

Property development finance product guide

Valid from 14 December 2020



In Focus

- Loans from £500,000 to £25 million up to 60% of the Gross Development Value (GDV)
- All cases are individually assessed and priced
- VAT loans available on land and property elected for VAT
- Draw-down payments of agreed facility typically paid out within 1 working day of receiving request
- Dedicated in-life relationship support for clients
- Ability to offer develop to hold solutions through our commercial mortgage offering

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Property development loans

For experienced SME housebuilders and property developers

Maximum advance	£25 million
Maximum loan to GDV	60% (added fees will be excluded from the GDV calculation)
Interest rates	By negotiation
Fees	Procuration fee: 1% of facility amount All other fees by negotiation
Minimum loan amount	£500,000
Maximum loan term	30 months
Security	To include but not limited to first legal charge over freehold and leasehold property (leaseholds to have a minimum of 80 years remaining at completion of the development works) and debentures (where appropriate)
Planning permission	We require detailed planning permission to be in place before releasing any funds
Project type	Refurbishment, conversion and new build residential for either sale or rent, purpose built student accommodation and mixed used and commercial pre-let developments located in England, Wales and mainland Scotland. Standard construction methods such as brick and block, steel and timber frames are required but we will also consider other alternatives including Modern Methods of Construction (MMC)
Customer	Individuals, sole traders, partnerships, limited liability partnerships (LLPs), limited companies and public limited companies (PLCs). We do not lend to offshore companies (except those registered in the channel islands and Isle of Man), clubs or associations
Guarantees	Suitable guarantees will be required, typically limited to 20% of the facility amount
Valuations / Solicitors	We will appoint one of our panel valuers/solicitors, please ask your property development manager for details
Independent Monitoring Surveyors (IMS)	We will appoint an Independent Monitoring Surveyor (IMS) to produce the initial report which will include an assessment of build costs, the professional team and project viability. Our IMS will also monitor the site and provide certification for stage payment drawdowns
Stage payment releases and monitoring of development	The development funding will be drawn down in arrears and upon certification of work being completed
Fixed price contract and collateral warranties	Where a developer uses a third party contractor, we look for fixed price contracts and details of the experience of the builder. Where considered appropriate, we may take collateral warranties (including step in rights) to enable us to become part of the contract in the event of failure of the developer
Building warranty	A 10 year build warranty will be required to be in place. For detail of acceptable providers please ask your property development manager
Environmental surveys	Where there is a realistic possibility that current or former use of a proposed property may lead to or have had an environmental impact on either the site or its surrounds, we will require a phase 2 environmental report as part of the approval process
VAT loans	VAT loans are available on purchases of land and property elected for VAT in conjunction with a new Aldermore property development finance facility Arrangement fee: 2% of VAT loan amount Procuration fee: 1% of VAT loan amount (normal procuration fee terms on development finance facility applies) Maximum VAT loan term of 4 months Interest charged on rolled up basis at a fixed rate of 10% per annum Confirmation is required from the company accountant or suitably qualified tax advisor that: <ul style="list-style-type: none">· the borrower is registered for VAT· the borrower is eligible for a VAT refund against the security to be funded· there is no HMRC arrears across any part of the VAT group· the asset to be funded is elected for VAT

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01733 404 563

intermediaries.aldermore.co.uk

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