

Full Loan Request: Avondale - Residential Refinance

Main Site:	1,2,4 & 5, Jacobs Court, Sutton on the Forest, YO61 1EW
Date:	26/01/2018
Asset Description:	4 houses located in an affluent village, close to York, each property comprising 4 bedrooms and two bathrooms, separate wc, kitchen and living room.



Deal Summary

Loan Type	Bridging Loan	Borrower Profile	Investor
SIPP Classification	Not SIPP eligible	Loan Purpose	Refinance

Property Summary

Market Value	£1,000,000	Property Income	£42,960
Vacant Possession Value	£1,000,000	Market Rental Value	£43,000
Tenure	Freehold	Asset Class	Residential Block

Loan Summary

Total Loan Required	£593,000	Loan to Value (LTV)	59%
Blended Interest Rate	7%	Interest Cover	1.03x
Loan Term	12 months	Interest Expense (p.a.)	£41,510

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
B	Medium	51-65%	£93,000	9.69%	1.03x
A	Low	0-50%	£500,000	6.5%	1.32x

Borrower Details

Name	Avondale Estates Limited
Registration	UK Registered Limited Company
Overview	Avondale Estates Limited is a property investment company set up to hold the Subject Properties.
Directors / Shareholders	The sole director and shareholder is Fiona Jayne Plummer. Aged 45 years, she is also director of another company, Mallard Residential Ltd which owns and manages nine other residential properties.

Applicant Details

Name	Fiona Plummer	Marital Status	Married
Experience	The sole director and shareholder is Fiona Jayne Plummer. Aged 45 years, she is also director of three other property investment companies.		
Credit History	Clear - Creditsafe score 592 / Band 9		
Additional Information	Through investment property companies, other than the Borrower, Fiona Plummer owns residential properties with an aggregate value of £1.9 Million. These properties produce a total rental income of £155,820 per annum. The total loans on these properties are £918,000 leaving an equity of £983,000. .		

Loan Details

Overview	The four properties are being refinanced in order to provide a further period for the borrower to refinance with an alternative lender.
Gross Loan Amount	£593,000
LTV	59%
ICR	1.03x
Serviceability	The total rental income from the properties being financed is £42,960 per annum. The annual servicing cost of the proposed loan will be £41,510 p.a. The Borrower will continue to service interest as it has done for the past 36 months. .
Interest reserve	Proplend will retain £10,377.50 (3 months interest) from the gross loan amount which will be held on account. The balance of the Interest Reserve will be applied to the repayment of principal at the end of the loan term.
Early Repayment	2% first 3 months

Existing Facility

Lender	Proplend Security Limited	Type	Commercial Mortgage
Value	£563,124	Expiry	20th October 2017
Rate	5.96%	Status	The existing facility was due for repayment in October 2017. The Borrower has continued to make payments on the due date every month.

Existing Facility Description

The existing loan was extended to the borrower for the purpose of consolidating the ownership and borrowing of 5 properties, including the 4 Subject Properties secured by under this new transaction.

The rationale for refinancing the previous lending in 2014 was to secure an interest only facility for the three years, as the amortisation profile imposed by the previous lender was unsustainable.

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

The borrower sold one property, 7 Woodlands Corner in Blackburn, partially redeeming the £660k loan raised via Proplend. The 4 remaining properties were to be refinanced on long-term, buy-to-let, loans with an alternative lender.

Over the past 3 months the borrower has been progressing with a refinance with an alternative lender. It has been a frustrating process with the alternative lender continuing to request additional information prior to providing final commitment.

Apart from not redeeming the loan on time, the borrower has maintained a clean account with Proplend. The borrower has an excellent payment record, with all their interest payments being made on time and in full. They have also continued to make payments as they fell post loan maturity.

It has been deemed appropriate to offer the borrower a new facility and allow them time to source an alternative lender in order to arrange a new longer term facility.

Business Plan

The new facility will provide sufficient time for the Borrower to secure a long-term, buy-to-let, loan with an alternative lender on more competitive rates.

Property Details

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.

The Properties are held as an investment on a single freehold title and all are let on AST agreements producing an aggregate rental income of £42,960 p.a.



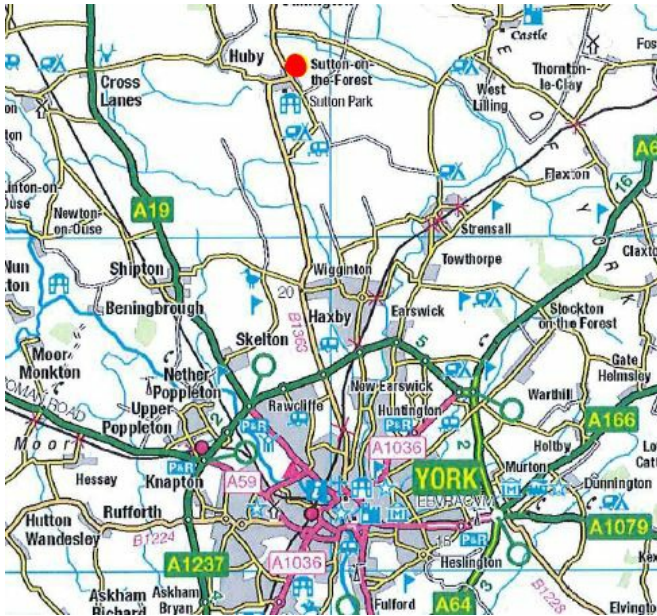
Location Report

The Subject Properties are located to the eastern side of Stillington Road, within the north Yorkshire village of 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.



Security

Main Site	First Legal Charge	Debenture	Debenture
Personal Guarantee	Personal guarantees from Fiona Plummer, sole Director and Shareholder of Avondale Estates Limited, and David Plummer, father of Fiona, limited to £250,000. Guarantee is the same as that taken for the previous facility.		

Exit Strategy

Refinance via an alternative lender on a long-term, buy-to-let, loan on more competitive rates.

Covenants

LTV Covenant	65%
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Fees

Arrangement Fee	2%	Broker Fee	1%
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Valuation

A valuation of the property was carried out by Stephensons on 20th November 2017, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,000,000
Vacant Possession Value: £1,000,000
Open Market Rental Value: £43,000

Report on Title

A Certificate of Title will be supplied by Keystone Law acting on behalf of Proplend Security Ltd, and it's comments thereon can be viewed under documents.

Lender Risks	Mitigant	Risk Level
Risk that the management of the Borrower is not able to execute their business plan.	The Applicants business plan is to refinance the Subject Properties over the next six months. Despite the frustrations in completing on previously arranged finance since October 2017, the low level of gearing should make refinance at a lower interest rate achievable given another twelve months to do so	Medium
Risk that the Borrower stops making monthly interest payments to Lenders due to loss of lease income and or tenants whose leases had ended, had exercised a lease break or have gone into receivership.	The Borrower has made regular payments of interest, on time, for the past three years. Proplend is confident that it will continue to do so	Low
Risk that the Borrower is unable to repay the loan principal at the end of the loan term because they have not been able to sell or re-finance the property.	Given the recent frustrations with the refinance of the existing facility, there is a moderate level of risk that the refinance of the new facility may take some time to complete. However, given the low gearing we expect a refinance will be achievable within the term of the facility.	Medium
Risk that the Property falls in value due to either macroeconomic or property specific reasons	The value of the Subject Properties would need to fall by 41% before the proposed facility (including three months interest provision) cannot be repaid.	Low

Conditions Precedent

The following actions have been completed prior to credit approval:

- Satisfactory AML/KYC checks in respect of the Borrowers / Directors / Shareholders
- Clear credit searches against the Directors / Shareholders
- Formal, independent valuation addressed to Proplend Security Limited by a RICS qualified valuer confirming market value of the property.
- Satisfactory completion of all stated security requirements / Report on Title.
- Adequate insurance cover with Proplend Security Limited named as First Loss Payee
- Proplend Ltd diligence to be satisfied that interest payments can be serviced
- Loan to value not to exceed 75% on draw down

Documents

The following documents are available to download via the Loan Request screen:

- A Draft Standard Loan Contract
- The Certificate of Title and Lettings Report produced by Keystone Law
- A copy of the Valuation Report

Next Steps

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

Log-in your Proplend Lenders Account, go to Loan Investments

If the Loan Investment is In Funding, 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 the final Security documentation will be completed by Proplend Security Limited before drawing down the loan. This may take up to 10 days from 100% funding and you will be kept informed.

If you have any questions, please call us on 0203 379 8290

PROPLEND DISCLAIMER - PLEASE NOTE:

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