

# Full Loan Request: Luton - Residential Investment

<b>Main Site:</b>	Summerfield Road, Luton
<b>Date:</b>	16th April 2018
<b>Asset Description:</b>	A residential investment



Deal Summary			
<b>Loan Type</b>	A residential investment loan	<b>Borrower Profile</b>	Property Investment
<b>SIPP Classification</b>	Not SIPP eligible	<b>Loan Purpose</b>	Purchase

  

Property Summary			
<b>Market Value</b>	£250,000	<b>Property Income</b>	£15,000
<b>Market Value (90 days sale)</b>	£225,000	<b>Market Rental Value</b>	£15,000
<b>Purchase Price</b>	£250,000	<b>Purchase Type</b>	Purchase from private tender
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Residential
<b>EPC Rating (min. E)</b>	An E rating was issued in 2009 although subsequent improvements have been carried out		

  

Loan Summary			
<b>Total Loan Required</b>	£187,500	<b>Loan to Value (LTV)</b>	75%
<b>Blended Interest Rate</b>	6.5%	<b>Interest Cover</b>	1.23x
<b>Loan Term</b>	36 months	<b>Interest Expense (p.a.)</b>	£12,188

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
C	High	66-75%	£25,000	8.25%	1.23x
B	Medium	51-65%	£37,500	7%	1.48x
A	Low	0-50%	£125,000	6.0%	2.00x

### Borrower Details

<b>Name</b>	Premier Land & Property Holdings Ltd
<b>Registration</b>	UK Registered Limited Company
<b>Main Business Activity</b>	The Company was formed to purchase and hold the Subject Property
<b>Ownership Structure</b>	The shares in the Company are owned by a retired solicitor by the name of Michael Thompson. He is a British citizen who lives most of the time in Cyprus. We have carried satisfactory AML/ID checks on Mr Thompson. The balance of the purchase price will be lent to the Borrower by Mr Thompson. Due to the time he spends in Cyprus, his business partner, Amir Shah, is appointed as the Director of the borrowing vehicle.

### Applicant Details

<b>Name</b>	Mr Amir Dawood Shah (Director and Guarantor)
<b>Age</b>	53
<b>Experience</b>	The Director is an experienced businessman who has established a pre-paid card company valued at £5 Million. He has also owned various other residential and commercial properties Luton and London
<b>Credit History</b>	Clear
<b>Net Worth</b>	£2.5 Million (stated by the applicant)
<b>Additional Information</b>	Mr Shah owns a pre-paid card company jointly with the Company's Shareholder. He is acting as a Director and Guarantor as his business partner, Michael Thompson, is resident abroad whereas he lives in Luton.

### Loan Details

<b>Loan Purpose</b>	A facility to purchase and hold a residential investment property in Luton
<b>Gross Loan Amount</b>	£187,500
<b>LTV</b>	75%
<b>ICR</b>	1.23x
<b>Serviceability</b>	The current rental income from an AST letting is £1,250 per month and the Tenant has been in occupation since August 2017. The Vendor has confirmed in replies to enquiries that the rent is up to date and that there have been no arrears. The valuation obtained by Proplend confirms that the rent being paid reflect the current rental value of the Property.
<b>Interest reserve</b>	Proplend will retain £6,094 (6 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.
<b>Early Repayment</b>	2% first 6 months, 1% months 7-12

## Strategy During Loan Term

The Applicant is proposing to build up a portfolio of investment property over the coming two years and intends to refinance the portfolio within the loan period.

## Property Details

The Subject Property is a mid-terraced house built in the 1930's. The accommodation provides three bedrooms, two reception rooms and a kitchen. The House is let on an AST with the passing rent being £1,250 per month. The valuation obtained by Proplend confirms that the rent being paid reflects the current rental value of the Property.



## Location Report

The Property is located in an established residential suburb of Luton 1,8 Miles from the Town Centre and Railway Station with a fast connection to London Euston. Public transport is available within a five minute walk from the property.



## Tenant Details

<b>Tenant</b>	The Tenant is a Mr Kumar Hussain who has in occupation since August 2017	<b>Activity</b>	N/A
<b>Lease Type</b>	a 12 month AST	<b>Lease Start Date</b>	6th August 2017
<b>Months to Lease Break</b>	3 months (we are informed that the current Tenant wishes to continue his tenancy after August 2018)	<b>Months to Lease End</b>	AST ends of 5th August 2018 and thereafter reverts to a monthly periodic tenancy

## Security

<b>Main Site</b>	First Legal Charge	<b>Debenture</b>	Debenture Required
<b>Personal Guarantee</b>	The personal Guarantee of Mr Amir Shah, the Director of Premier Land & Property Holdings Ltd for the full amount of the proposed loan being the sum of £187,500.		

## Exit Strategy

The Director and Shareholder propose to build a portfolio of residential property investment over the next three years and propose to refinance during the proposed loan period of 3 years.

## Covenants

LTV Covenant 75%

## Fees

Arrangement Fee 2% Broker Fee 1%

## Valuation

A valuation of the property was carried out by VAS Panel on 23rd March 2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £250,000  
Value assuming a 90 day sale. £225,000  
Open Market Rental Value: 15,000

## Report on Title

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

Lender Risks	Mitigant	Risk Level
<b>Risk that the Tenant fails to pay the Rent</b>	The Borrower will have the option to obtain vacant possession and re-let the Property. the valuer has confirmed that the rent passing reflects the rental value and a similar rent should be achievable from any new tenant. During any void period the Applicant has the wherewithal to continue paying interest	<b>Medium</b>
<b>The Borrower and Guarantor fails to service interest in the event of a rental void.</b>	There is a six month interest provision within the proposed facility which can be utilised to service the interest during which time the Borrower will be encouraged to sell the Property	<b>Medium</b>
<b>The Borrower and Guarantee is unable or refuses to initiate the sale of the Property.</b>	Proplend would initiate the sale of the Property with the six month period that the interest is being serviced by the interest deposit. The valuation of the Property, assuming a sale is achieved during this 90 day period is £225,000. The Property would therefore have to sell at a further 17% discount to this 'forced sale' value before the loan cannot be cleared.	<b>Low</b>
<b>There is a shortfall from any sale proceeds which leaves a residual balance on the loan</b>	Proplend would call upon the Guarantor to clear any balance that remains.	<b>Low</b>

## 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 Report On Title and Lettings Report produced by Paris Smith
- 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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