



The Agricultural
Mortgage Corporation

Straightforward **Finance for Farmers**

Your guide to borrowing from AMC



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Who are AMC?

The Agricultural Mortgage Corporation (AMC) has been providing medium to long term finance solutions to farmers and rural businesses since 1928. We remain specialists in the rural sector, lending to all types and sizes of farms, landed estates, and rural businesses in the UK.

Our loans can support a range of business purposes including:

- Buying land
- New buildings and fixed equipment
- Restructuring borrowing
- Paying out a retiring partner
- Building improvements
- Purchasing machinery
- Diversification
- Working capital
- Renewable energy projects
- Sustainability improvements

The AMC Agent Network

AMC has a network of local Agents across the country, to help you with your application and to answer any questions you may have. We will put you in touch with your local Agent who will meet with you to:

- Discuss your proposal in depth
- Complete and submit an application form on your behalf
- Advise which other supporting documents you may need to send to AMC
- Prepare a report and valuation on your property
- Carry out the necessary identification checks to satisfy anti-money laundering regulations.

All of our local Agents are specialist Rural Chartered Surveyors.

**There's nothing standard
about our Standard Loan**



The AMC Standard Loan

Features of the AMC Standard Loan

Flexible terms can be tailored to your business needs. Our terms range from five to 30 years and can be extended at the end of the term if required, subject to credit approval.

Fixed or variable interest rates or a combination of both are available. There is always a possibility that interest rates may go down leaving a fixed rate loan at a higher level compared to a variable rate loan. However, if interest rates rise, a fixed rate loan will remain at the same rate. A margin is charged above Bank of England base rate for variable loans, and above market costs for fixed rate loans.

Repayment or interest-only instalments are available. Instalments can be paid monthly, quarterly or half yearly on a date that suits the cash flow of your business. Where instalments consist of just interest, the capital sum is repayable at the end of the term.

A negotiable setting up fee applies, with a minimum fee of £750 (payable on acceptance of a loan offer).

Loans secured against agricultural land, buildings and dwellings, subject to a maximum of 60% of the value of the security.

No further review of security values once your loan is secured. If you want to alter your agreement with us, or if there is a reduction in land values, we may need to review your security and see your annual accounts to determine if you need to reduce your loan or provide extra security.

Loans are transferable, even on the death of a borrower if obligations to AMC have been met. Therefore loans can be passed from generation to generation subject to AMC credit criteria and the obligations to AMC continuing to be met.

Our UK-based support team are on hand to help at any stage of your application, from your initial enquiry through to completion.

AMC loans are available for business purposes only, provided on a secured loan basis. Minimum AMC Standard Loan £25,001. To meet customer requirements, lending criteria will vary. Lending is subject to status.

The AMC Horticulture Loan

AMC has provided finance for many horticultural businesses, plant and garden centres and would be pleased to consider funding for such businesses subject to the nature of the production system and the type of security offered.

Features of the AMC Horticultural Loan

- **Loan amount** – The minimum loan amount is £25,001, there is no maximum.
- **Loan term** – will be for a maximum of 10 years available on a Repayment basis only.
- **Interest rates** – variable or fixed rates of interest or a combination of both. There is always a possibility that interest rates may go down leaving a fixed rate loan at a higher level compared to a variable rate loan. However, if interest rates rise, a fixed rate loan will remain at the same rate. A margin is charged above the Bank of England base rate for variable loans, and above market costs for fixed rate loans.
- **Repayments** – payments can be made monthly, quarterly or half yearly.
- **Security** – loans are secured against agricultural or horticultural land, buildings and dwellings, subject to a maximum of 50% of the value of the security.
- **Setting up fees** – a negotiable setting up fee applies with a minimum fee of £750 (payable on acceptance of a loan offer).



The AMC Rural Business Loan

The AMC Rural Business Loan is designed specifically to support the development of land-based rural businesses.

Features of the AMC Rural Business loan

- **Loan amount** – the minimum loan amount is £25,001, there is no maximum.
- **Term** – terms of 5 to 30 years are available, on a Repayment basis only and subject to the loan being repaid before the age of 75.
- **Interest rates** – variable or fixed rates of interest or combination of both. There is always a possibility that interest rates may go down leaving a fixed rate loan at a higher level compared to a variable rate loan. However, if interest rates rise, a fixed rate loan will remain at the same rate. A margin is charged above the Bank of England base rate for variable loans, and above market costs for fixed rate loans.
- **Repayments** – payments can be made monthly, quarterly or half yearly.
- **Security** – loans are secured against agricultural land, buildings and dwellings, subject to a maximum of 60% of the value of the security.
- **Setting up fees** – a negotiable setting up fee applies, with a minimum fee of £750 (payable on acceptance of a loan offer).

Who can benefit from an AMC Rural Business Loan?

The AMC Rural Business Loan is available to an individual, partnership, or company buying a house with land and:

A. Buying or expanding land-based rural businesses

This could be almost any type of rural-based business including:

- Fishing lakes
- Activity centres
- Commercial shoots or game rearing
- Tourist activities
- Farm shops
- AMC has even lent to farm-based boat marinas

B. Running an equestrian business

This could include riding schools, livery yards or commercial cross country courses.

An AMC loan could be used for:

- Buying an equestrian business
- Buying land or expanding the existing equestrian business
- Building more facilities; stables; or developing an indoor riding school



Managing Your Loan

Instalments and statements

Instalments are collected by Direct Debit; these will be detailed on your statements. Two weeks before your instalment is due, we will send you a statement containing details of capital payments, interest paid, and the capital outstanding on the loan.

Changing your loan agreement

Altering your term and early repayments

If you wish to increase or decrease your repayments, we may be able to help by adjusting the loan term. If you repay your loan earlier than originally agreed, you may have to pay the following costs;

- Handling charge associated with dealing with the repayment

On an AMC Fixed Rate Loan (AMCFRL), you may also have to pay the following costs:

- Break Costs

What are Break Costs?

A 'Break Cost' is the name given to the cost that would be incurred by you if at some time during the Fixed Rate Period of the AMCFRL there were to be a 'Break Event.' A Break Event is where you or AMC (in accordance with the terms of the loan agreement) terminate the AMCFRL, you make an early repayment (full or partial), you fail to make a payment in accordance with the loan agreement, you change from a fixed interest

rate loan to a variable interest rate loan, you change the terms of your repayment under the fixed rate loan from the terms agreed or you are required by us to repay part or all of your AMCFRL due to a Default Event. These costs are specific to each loan and are influenced by a number of factors which include:

- the length of time remaining to the end of the Fixed Rate Period.
- whether it is an increasing or decreasing interest rate environment.
- the movement of market interest rates since the Fixed Rate has been agreed.
- the loan amount affected by the Break Event.

The Break Cost sum calculated is not a penalty charge. The sum is calculated to ensure that if payments are not made in accordance with the loan agreement, AMC will still receive an amount which represents the economic value of what it would have received had the loan agreement continued as agreed.



Depending on market conditions at the time of the Break Event, the Break Costs calculated could result in a substantial amount being due from you to AMC.

Altering the type of interest you pay

Converting from an AMC variable rate loan to an AMC Fixed Rate Loan: We may be able to help you do this however an administration fee will be charged.

Converting from an AMC Fixed Rate Loan to an AMC variable rate loan: We may be able to help you do this however an administration fee will be charged and there may also be a Break Cost.

Altering the method of repayment

Converting from a Repayment loan (capital & interest payments) to an Interest Only loan, or vice versa: We may be able to help you do this however an administration fee will be charged. If your loan is an AMC Fixed Rate Loan there may also be a Break Cost.

Changes to the property held as security for your loan and/or changes to parties for existing loan agreements

Releasing security

If you would like to release part of any property held as security for your loan, we will need to assess your proposal to make sure that the value of the remaining

security for your loan is still acceptable. In some cases, this may require additional security being put in place, or part of the loan being repaid.

Change of property ownership/Change of borrower(s)

Changes to the ownership of any property held as security for your loan and/or changes to the borrower(s) of an existing loan agreement will need to be approved by AMC, so please get in touch as soon as possible if this happens.

Agreements and lettings

If you are thinking of developing or letting out land or property that forms part of the security held for your loan, you will need to obtain AMC's consent so that we can evaluate any effect this may have on its value, so please get in touch as soon as possible.

Please note: full details of all our fees and charges, administration costs and redemption costs can be found in our **Business Tariff** document, which is available on our website.

If a formal valuation is required as a result of proposed changes to your loan or security, you are responsible for these fees.

The Application Process

1



Your initial enquiry

You don't need to present us with a full proposal of your borrowing requirements when you first get in touch. Contact one of our New Lending Enquiry Managers on **01264 334747** as soon as possible whether you only have a general idea of your business needs, or your plans are more advanced.

Information to have to hand when you get in touch:

- Details of your farming business; e.g. acreage farmed/owned, types and size of enterprises
- An outline of your proposal
- Information on the your current assets and liabilities e.g. loans and asset finance arrangements
- Information on the financial performance of your business.

We may need to arrange a visit to discuss your proposal and help you complete your application form. However, if you are an existing customer, in some cases we may be able to assess your application based on the information you have already provided.

2



The application form

The application form will ask for various information such as:

- Personal details
- The amount you wish to borrow
- The purpose of the loan you are requesting
- Properties you currently own and rent
- Other business assets e.g. livestock and crops
- A statement of your assets and liabilities
- Land and property that will be used as security.

When you send the application form back to us, you might also need to provide:

- Identification and address verification
- Your trading accounts for the last three years
- Evidence of other sources of income
- Management costings
- Evidence of planning permission, if applicable
- Budgets for the next two years (if your business is changing substantially or diversifying).

Depending on your proposal, other information may also be required.

3



Your loan offer

Once we have assessed your application, if we can lend to you, we will send you a formal loan offer which will include:

- Details of the amount to be borrowed, the interest rate, repayment type and an estimation of the loan instalment
- AMC's terms and conditions
- Direct Debit instructions for you to complete
- An acceptance form to complete if you are happy with the offer.

4



Completing your offer

Once you have accepted your loan offer and returned the acceptance form, we will check that the documents have been completed correctly, and then get in touch to discuss the next stage of the process.



When security is required :	When additional security is not required :
<ul style="list-style-type: none"> • AMC will instruct your solicitor regarding our completion requirements • A valuation will need to be carried out by a valuer appointed by AMC • Loan offer conditions will need to be satisfied • Legal charging of property will need to be carried out • When we receive the necessary paperwork and have accepted the valuation, we will release the funds to your solicitor's bank account • You will receive a pack which acts as a quick reference for everything to do with your loan. 	<ul style="list-style-type: none"> • AMC will ask you to complete the relevant documents (and will send you guidance notes on how to do this) • In some cases an updated valuation may be required • Loan offer conditions will need to be satisfied • When we receive the necessary paperwork, we will call you to confirm that the funds are ready for release • The money will be sent to your account on a date agreed with you • You will receive a pack which acts as a quick reference for everything to do with your loan.

Information about your loan

- **Fees** – The AMC loan fee includes (in most cases) the cost of a valuation of the security. Once you have accepted our offer, the loan fee will be payable even if you subsequently decide not to proceed. Prior to acceptance of the offer, no fees are payable.
- **Security** – We lend on a first mortgage basis on agricultural or rural land and buildings. We can lend up to 60% of the value of the assets that you offer as security as long as your business has the ability to repay the loan.

- **Solicitors** – You are responsible for all legal costs. You should obtain an estimate from your solicitor before accepting an offer. Your solicitor must be on AMC's approved panel. On occasion 'Separate Representation' by AMC's own solicitors may also be required.
- **Interest** – Interest is calculated on a daily basis and will be charged in line with your agreed instalment frequency. All interest is charged to your account on a given day, but payment is not due for 17 days. This means that you will receive a statement and have 14 days notice of the amount due. Any capital repayments are applied to the account with immediate effect.



Find your local AMC Agent

AMC has a network of local Agents across the country, to help you with your application and to answer any questions you may have.

Phone

Call our office in Andover on **01264 334747** to speak to one of our New Lending Enquiry Managers who will be able to put you in touch with your local AMC Agent. Office hours are 09:00 to 17:00, Monday to Friday, excluding Bank and Public holidays.

Online

Visit **www.amconline.co.uk** to find the name and contact number of your local AMC Agent. These are listed in the 'Contact' section of our website.

Regional Agricultural Managers

We also have locally based Regional Agricultural Managers who support the AMC Agent network. On some occasions, a Regional Agricultural Manager may become involved in customer enquiries or applications, particularly if the proposal is complex.

Important information on advice

Our AMC staff and AMC Agents will discuss your financing options with you, however they will not be able to advise you regarding your financial decisions and arrangements. We would encourage you to seek independent financial advice from your accountant or another professional adviser.



The Agricultural
Mortgage Corporation

Our Service Promise

We aim to provide the highest level of customer service possible. If you do experience a problem, we will always seek to resolve this as quickly and efficiently as possible.

If you would like a copy of our complaint procedures, please contact us on 01264 334747.

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use Relay UK. More information on the Relay UK service can be found at: relayuk.bt.com/

The Agricultural Mortgage Corporation plc, registered in England & Wales, no.234742. Registered office: Charlton Place, Charlton Road, Andover, Hampshire SP10 1RE. Telephone: 01264 334344.

We adhere to The Standards of Lending Practice which are monitored and enforced by the LSB: www.lendingstandardsboard.org.uk and apply to businesses which have an annual turnover of no more than £25 million.

The Agricultural Mortgage Corporation plc is a wholly owned subsidiary of Lloyds Bank plc. Lloyds Bank plc is a member of Lloyds Banking Group. Lloyds Banking Group is a financial services group that incorporates a number of brands including Lloyds Bank. More information on Lloyds Banking Group can be found at lloydsbankinggroup.com