



# Product Factsheet

## Rental Property Finance

Nomo rental property finance products fall outside the scope of regulation by the Financial Conduct Authority. Property values and rental incomes might increase or decrease and might not provide adequate income to cover your finance payments and associated costs.

YOUR RENTAL PROPERTY MAY BE AT RISK IF YOU DO NOT KEEP UP THE PAYMENTS ON YOUR NOMO PROPERTY FINANCE



# Fast, simple, digital rental property finance

Explore Nomo's Property Finance products which are fully-digital, and Sharia-compliant in helping you to buy rental property in the UK

## How does Nomo rental property finance work?

### WHAT IS RENTAL PROPERTY FINANCE?

- This type of property finance is for people looking to buy a property to rent out to long-term tenants as an investment, rather than to live in it
- Nomo Property Finance allows you to receive a finance amount from Nomo that contributes towards the purchase of your property
- You will pay regular, monthly payments to Nomo over a time period chosen by you

### WHAT TYPE OF BANK PROFIT RATES DOES NOMO HAVE?

- Our products allow you to fix the bank profit rate for either 2 or 5 years, so that the chosen rate will be constant for the repayment period selected
- At the end of the fixed-rate period, you can either choose a new fixed-rate period, or you will automatically go onto a follow-on rate which could vary over time

### WHAT ARE PROFIT-ONLY PAYMENTS?

- Nomo Rental Property Finance is profit-only, which means that the monthly payments will only pay off the bank's profit, not the finance amount itself
- This finance amount will need to be paid off in full at the end of the repayment period

### WHAT TYPE OF ISLAMIC BANKING DOES NOMO USE?

- Nomo adheres to the principles of Islamic banking and uses Commodity Murabaha to facilitate rental property finance
- Commodity Murabaha involves Nomo facilitating a sale of metal commodities to you for the amount equal to the finance amount and bank profit-rate. This amount will be repaid on a deferred basis over the chosen repayment period. You will take ownership of the metal commodity and consequently sell to a third-party. Nomo will take care of this on your behalf

### WHAT TAX CONSIDERATIONS ARE THERE?

- When you buy a property in the UK, you may be required to pay taxes such as [Stamp Duty Tax](#) applicable to properties in England and [Land Transaction Tax](#) for properties in Wales
- You may be also liable for [Income Tax](#) resulting from the income earned from your rental property and [Capital Gains Tax](#) in case you choose to sell the property in the future, please refer to the UK government website for more information
- There may be other taxes due or resulting from the purchase of your rental property and you should review your personal tax situation and the implications of owning the property with a tax specialist



## Product profit rates and fees

Fixed period length	Finance-to-value	Fixed period profit rate	Follow-on rate	Application fee including valuation	Minimum finance amount	Maximum finance amount
2 years	Up to 60% (inclusive)	3.33%	4.50%	1%	£100,000	£1.5M
	Up to 70% (inclusive)	3.43%				
5 years	Up to 60% (inclusive)	3.68%				
	Up to 70% (inclusive)	3.78%				

Rates effective from 01/06/2022 – may be subject to change

### Additional information

#### APPLICATION FEE

The application fee is 1% of the finance amount which covers a property valuation charge and an additional £1,200 bank lawyer fees and is payable after you accept the finance offer. Fees and charges cannot be added to the finance amount and are payable upfront. Please see our [Tariff of Charges](#) for more details

#### EARLY PAYMENT

You will need to pay the outstanding finance amount and bank profit amount if you choose to pay the full amount in advance within the fixed rate period. If you choose to pay the full amount in advance during the follow-on period, you will need to pay the outstanding finance amount. An account settlement fee will also apply to early payment

#### ACCOUNT SETTLEMENT FEE

A fee of £240 + legal fees will apply when the finance amount has been repaid in full

#### MAXIMUM FTV

Our maximum finance to value is 70%

#### MINIMUM PROPERTY VALUE

The minimum property value is £350,000

#### REPAYMENT PERIOD

A minimum repayment period of 5 years and a maximum of 10 years applies

#### FOLLOW-ON RATE

After your fixed rate period ends, you will automatically move to our follow-on rate. The Nomo follow-on rate is currently set at 4.50% and could increase or decrease when you move onto the follow-on rate once your fixed rate ends. The follow-on rate varies over the repayment period depending on the Bank of England Base Rate. Alternatively, at the end of your fixed rate period you can also choose a product from our range of fixed-rates with a new fixed repayment period

#### OVERPAYMENT

Overpayments are not permitted

#### AGE AND RESIDENCY RESTRICTION

Finance is only available to residents of Kuwait aged 18 and over

#### TARIFF OF CHARGES

[Tariff of Charges](#) gives details of the charges that may be payable during the application process as well as any additional charges during the repayment period

# Glossary

## **BANK PROFIT RATE**

This is the percentage of the finance amount that you will pay to Nomo as our profit on the commodity Murabaha trade

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## **FINANCE-TO-VALUE**

Finance-to-value, or FTV, is the percentage ratio of the finance amount against the value of the property. The maximum FTV is 70%. For example, if you ask Nomo for a finance amount of 350,000 GBP to purchase a property for 500,000 GBP, the FTV will be 70% ( $350,000 / 500,000 \times 100 = 70\%$ ). This means you will need to provide a down-payment of at least 30% of the property value. In conventional mortgage terms, this may be referred to as loan-to-value or LTV

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## **FIXED PERIOD PROFIT RATE**

Fixed period profit rate is when your bank profit-rate will be constant for the repayment period chosen

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## **FOLLOW-ON RATE**

The follow-on rate is the rate that your finance will switch to once your initial fixed-rate period ends. This could vary from the rate indicated at the time you take out your Nomo property finance and when you switch to the follow-on rate after your fixed period ends. This will also vary over the repayment period of the finance amount and is set internally

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## **MINIMUM AND MAXIMUM FINANCE AMOUNT**

Minimum or maximum finance amount is the range of finance-that can be received from Nomo to contribute towards the purchase of your property

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## **EARLY PAYMENT**

Early payment is when you choose to pay sooner than the repayment period. You decide to repay your property finance amount and bank profit in full earlier than the repayment period

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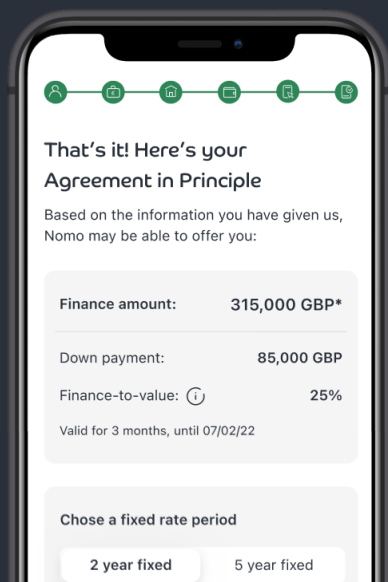
## **OVERPAYMENT**

Overpayments are payments in addition to your monthly payment or partial early payment of the finance amount. Overpayments are not permitted

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## **DOWN PAYMENT**

This is the amount you need to pay upfront towards the purchase price of the property



## Would you like to know more?

Visit our FAQ page here at [nomobank.com](https://nomobank.com)

Find our tariff of charges here at [nomobank.com](https://nomobank.com)

Find our Eligibility criteria here at [nomobank.com](https://nomobank.com)

# nomo

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