



Semi-commercial mortgages

When it comes to semi-commercial lending, we understand the demands and challenges your clients may face. There is no case too big or too complex for us, and we're determined to work with your client to offer them a tailored service and see their case through to the end.

InterBay Commercial is ready to support your semi-commercial clients with two, three and five year terms and rates from 4.79%.

Key features



Up to **70% LTV** available



Min loan size **£150k**



Interest-only and/or owner occupier now considered



0.25% reduction in fees for existing borrowers



No maximum property value



Residential and **commercial** income can be considered

Key semi-commercial criteria

- Up to 70% LTV based on lower of vacant possession value, investment value or purchase price
- Available in England and Wales
- 2-30 years term available

Interest-only option available

- Normal rates apply if interest-only period is 10 years or less
- If interest-only period exceeds 10 years, 0.5% rate increase applies

Eligible applicants

- Individuals, limited companies, LLPs, partnerships and trusts
- Minimum two years' relevant sector experience

Commercial element

- Must be tenanted or owner occupied
- The surveyor to confirm a sales and lettings marketability period of 12 months or less
- Property to be fit for immediate occupation
- Where the property is tenanted, solicitors must confirm that the lease is drawn on commercially acceptable terms.

Acceptable credit profile

CCJs	Nil (3 year history)*
Defaults	Nil (3 year history)*
Missed mortgage payments	None in the last 12 months
Missed secured loan payments	None in the last 12 months
Unsecured arrears	N/A

Bankruptcy	Nil (6 year history)
IVA	Nil (6 year history)
Repossession	Nil (6 year history)
Debt Management Programme	Nil (6 year history)

*The restrictions may not apply in the following circumstances:

- Where all CCJs/defaults were registered more than three years ago and satisfied prior to mortgage application;
- Where all CCJs/defaults were satisfied more than 12 months prior to application regardless of date of registration;
- Where the CCJs/defaults in aggregate amount to less than £300, regardless of date of registration, and satisfied prior to mortgage application.

ICR (and calculation)

ICR to primarily be based on the residential rental income only.

The commercial rental income can be considered subject to validating that:

- the last 12 months rental payments have been paid, and
- there is at least 12 months unexpired term on the current lease

ICR will depend on the loan type:

- ICR will apply for 2 and 3 year rates based on 5%, or the initial pay rate - whichever is higher at 125%
- ICR will apply for 5 year rates at the initial pay rate at 125%
- Owner occupier – ICR based on market rent confirmed by valuer is 110% (market rent), borrower 125% (net profit/EBITDA)

Acceptable property types

Use	Sub category	Key requirements
Retail	Tertiary/suburban	Strong track record of rental (trading) performance over past 12 months Good likelihood of sustainability of rental (trading) income Expected security of rental (trading) income Valuer to confirm marketability within 12 months (lease or sale) Minimum 12 months unexpired on lease Stand-alone or units in a parade/precinct
	Local convenience store	
	Supermarket/branded convenience store	
Office	Period	Strong track record of rental (trading) performance over past 12 months Good likelihood of sustainability of rental (trading) income Expected security of rental (trading) income Valuer to confirm marketability within 12 months (lease or sale) Located within a conforming business park or business district Single or multi-let up to four tenants Minimum 12 months unexpired on lease or, where multi-let, minimum 12 months lease to enough tenants to clear ICR threshold
	Regional business park	
	City and town centre	
Industrial	Light/general industrial	Strong track record of rental (trading) performance over past 12 months Good likelihood of sustainability of rental (trading) income Expected security of rental (trading) income Valuer to confirm marketability within 12 months (lease or sale) Located in a conforming business park or industrial estate No specialist plant or fit out
	Storage/distribution	
Food and drink	Takeaway	Strong track record of rental (trading) performance over past 12 months Good likelihood of sustainability of rental (trading) income Expected security of rental (trading) income Valuer to confirm marketability within 12 months (lease or sale) Stand-alone or units in a parade/precinct
	Restaurant/café	

Use	Sub category	Key requirements
Medical	Doctors surgery	<p>Strong track record of rental (trading) performance over past 12 months</p> <p>Good likelihood of sustainability of rental (trading) income</p> <p>Expected security of rental (trading) income</p>
	Dentist surgery	<p>Valuer to confirm marketability within 12 months (lease or sale)</p> <p>Units of residential origin and with alternative use potential - not large, purpose built medical centres</p>
	Pharmacy	<p>Strong track record of rental (trading) performance over past 12 months</p> <p>Good likelihood of sustainability of rental (trading) income</p> <p>Expected security of rental (trading) income</p> <p>Valuer to confirm marketability within 12 months (lease or sale)</p> <p>Stand-alone or units in a suburban parade/precinct</p>

Semi-commercial products

Product	LTV	Rate	Reversion rate	Fee	ERC
2-year fixed	60%	4.79%	BBR + 4.04%	1.5% (1.25% for existing customers)	4%, 3%, 1% for life
	65%	4.79%	BBR + 4.04%		
	70%	5.29%	BBR + 4.54%		
3-year fixed	60%	4.89%	BBR + 4.14%	1.5% (1.25% for existing customers)	4%, 3%, 3%, 1% for life
	65%	5.29%	BBR + 4.54%		
	70%	5.39%	BBR + 4.64%		
5-year fixed	60%	4.89%	BBR + 4.14%	1.5% (1.25% for existing customers)	4%, 3%, 3%, 3%, 3%, 1% for life
	65%	5.29%	BBR + 4.54%		
	70%	5.39%	BBR + 4.64%		

BBR is subject to a floor of 0.75% (if BBR exceeds 3% the floor resets to 3%)

Physical valuations

For semi-commercial cases, full physical inspections for valuations will continue, and shall be conducted via our in-house panel managers.

Fees

A £145 administration fee is payable on submission of the application and is non-refundable. A 1.5% arrangement fee, payable on completion, can be added to the loan and is non-refundable.

The valuation fee should be paid on submission of the application.

Products now revert to Bank of England Base Rate (BBR) trackers

- On expiry of the fixed rate (the Starting Rate*), the Term Loan will revert to a rate of interest which will be variable at a Margin above the Bank of England Base Rate.
- The variable rate of interest will move up and down in line with the Bank of England Base Rate, however if the Bank of England Base Rate falls below 0.75% the interest rate you're charged won't change, this is referred to as the minimum floor.
- If the Bank of England Base Rate reaches 3%, the minimum floor rate becomes 3%.
- In all cases the Starting Rate at completion is the lowest rate payable regardless of future changes to the Bank of England Base Rate.
- Changes to the Bank of England Base Rate, subject to the minimum floors, will take effect from the 1st of the month immediately following the announcement of the change in the Bank of England Base Rate. Your new rate will be calculated by taking the Margin applicable to the Term Loan plus the Bank of England Base Rate.

* The Starting Rate is the Margin plus the higher of either the Bank of England Base Rate at the date of commencement of the Term Loan or 0.75% and will be defined in the AIP and Facility Letter.

Valuation fee scale

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 but an abortive fee may be payable. Valuations are conducted for the lending purposes only and will not be provided to the client.

Where a property does not fit within the criteria listed below, a bespoke fee quote will be required. This will also be the case for unusual or complex properties, and specialist properties valued on a trading-related basis. Where a bespoke fee quote is needed, please contact the sales team to confirm the cost.

Max value/purchase price	Scale 1	Scale 2	Scale 3
£150,000	£850	£1,000	£1,150
£200,000	£850	£1,000	£1,150
£250,000	£925	£1,075	£1,225
£300,000	£1,000	£1,150	£1,300
£350,000	£1,125	£1,275	£1,425
£400,000	£1,125	£1,275	£1,425
£450,000	£1,250	£1,400	£1,550
£500,000	£1,250	£1,400	£1,550
£600,000	£1,350	£1,500	£1,650
£700,000	£1,500	£1,650	£1,800
£800,000	£1,600	£1,750	£1,900
£900,000	£1,700	£1,850	£2,000
£1,000,000	£1,800	£1,950	£2,100
£1,250,000	£2,100	£2,300	£2,500
£1,500,000	£2,350	£2,550	£2,750
£1,750,000	£2,500	£2,750	£2,950
£2,000,000	£2,700	£2,900	£3,100

Property values over £2,000,000: Quotes available on request.

Scale 1

- Single commercial lettable unit
- Semi-commercial with up to 2 residential flats or one HMO up to 6 lettable rooms

Scale 2

- Any combination of up to 3 lettable units in a block (unless covered by scale 1)
- To include no more than one HMO up to 6 lettable rooms

Scale 3

- Any combination of up to 5 units in a block
- To include no more than one HMO up to 6 lettable rooms

Legal fee scale

Loan size	InterBay Commercial legal costs	Combined legal costs (InterBay Commercial and client)	
	Purchase or remortgage	Purchase	Remortgage
Up to £100,000	£950	£2,500	£1,700
£100,001 - £300,001	£1,250	£3,000	£2,125
£300,001 - £500,000	£1,450	£2,500	£2,650
£500,001 - £750,001	£1,650	£4,125	£2,650
£750,001 - £1,000,000	£1,950	£4,650	£3,000
Over £1,000,000	£2,250 or 0.1% (whichever is greater)	POA	POA

Minimum £850 for limited company or partnership loans. ** Minimum £1,750 for limited company or partnership loans. Charges will apply for each additional title on the same loan – please see below.

Property value	Fees per additional title (excluding VAT and disbursements)
Up to £500,000	£350
£500,001 - £1,000,000	£650
£1,000,001 and over	£950

Please note the following assumptions:

1. VAT and Disbursements are payable in addition to the fee estimate
2. The fees quoted above are an estimate based on the following:
 - a) Title is not unduly onerous
 - b) Security comprises one property
 - c) Occupational leases are on commercially acceptable terms or properly granted AST's and no superior landlord consents need to be obtained
 - d) The loan proceeds to completion within a reasonable timescale and does not become unduly complicated
 - e) The transaction comprises an arm's length purchase at full market value with the consideration being paid in cash upon completion (on a purchase)
 - f) The planning status of the property is readily apparent with no outstanding elements and no development is ongoing or intended is not a new build/has not been subject to substantial works within the last five years

These costs do not include any disbursements incurred in the course of the transaction. These will be in addition to the fees set out above. These costs are predicted on using No Search Insurance for re-finance transactions. The cost of the insurance will be charged in addition. Loans comprising multiple properties will be individually quoted. The fee quotes provided are on the basis that the matter is straightforward with no unforeseen complications. All legal fees will be deducted from the draw-down of the loan advance.