



# Fixed Rate Lending

Important information

Bank with us. Bank on us.

This information is available to you at any time on our website.  
Please read this important information carefully and retain it for future reference.

# Fixed Rate Lending

This document explains the key features of our Fixed Rate loans. It also provides general information about the advantages and disadvantages of a Fixed Rate Loan.

Fixed Rate Loans may lead to prepayment fees and Break Costs if repaid during the Fixed Rate Period. These costs could be quite substantial.

All lending is subject to our underwriting criteria, availability and status.

We reserve the right to decline any loan application.

Before entering into any loan agreement or prepaying your loan, we advise that you take advice from an independent financial adviser. This is to ensure the loan meets your requirements and that you understand the terms of your loan and the financial implications of your actions.

We do not provide financial advice to our customers on the management of interest rate risks and you are not entitled to rely on us for advice or recommendations.

## Advantages:

- Provides certainty as your loan repayments will not increase if interest rates rise during your Fixed Term.
- Allows for easier cashflow management as your repayments will not change.

## Disadvantages:

- If interest rates fall during your Fixed Rate Period you will not benefit as your repayment amount will not decrease.
- If you wish to repay any of your loan during your Fixed Rate Period you may be subject to fees. **These could be substantial.**

# Key Features

Terminology	Summary Definition
Loan Amount	Between £500,000 and £10m.
Term	Up to 10 years.
Fixed Rate Period	You pay a fixed interest rate for two or five years. The loan then reverts to a variable interest rate, an agreed percentage above the Bank of England Base Rate.  It may be possible to split your Term lending between a Variable Rate Loan and a Fixed Rate Loan at no additional cost. For example, a £1 million loan over five years could be split 600 000 on a Fixed Rate over two years, and £400 000 on a Variable Rate for the remaining Term. Please discuss your requirements with us.
Purpose of funds	The loan must be for business purposes, to support a project that contributes community, economic, social or environmental benefit. This could involve: <ul style="list-style-type: none"> <li>• Refinance</li> <li>• Property purchases</li> <li>• Property refurbishment</li> <li>• Creating housing, community and office space</li> <li>• Business acquisition.</li> </ul>
Eligibility Criteria	Unity will only lend or provide banking services to organisations which deliver positive social or environmental outcomes through their activities and subject to appropriate credit assessments.

Terminology	Summary Definition
Security	Security may be required each case is considered on its merits. If security is required, an administration fee will be payable, and we will give you an estimate of this at the outset. If the security arrangements include a property or assets that you own please remember that these may be repossessed if you do not keep up repayments on your loan.
Repayment type	Capital and Interest only.
Repayments	Monthly or Quarterly.
Arrangement Fee	This needs to be paid up front and is typically 1.5% of the loan value. In addition, legal and valuation fees are payable by the Borrower.
Break Costs	May be applicable. See page 4 for more information.
Prepayment fees	A prepayment fee may be payable if the Loan is repaid in full or in part during the Fixed Rate Period. The fee is equal to a percentage of the amount prepaid Please refer to your Term Loan Facility Letter for further details.
Reference rate	A reference rate is an interest rate benchmark that is used to set other interest rates. The reference may change daily and could go up as well as down before the fixed rate is set for your loan. The reference rate that we will use is the Bank of England base rate.

Before entering into a Fixed Rate Loan agreement or making an early repayment to your loan, we recommend that you seek professional advice from your accountant or financial advisor in order to fully understand the potential liabilities associated with either of these actions.

**Note: If repaying all or part of your agreement within the first 3 years of the Fixed Rate Term, both Prepayment fees & Break Costs may be applicable.**

## Break Costs

The Break Cost ensures that if the Loan is repaid partially or fully within the Fixed Rate Period, we receive an income equal to what the amount we would have received if the Fixed Rate Period were to have been completed as originally agreed within the loan contract.

The Break Cost is calculated by using key values such as:

- The amount of time remaining before your Fixed Rate Period expires.
- The value of your prepayment.
- The interest rates environment at the time your loan is repaid. For example, if the Bank of England base rate at the time your loan is repaid is lower than the interest rate applicable to your loan, the Break Cost due could be high. The scale of this payment depends entirely on how much these rates change.
- If the Bank of England base rate at the time your loan is repaid is higher than the reference rate relating to your loan, due to the fixed nature of this loan you will not be eligible to claim an interest rebate.
- If a Fixed Rate loan is repaid in full or in part during your Fixed Rate Period, a Break Cost will usually be payable.

## Calculating Break Costs

We will start by using the amount of interest remaining within the Term of your Fixed Rate Period.

We will then deduct the interest we would now receive if the repaid funds were to be deposited with the Bank of England at a fixed rate using the current base rate.

The remaining amount is known as the Break Cost.

Depending on the Term remaining and size of prepayment these costs can be significant.

### Example information:

Calculation	Example information
Amount prepaid	£1,000,000
Fixed Rate	4.00%
Current Bank of England Reference Rate	1.00%
Prepayment made 12 months before the end of the Fixed Rate Term	
Total Interest Foregone	£40,000
Discount applied from current reference rate	£10,000
Total Break cost	£30,000

**Note:** If repaying all or part of your agreement within the first 3 years of the Fixed Rate Term, Prepayment fees may also be applicable.

## Further information

All Loans are subject to status and Terms and Conditions apply.

Unity adheres to the Lending Standards Board's Standards of Lending Practice which set the benchmark for good lending practice in the UK, outlining the way registered firms are expected to deal with their customers throughout the entire product life cycle.

The protections of the Standards of Lending Practice for business customers apply to businesses which at the point of lending:

- Have an annual turnover of up to £6.5 million in its last financial year (exclusive of VAT and other turnover related taxes), and;
- Which does not have a complex ownership structure (for example, businesses with overseas, multiple, or layered ownership structures).

More information can be obtained at: [lendingstandardsboard.org.uk](http://lendingstandardsboard.org.uk)

### Financial difficulties

If you would like more information about managing your finances, please speak to your Relationship Manager or call us on 0345 140 1000.

You can also find more information about financial difficulties in the Services section of our website: [unity.co.uk/debt counselling](http://unity.co.uk/debt counselling) or by calling Business Debit Line on 0800 197 6026.

### Get in touch to find out more about applying for a Fixed Rate Loan:

Please call us on 0345 140 1000.

You will receive support from a dedicated Relationship Manager who will help explain both fixed and variable options to you on a wholly non advised basis.



# Our commitments to our business customers

**As a lender we have committed to follow the Standards of Lending Practice for business customers. By adhering to the Standards, we are demonstrating a commitment to ensuring that our customers are treated fairly.**

The Break Cost is calculated by using key values such as:

- We will always lend responsibly and treat your business fairly and reasonably.
- We will ensure that all information we provide about our products and how they work is clear and understandable so that you can decide what is best for your business' needs.
- We will provide clear, upfront information on the documents required to support an application. Taking account of this will help to ensure that we can deal with your application efficiently.
- If we are unable to approve your application, we will explain why and provide a referral, where appropriate, to alternative sources of finance.
- If your application is declined, you have the right to appeal the decision.
- We will set out any requirements/conditions we may have to support any borrowing in a clear, understandable way.
- We will confirm the conditions of your business borrowing in writing and highlight any covenants or material conditions attached to it.
- We will clearly set out the type and frequency of information we will require to monitor your business' performance.
- If your business experiences difficulties, we will seek to understand the overall circumstances to try and identify suitable and pragmatic solutions. Where appropriate, we will provide details of free debt advice.

## What we ask of you:

Tick box

That, prior to making an application you double check what information we will need to process an application. If you are unsure or have any questions, please contact us.	Yes	<input type="checkbox"/>
That all information you provide to us during our relationship is accurate and timely.	Yes	<input type="checkbox"/>
We ask you to think carefully about whether the business can afford the product applied for and to be open in your dealings with us.	Yes	<input type="checkbox"/>
To make sure that you understand the Terms and Conditions associated with your product.	Yes	<input type="checkbox"/>
That you seek professional advice, where this is appropriate for the needs of your business and the type of product you are applying for.	Yes	<input type="checkbox"/>
That the business maintains any commitments it has to us, for example providing information which we may reasonably request to monitor performance.	Yes	<input type="checkbox"/>
Take care of any security information to help prevent fraud and protect your account(s).	Yes	<input type="checkbox"/>
Tell us as soon as possible if someone is misusing confidential information.	Yes	<input type="checkbox"/>
Carefully check your business' account statements/records to make sure they are accurate. If anything isn't right, please get in touch with us.	Yes	<input type="checkbox"/>
<b>Please let us know if:</b>		
Your contact details change or there is a change in how your business is run for example, ownership/directorships etc, so we can keep our records up to date.	Yes	<input type="checkbox"/>
Your business may be about to experience or is experiencing difficulties. The sooner you do this, the more likely it is we'll be able to find a way to help you.	Yes	<input type="checkbox"/>

# Bank with us. Bank on us.

## Information

You can download our Key Features at: [unity.co.uk](https://unity.co.uk)

Unity Trust Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Unity Trust Bank is entered in the Financial Services Register under number 204570. Registered Office: Four Brindleyplace, Birmingham, B1 2JB. Registered in England and Wales no. 1713124. Calls are recorded and may be monitored for security, training and quality purposes.

