



Proplend Loan Request

Date	30 th September 2014
Property Name	Yorkshire Residential Terrace
Property Description (Short)	A Terrace of 4 x 4 bed freehold houses in an affluent village close to York plus a single 2 bed leasehold flat in Blackburn. The properties are all let on AST's.



Loan Request Summary

Borrower	UK Limited Company	Valuation	£1,100,000
Loan Type	Residential Investment Loan	Total Loan Required	£660,000
Purchase/Refinance	Refinance	Loan to value (LTV)	60%
Property Asset Class	Residential	Whole loan blended interest rate p/a	5.96%
Property Income	£48,840 pa		

Borrowers Loan Requirement					
Tranche	Risk	LTV	Loan Amount	Gross Interest Rate p.a.	Loan Term
C	High	66-75%	£		
B	Med	51-65%	£ 110,000	7%	36 months
A	Low	0-50%	£ 550,000	5.75%	36 months
Total			£ 660,000	5.96%	

Overview

THIS PROPERTY IS STILL PENDING AND INFORMATION MAY BE REVISED BEFORE THE LOAN IS LISTED LIVE

Borrower

- A UK Limited Company of an experienced commercial property developer and investor

Property

- A terrace of 4 Houses located in an affluent village, close to York, each property comprising 4 bedrooms and two bathrooms, separate WC, kitchen and living room
- A flat in a gated development, with good access to Blackburn centre and adjacent Park, comprising two bedrooms and one bathroom
- All properties are fully let producing a total income of £48,840 per annum

Loan Request

- The borrower is looking to raise a loan of £660,000 for a period of 3 years
- The proposed loan is to be on an interest only basis and will be redeemed as a bullet payment at the end of the loan term
- Medium LTV – loan requirement occupies Tranche A and B at 60% LTV
- Tranche A interest paid 5.75% p.a. gross to lenders (subject to a Proplend Fee of 10% of the interest amount that lenders actually receive and paid when interest is paid)
- Tranche B interest paid 7% p.a. gross to lenders (subject to a Proplend Fee of 10% of the interest amount that lenders actually receive and paid when interest is paid)

Security

- The Loans will be supported by a first legal charge over the freehold of the houses and the long leasehold in the flat along with a Company Debenture and a Personal Guarantee from the shareholder and her father
- Proplend will retain £19,662.50 (6 months interest) from the gross loan amount which will be held on account should the borrower fail to meet a monthly repayment

Lenders have the opportunity to make an Offer to Lend with minimum loan amounts of £5,000

Property

Location

Sutton-on-the-Forest is a village and civil parish in the Hambleton district of North Yorkshire, England. It is 8 miles north of York and 4.4 miles south-east of Easingwold.

Blackburn is a large town in Lancashire, England. It lies to the north of the West Pennine Moors on the southern edge of the Ribble Valley, 9 miles east of Preston and 20.9 miles north west of Manchester. The M65 motorway passes to the south of Blackburn linking to the national motorway network, connecting to junction nine of the M61 and junction 29 of the M6.

Situation

Sutton on the Forest: Sutton on the Forest is a village of approximately 800 residents attaching to Sutton Park, the home of Lord & Lady Sheffield. The Village is favoured by wealthy commuters to York City which lies some 8 miles to the South. The Village has two public houses and a primary school. There is a regular bus connection to York.

Blackburn: This property is located in Shear Brow, Blackburn and is within walking distance to Blackburn Town Centre. It is only a minute walk to Corporation Park and two minutes' drive to Queen Elizabeth Grammar School.

Asset Description

Sutton on the Forest: The four houses known as Jacobs Court were built in 2006 and each comprise four bedrooms, two bathrooms, a wc, living room and kitchen over three floors. Each Property has a garden and parking for two cars to the rear. Each property is let on an AST.

Blackburn: a first floor 860 sq ft 2 bed converted flat in a Victorian house which was redeveloped in 2000 as part of a scheme of 30 flats in a mature residential area on the outskirts of Blackburn overlooking parkland. Lounge, Kitchen, 2 bedrooms and bathroom/wc with common parking in the grounds.

Tenure

Sutton on the Forest: All 4 properties are held on a single freehold title

Blackburn: The property is held on a long 999 year lease commencing 1st January 2001. The ground rent is a peppercorn.

Valuation

Valuations as advised to Proplend Security Limited by Connells Survey & Valuation Limited

Sutton on the Forest:

1 Jacobs Court: £260,000

2 Jacobs Court: £250,000

4 Jacobs Court: £250,000

7 Jacobs Court: £260,000

Blackburn:

7 Woodland Court: £80,000

The Security has an aggregate valuation of £1,100,000.

Certificate of Title

Certificates of Title have been supplied by the Borrowers Solicitors on all five Properties. A summary/overview report on these certificates has been supplied by Keystone Law LLP on behalf Proplend Securities Ltd. A copy of this Report can be downloaded.

The Report highlights the following anomalies which have been reviewed and referred to the valuer for comment:

- The tenure of the Flat in Blackburn has been certified as being a 999 year lease whereas the valuation on the property states the headlease as being for 800 years. The impact of this variance on the valuation can only have positive, albeit negligible impact and the valuer has confirm this to be the case.
- The ground rent on the Blackburn Flat has been certified as being a peppercorn whereas the valuation states it to be £150 p.a. The impact is again positive but negligible.
- The service charge for the Blackburn Flat has been certified as £780 p.a. whereas the valuation states it to be £500 p.a. The impact of this is considered to be negative but negligible.
- The tenancy on 1 Jacobs Court is stated as being an assured shorthold tenancy ("AST") whereas the AST period has now expired and the tenancy has therefore become a monthly periodic tenancy. The impact of this is considered to be negligible.
- The Report on Title for 4 Jacobs Court indicates that the Property is vacant whereas it has now been re-let on a new AST at a rental equating to £10,740 p.a. The impact of this is considered to be positive.
- The tenancy on 5 Jacobs Court is reported as being an AST. This agreement has now expired so the tenancy has reverted to a monthly periodic tenancy. The impact of this is considered to be negligible.

Tenants and Lease

Tenants & Lease

Sutton on the Forest:

No 1: AST (now a periodic tenancy) commencing 26 August 2010 with a monthly rental of £850

No 2: AST commencing 23 April 2014 with a monthly rental of £900

No 4: AST commencing September 2014 with a monthly rental of £895

No 5: AST (now a periodic tenancy) commencing 4 March 2013 with a monthly rental of £850

Blackburn:

7 Woodland Court: AST commencing 7th July 2014 with a monthly rental of £575

Covenant

All the properties have been 100% occupied and the rents have always been paid on time.

Tenancy Schedule

Floor / Unit	Tenant	Area sq ft	Lease start	Lease expiry	Rent pa	Next rent review/ break	Comments
No 1 Jacobs Ct	AST	1,431	26 Aug 10		£10,200		
No 2 Jacobs Ct	AST	1,431	23 Apr 14		£10,800		
No 4 Jacobs Ct	AST	1,431	Sept 14		£10,740		
No 5 Jacobs Ct	AST	1,431	4 Mar 13		£10,200		
7 Woodland Cr	AST	860	7 Jul 14		£6,900		
		8,434			£48,840		

Borrower

Borrower

Avondale Estates Limited is a property investment company (co no 8763484) set up to hold the Subject Properties.

Borrower Information

The sole director and shareholder is Fiona Jayne Plummer. Aged 42 years, she is also director of another company, Mallard Residential Ltd which owns and manages nine other residential properties.

All the Subject Properties were all built or converted by Fiona's Family and retained as investments. Her father, David Plummer is a retired Chartered Accountant and her sister is a QS. The Family has developed numerous residential and commercial schemes in York and the surrounding area over the past 25 years.

Business Plan

The five Subject Properties are being transferred to Avondale Estates Limited, the proposed borrowing vehicle, at market value for the purpose of consolidating ownership and borrowings.

There are current borrowings against the Sutton properties of £630,000 with Bank of Scotland; the Blackburn property is currently unencumbered but was offered as collateral security in order to keep the anticipated gearing at 65%. The rationale for refinancing current borrowings is to secure an interest only facility for the next three years as the amortisation profile imposed by the current Lender is unsustainable.

It is proposed that two or three of the Properties will be sold during the third year of the loan period when it is anticipated that the selling and rental market will have both strengthened. The Borrower intends that the two remaining Properties will be refinanced on long term, buy-to-let, loans.

The four houses at Jacobs Court are currently owned by a subsidiary of Avondale Estates so no stamp duty will be incurred. The Blackburn Property is currently owned by David Plummer but it will also not incur stamp duty when it is transferred to Avondale Estates as the purchase price and market value at £80,000 is below the stamp duty threshold.

The latest valuations of the Properties, dated May 2014, carried out on the instructions of Proplend Security Ltd, have provided an aggregate figure of £1,100,000 which is higher than the expected combined value of £1,015,000. The proposed loan to value has consequently reduced to 60%.

Security

The Security for the Borrower's performance under the loans will be documented by Keystone Law and held in trust on behalf of all the lenders by Proplend Security Limited. Such security will include:

- a first legal charge over the freehold and long leasehold interest in the Subject Properties
- a fixed and floating charge on the Borrower's assets and undertaking (a Debenture")
- personal guarantees, limited to £250,000, from Fiona Plummer and David Plummer

Interest Reserve

Proplend will retain £19,668 (6 months interest) from the gross loan amount which will be held on account should the borrower fail to meet their interest payments as they fall due.

Serviceability

All the Subject Properties are let on ASTs although two of this have reverted to monthly periodic tenancies. The aggregate rental income is currently £48,840 per annum.

This income covers the proposed interest commitment on a ratio of 1.24 and leaves a surplus income of £9,515 p.a. There is strong rental demand in both locations and the Properties have been fully let since their completion, some seven years ago.

NEXT STEPS

If you are **interested in participating in this Loan Request** and are already fully registered with Proplend then:

1. log-in your *Proplend Lenders Account*, go to *Loan Requests* and select the Loan
2. If the *Loan Request* is still *Pending* you can register your interest via the *Pre-Offer* facility
3. If the *Loan Request* is *Active* and your Proplend account has sufficient funds to cover your Loan Offer then pick the Tranche you wish to lend into and click *Lend Now*. You will be required to enter the loan amount twice and then *Lend Now*. You then have the option to Lend again into a different Tranche if you wish. A copy of the Loan contract signed by you will appear in the *Waiting to Close* screen in your *Lender Dashboard*.
When all the Loan Tranches are 100% filled, the Borrower will be invited to sign the Loan Contracts and we will complete the final Security documentation before drawing down the loan. This may take up to 10 days from 100% funding and you will be kept informed.
4. If you need to transfer funds to your Lender Account in order to make an Offer to Lend then go to the *Lender Dashboard* and *Transfer Funds* Screen. Here you will find our *Barclays Client Money Account details*, ensure to include your unique *Lender Reference* when you make the transfer or this may delay the transfer. Please let us know you are transferring funds via the *quick email facility*.
5. Once your funds have cleared in your Lender Account you will be able to make an *Offer to Lend*.
6. If you have any questions, please call us on 0203 379 8290