

LENDING AGAINST COMMERCIAL PROPERTIES CRITERIA QUICK REFERENCE GUIDE

Lending on Commercial Properties Criteria Quick Reference Guide for State Bank of India's UK operation. This guide provides a high level overview of the current Lending on Commercial Properties Policy. This is intended to provide a quick reference point during the sales process and does not replace the full policy document which must be referenced prior to submission of a new application. This guide is for the use of processing and underwriting staff within the retail distribution network.

Version 1.6

Effective: January 2015

1. General Rules

Submission	All applications must be submitted with a fully completed application form and all supporting documentation
Term	Commercial Investment Mortgage: 5 Year Term (amortised over 20-25 years, subject to annual review and renewal at term end) Commercial Owner Occupier Mortgage: 5 Year Term (amortised over 20-25 years, subject to annual review and renewal at term end) Property Backed Overdraft: Subject to annual review (SBI will require capital reduction of 2% at each renewal) Property Development: Will be considered on a case by case basis, please refer to SBI Underwriters
Loan Purpose	Commercial Investment Mortgage: For the purpose of purchasing or remortgaging a commercial property that the applicant(s) will let out (or have already let out) to commercial tenants Commercial Owner Occupier Mortgage: For the purpose of purchasing or remortgaging a commercial property that the applicant will use as either the primary business premises or for additional business use Property Backed Overdraft: For the purpose of adding a credit facility to be drawn down against a commercial property owned by the applicants Property Development: Will be considered on a case by case basis, please refer to SBI Underwriters
Acceptable Business Types	Applications from the following types of businesses can be considered: Retail Wholesale Business Services Manufacturers Professional Services All companies must be registered and based in the UK Other business types may be considered, please contact SBI's underwriting team to discuss businesses not covered by the above list
Capital Raising	State Bank of India will accept applications that wish to raise capital for the following purposes: Capital Expenditure Expanding/Improving charged assets Working Capital Invoice Financing

2. The Applicant

Acceptable Applicants	Applications can be considered for the following types of business: UK Sole Traders UK Incorporated Limited Companies UK Limited Liability Partnerships (LLP) UK Special Purpose Vehicles (SPV) established by private individuals
Named Borrowers	The following individuals must be named on the application:

Minimum/Maximum Applicant Ages	All company Directors (one or more to be designated as 'Primary Business Operator' if applicable) All Shareholders who own a 10% or greater share of the business
	Minimum Age: 21 Maximum Age: 70 at the end of the mortgage term (this can be extended to 80 subject to certain conditions, please refer to SBI Underwriters)
Maximum Number of Applicants	Sole Trader: 1 Applicant Ltd Co/LLP/Partnership/SPV: 4 Applicants Please Note: Where the number of named borrowers exceeds the maximum number of applicants, the 4 primary business operators should be the named applicants and details provided of other borrowers so that they can be assessed
Residency Nationality	All applicants must have been resident in the UK for the last 12 months Non-EEA nationals can be considered but they must be resident and working in UK for last 12 months, and must have been granted indefinite leave to remain in the UK and have proof of residency documentation

3. The Loan

Loan Amount	Commercial Investment Mortgage: £250,000 to £3,000,000. For loans beyond, £ 3million please refer to SBI Underwriters Commercial Owner Occupier Mortgage: £250,000 to £3,000,000. For loans beyond, £ 3million please refer to SBI Underwriters Property Backed Overdraft: £250,000 to £3,000,000. For loans beyond, £ 3million please refer to SBI Underwriters Property Development: Agreed on a case by case basis, please refer to SBI Underwriters
Loan to Value (LTV)	Loans up to £1,000,000: 70% Loans over £1,000,000: 65%
Exposure	There is no fixed maximum total exposure level, will be determined on a case by case basis
Repayment Method	Capital and Interest Repayment

4. The Business

Minimum Income/Profit	Commercial Owner Occupier Mortgage: No minimum Commercial Investment Mortgage: Depends upon the loan size. Minimum Net Profit of £25,000pa Property Backed Overdraft: No minimum
Business Age/Performance	Commercial Owner Occupier Mortgage: Must have been trading profitably for 3 years preceding application Commercial Investment Mortgage: Must have been trading profitably for 3 years preceding application Property Backed Overdraft: Must have been trading profitably for 3 years preceding application
Income/Profit Calculation	Commercial Owner Occupier Mortgage: 1.25 X gross cover at pay rate (using EBITDA methodology)

Income/Profit Evidence

Commercial Investment Mortgage:	Rental Coverage of 125% of monthly payment at stressed pay rate (Product term less than 3yrs: Pay Rate + 1% or 6%, whichever is the higher; if product term is over 3yrs: Pay rate or 5%, whichever is the higher)
Property Backed Overdraft:	1.25 X gross cover at pay rate (using EBITDA methodology)

Commercial Owner Occupier/Property Backed Overdraft will need to provide the following documentary evidence:

- Last 2 Year Accounts – Certified by an approved accountancy body
- Last 6 Months Business Bank Statements
- Assets and Liabilities Statement – For all Directors and Shareholders

Commercial Investment Mortgage will need to provide the following documentary evidence:

- Last 2 Year Accounts – Certified by an approved accountancy body

Additional Information – This may be requested by SBI underwriters if required

- Personal Bank Statements for all Applicants
- Details of Director/Shareholder personal borrowing
- Copy of any current Tenancy Agreement (Commercial Investment Mortgage)
- Any other documentation deemed necessary to satisfy our lending requirements

5. The Property

Location	Must be located in England or Wales
Tenure	Freehold or Leasehold
Acceptable Property Types	The Following types of Property will be considered: Offices Retail Units (including those with Residential Units attached) Hotels Warehouses Light Industrial Units
Leasehold Requirements	Please Note: We require an SBI staff member to conduct a site visit of the property To be considered as suitable security a leasehold property must meet the following criteria: Unexpired lease term of 55 years at the start of the application At least 30 years remaining on the lease at the end of the loan term Free of any restrictive covenants that may affect the future value, marketability or sale of the property
Replacement Property	If the applicant wishes to change the property during the application process, then a new application must be submitted and assessed in line with latest lending policy.

Personal Identification Requirements (to be provided for all signatories or shareholders with a 10% or greater share of the business)

Photo Identification	Proof of Address
Current Signed Passport	Council Tax Bill (not more than 12 months old)
Current Full UK Photocard Driving License	Utility Bill (not more than 3 months old)
UK Armed Forces Identity Card	Current Full UK Photocard Driving License
National Identity Card	Bank or Building Society Statement (no more than 3 months old)

Business Identification Requirements

Business Identity	Proof of Business Address
Certified copy of the Certificate of Incorporation	Council Tax Bill (not more than 12 months old)
Certified copy of Memorandum and Articles of Association	Bank or Building Society Statement (no more than 3 months old)
List of All Directors (Certified by Accountant/Solicitor)	Utility Bill (not more than 3 months old)
Shareholding of Company (Certified by Accountant/Solicitor)	