan at the margin agreed with you, plus the Bank of England Base Rate. If the Bank of England Base Rate falls below zero, we will treat it as zero.

⁴ Risk Free Rate linked facilities such as SONIA, SOFR, TONAR and SARON are subject to eligibility criteria and only available to businesses with turnover of £25m or above. Minimum facility amount £1m upwards. Contact your relationship manager for further information. If the RFR for any day is less than zero, the RFR for that day shall be deemed to be zero.

⁵ Maximum fixed rate period is 10 years.

Important notes

All loans are subject to status. Terms and conditions apply.

Security – A first legal charge is needed over the premises being bought or refinanced. A fee will be payable for taking this security and we will give you an estimate of this cost at the outset. External charges may also apply, please discuss with your Relationship Manager for further information.

We will consider any request to release any security subject to us being satisfied that all borrowing has been repaid in full and we are under no further obligation to provide lending to you. If the security arrangements include a property which is currently, or is intended to be used as a domestic dwelling, either wholly or in part, please remember that:

Your home or property may be repossessed if you do not keep up repayments on any loan where this property has been taken as security.

Next steps

See our other factsheets

- **Small Business Loan** – finance for sums of £25,000 or less.
- **Flexible Business Loan** – individually tailored loans to fit your needs.

Accessibility

If you need any information in a different format, please let us know. **This includes large print, braille, or audio.** You can speak with us using the chat service on our website, by visiting one of our branches or giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service. These include a Text Relay Service and a British Sign Language (BSL) Video Relay Service.

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