HSBC UK

FAO :
Mrs. Dianne Helen Smith

Nancledra Pre School
Nancledra Community Hall
Nancledra
Penzance
Cornwall
TR20 8NB

What's this letter about?

To provide you with a summary of the product(s) discussed during our meeting.

Do I need to do anything?

Yes. Please check your details are correct and the product(s) selected meet your requirements. If any details are incorrect, please get in touch.

13-09-2023

Reference: 2442358/ 1014031990

Customer Details

Company name : Nancledra Pre School
Legal entity type : Charity / Community

Your business point of contact

Mrs. Dianne Helen Smith

Dear Mrs. Smith

Your product assessment

Following your meeting with Steven Mccormick on 13 September 2023, we're pleased to provide a summary of the information discussed with you, as well as details of the product(s) you may be interested in.

What you need to do

Please carefully check your details are correct and the product(s) and relevant options selected meet your requirements. If any details are incorrect, please contact us so we can make revisions and, where appropriate, allow you to make a further informed choice of a suitable product to meet your needs.

This summary also provides links to additional documentation relevant to the product(s) you've chosen, and we recommend you read these carefully.

What happens next?

We'll progress the application you've made. Please remember that provision of the product(s) is subject to formal approval from HSBC UK Bank plc, and the terms are indicative.

As part of any application, we may be required to conduct searches on your business, and on any relevant directors or shareholders. This was explained to you during the application process, and where appropriate additional documentation was presented.

If the application doesn't fully progress, we'll explain the reasons for this and offer alternative options to you.

Please remember to consider future affordability of any products you choose, and whether they're still required if your circumstances change.

Other support available

Our staff can offer support and will try to make your banking and business interactions the best they can be during any change in circumstances, such as a Life Event or a difficult time. You can find more information about the support available at https://business.hsbc.uk/wellbeing-personal-and-business.

We're here to help

If you have any questions, please contact your Relationship Manager (if you have one) or if you've been dealing with a Business Specialist, please contact them in the usual way.

Thank you for choosing to bank with us.

Yours sincerely

Your Commercial Banking Team

Your requirements

Your need was £185,500.00 over 300 months to fund a Property Financing.

We provided details of 1 products that could meet your needs:

Long term borrowing - Commercial Mortgage

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 amount is subject to status.

Interest rates and arrangement fees are individually negotiated on a case by case basis. Interest only period of up to 24 months available. This option must be agreed at the start of the loan. Availability subject to status.*1

Repayments can be either monthly or quarterly.

Green Loan option available subject to status.*2

Interest rates are charged as a margin over a reference rate (e.g. Bank of England Base Rate) or the fixed rate cost of funds for fixed interest rate loans.

Variable rate – you pay an agreed interest rate margin, which is added to the relevant reference rate (e.g. Bank of England Base Rate). 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 (fully or partially), a prepayment fee may be payable.

Fixed rates – you have a fixed repayment amount so that, no matter what happens to the Bank of England Base Rate, you can be sure of the amount of your repayments for periods of up to 10 years. 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.

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

If the reference rate falls below zero, we will treat it as zero.

Sole Trader/Partnerships only – a credit assessment will be made to credit reference agencies, although this will not be recorded on your credit profile.

A first legal charge is needed over the premises being bought or refinanced and other Security may also be required. If security is required then administration fees and professional fees may be payable and we'll give you an estimate of this cost at the outset. Other external charges may also apply (for example property Valuation fees) and you may also be required to seek and pay for your own Independent Legal Advice before signing any Security Documents. Please discuss with your Relationship Manager for further information.

Where security is provided and this includes a property which is currently, or is intended to be used as a domestic dwelling, either wholly or in part, please think carefully before securing other debts against your home.

Your home may be repossessed if you do not keep up repayments on your mortgage, or any other debts secured on it. Missing payments could have severe consequences such as making obtaining credit more difficult and could result in legal action to recover any debt.

A HSBC Business Current Account is not required to apply for this loan, except where a Debenture or fixed charge over book or other debts is to be taken as part of your application.

We'll consider any request to release any security subject to us being satisfied that all borrowing has been repaid in full and we're under no further obligation to provide lending to you.

As a responsible lender HSBC UK strongly suggests customers consider protecting the repayment of any borrowing in the event of death, diagnosis of a serious illness or loss of income. There are various insurance options available, and customers who require guidance on this can seek independent legal and financial advice.

Supporting documentation

Commercial Mortgage Factsheet See link for more information -
https://www.business.hsbc.uk/-/media/library/business-uk/pdfs/RFB1879-Commercial-Mortgage-Factsheet.pdf

Standards of Lending Practice for business customers. See link for more information - https://www.lendingstandardsboard.org.uk/the-standards-for-business-customers/

Green SME Fund eligibility. See link for more information - https://www.business.hsbc.uk/en-gb/everyday-banking/credit-and-lending/green-sme-fund

Your Choice

You chose the following products

Commercial Mortgage

Customer Need : Finance and Borrowing - Long term borrowing

Loan amount: £185,500.00
Term (months): 300

Reference rate: Base rate
Repayment type: Capital Repayment
Repayment / Interest frequency: Monthly

Repayments and costs
Indicative Margin(%) : 2.50
Base Rate(%) : 5.25
Total indicative rate(%) : 7.75
(Indicative) 300 monthly repayments of £1,401.13

Typical fees
Indicative arrangement fee: £2,782.50
Security fees may also be payable, indicative : £0.00
Indicative total cost of borrowing over term: £237,622.96
Non utilisation fee may be payable if loan is not fully drawn at outset.

It is important that the loan remains affordable to you if interest rates rise. You selected a sensitivity test where base rates move to 3%, in this example, repayments would change to (indicative) £1,139.13.
The resulting Indicative 300 monthly repayments would move to £1,139.13

Optional products features
Fixed rate option: Fixed 5 years
Indicative Cost of funds(%): 4.72
Total indicative rate for fixed period(%): 7.22
Capital Repayment Holiday Option: none
Commentary: Exploring a 5 year fixed rate

60 (Indicative) monthly repayments of £1,337.22
followed by 240 (Indicative) monthly repayments of £1,392.15
Indicative total cost of borrowing over term of £231,631.57

If you repay full amount early within the fixed rate period, you will incur additional fees
Immediately after fixed rate confirmed (Indicative): £9,275.00
During month 31 (halfway through fixed rate period) (Indicative): £4,456.34
During month 46 (three quarters through fixed rate period) (Indicative): £2,176.38
Partial repayments are also possible and fee will be prorated

Do you foresee any changes in your personal circumstances that may adversely affect your ability to repay the borrowing you have requested? No

Will the loan be used for an eligible green activity as per the Green SME fund? No

Additional Information :
*1 If choosing an interest only period the overall term will remain as agreed. Interest only periods will increase the total interest charged and the total amount payable over the full term of the loan. Therefore, your repayments will be higher to ensure your loan will be repaid by the end of the term.
*2 Green Loan option available, subject to green use of proceeds and qualifying criteria.

Your need was £185,500 over 300 months to fund a Property Financing.

Having considered the information provided detailing the 1 product(s) offered, you wish to apply for the Commercial Mortgage with the options as set out above. You understand that provision of the product and options is subject to formal approval from HSBC UK Bank plc and that the terms above are indicative only and may be subject to change.

Rationale: Commercial mortgage most appropriate for building purchase