

Product Factsheet

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.

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.



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 monthly payments?

- Nomo Rental Property Finance available on an amortising or profit only basis.
- Profit only product: this finance amount will need to be paid off in full at the end of the repayment period.
- Amortising products: once you make all your payments, you will have paid off the whole finance amount at the end of the term.

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 Land 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

Proposition: Nomo Standard

Facility Size: £100,000 – £749,999 | Max FTV: 75%

Fixed Period	FTV	Product	APRC	Application Fee
2-year fixed	75%	5.89%	7.3%	BTL: 1% of facility
5-year fixed	75%	6.19%	7.0%	BTL: 1% of facility

Nomo Enhanced Range

Facility Size: £750,000 – £5,000,000 | Max FTV: 70%

Fixed Period	FTV	Product	APRC	Application Fee
2-year fixed	75%	5.79%	6.9%	BTL:1% of facility
5-year fixed	75%	6.09%	6.7%	BTL: 1% of facility

Portfolio Landlords

Fixed Period	FTV	Product	APRC	Application Fee
2-year fixed	75%	6.14%	7.3%	BTL: 1% of facility
5-year fixed	75%	6.44%	7.1%	BTL: 1% of facility

Internal Renewals

Fixed Period	FTV	Rate	Application Fee
2-year fixed	75%	5.79%	£499
5-year fixed	75%	6.09%	£499

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Additional Information

Application Fee

The application fee is specific to each product and will be agreed upon application with the Nomo Property Finance Team. This fee also covers the first property valuation. An additional £1,000 bank lawyer fee 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 will apply when the finance amount has been repaid in full.

Minimum Property Value

The minimum property value is £150,000 outside London, £350,000 inside London.

Repayment Period

A minimum repayment period of 5 years and a maximum of 25 years applies.

Overpayments

Overpayments are not permitted.

Follow-on Rate

After your fixed rate period ends, a new Murabaha commodity transaction will take place and you will automatically move to our follow-on rate. The Nomo follow-on rate is currently set at 7.5% 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, with the Murabaha renewed monthly. 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.

Age and Residency Restriction

Finance is only available if you are aged 18 and over. Please contact us at propertyfinance@nomo.bank to find out if we can serve your jurisdiction.

Tariff of Charges

Tariff of Charges gives details of the charges that may be payable during the application process and any ongoing charges.

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.

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 75%. For example, if you ask Nomo for a finance amount of 375,000 GBP to purchase a property for 500,000 GBP, the FTV will be 75% ($375,000 / 500,000 \times 100 = 75\%$). This means you will need to provide a down-payment of at least 25% of the property value. In conventional mortgage terms, this may be referred to as loan-to-value or LTV.

FIXED PERIOD PROFIT RATE

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

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, with a renewal of the Murabaha trade on a monthly basis.

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.

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.

OVERPAYMENT

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

DOWN PAYMENT

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



Nomo Bank is a member of the Financial Services Compensation Scheme. This scheme may provide compensation, if we cannot meet our obligations. Most depositors including individuals and businesses are covered. For more information about the Financial Services Compensation Scheme, visit www.fscs.org.uk.

If we don't get it right Nomo Bank will endeavour to ensure that you receive the highest standard of service and that you are treated with courtesy at all times. If you are unhappy with any aspect of our service, we would like to know why, please call **+44 (0) 20 3991 0400**.

Our Customer Success team is available to assist you in either English or Arabic during the following UK hours:

Mon – Fri: 6am – 6pm / Sat – Sun: 6am – 2pm

Call us on +44 (0) 20 3991 0400 or drop us an email at support@nomobank.com

Calls to 0203 numbers from a landline or mobile cost no more than calls to geographic numbers (01 or 02) and are typically included in any inclusive minutes and discount schemes you may have. International calls are charged at a local rate – please check with your telecoms provider. Calls may be recorded for training and monitoring purposes.

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