Commercial Mortgages

(Owner Occupied)

UK Development Finance
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What is it?

A financial product allowing you to raise capital to purchase or refinance commercial property for the intention of using it for your own business operations.

What to expect...

- Typical maximum loan to value of 70% of the property value
    - This can sometimes extend to as high as 100% for specific industry types
- Repayment terms typically offered from 5yrs to 25yrs, with interest only lending limited to a shorter term of 10yrs to 15yrs
- Early repayment penalty charges may apply to the commercial mortgage
- Lending rates may start from 6.5% depending on;
    - Property value
    - Property type/construction
    - Location
    - Business type
        - i.e. the industry of the business that will occupy the property
- Typical lenders fees are 2%-3% of the net loan advance
    - Other fees may include;
        - Application/Administration fees
        - Valuation fees
        - Legal fees (Yours and the lenders fees)

Other things to consider....

The bigger picture	Why are you buying the property? Does it save you paying rent? Does it meet your future business needs?	Have you considered buying the property within your SSAS or SIPP? Does it provide any benefits? IS it even possible?	Are you comfortable with personal/directors guarantees that may include securitisation of personal assets?
Rates & Fees	Whenever seeking commercial funding, expect to pay more in rate and fees. Draw a comparison to renting and how this may save you or even cost more	re-financing a commercial mortgage or borrowing more isn't as simple as it is with residential lending so consider your future needs and costs	Fees will generally equate to tens of thousands of pounds, so factor these costs in and ensure you have a healthy cashflow and safety net in your business when purchasing commercial property
How much can you borrow	Typically when buying or re-financing the lender will assess the business EBITDA. This measures your assets, debts and ability to make your repayments	The lender will consider your business industry, the business owners and shareholders ages when considering the repayment term and therefore affordability of the debt over that term	The lenders may consider: other assets as collateral to securitise funding against. This may include, cash, investments and other property

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