



White Rose Finance

Fast Competitive Finance Solutions

PROPERTY DEVELOPMENT FUNDING

'A PARTNERSHIP FOR PROFIT'



White Rose Finance Group Ltd
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PROPERTY DEVELOPMENT FUNDING OVERVIEW

Thank you for your valued enquiry for funding support for your property development or refurbishment project. In the turbulent financial markets and so called 'credit crunch' currently being experienced in the UK the good news is that viable and well researched development projects are still finding funding support in the wider markets.

The experience and expertise we have within White Rose Finance Group allows us to quickly identify if and how a development project can be supported and provide you a high level of professional, honest confidential advice entirely free and without obligation.

We have set out below the type and scope of property development funding solutions that we offer either through our own funding lines or via strategic partnerships that we have with partner lenders. Also included is advice regarding the additional information which will be required to support any funding application and which will ultimately speed the process towards approval and a formal funding offer.

The Property Development funding solutions that we offer our clients fall in to three broad categories:

1) Bridging Finance

Short term bridging finance support is available for relatively minor refurbishment projects not requiring formal planning consent. Generally quick to arrange, bridging finance should be viewed as 'tactical funding', premium priced but flexible and with fewer underwriting formalities.

Key Points

Funds from £50,000 upward with no upper limit.

Funds available up to 70% of property value (LTV) on residential projects.

Funds available to 65% of property value (LTV) on Commercial assets.

Loans secured on either a first or second legal charge.

Further advances made against a confirmed increasing property valuation.

Loan Term - Generally 1 to 6 months, with extensions by agreement.

Interest Rate - Rates from 0.75% to 2% per month flat rate dependant on LTV, term and the amount of loan requested.

Interest can be rolled up in to the loan subject to LTV criteria not being exceeded.

Fees - Arrangement fee typically 1% to 2% of the loan amount

Valuations and Legal Fees 'at cost'.

100% of the project funding can be made available with suitable additional security.

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2) New Build Development and Refurbishment Loans (Merchant Bank and Private Capital Groups)

We offer funding from Merchant Bank and our own private funding sources dependant on the type of scheme, overall profit margin and the financial contribution that you can make at the outset:

a) Refurbishment / Conversion Loans

To 60% of the projected final gross developed value (GDV), requiring a client input of circa 25% towards the site purchase cost either in cash or, potentially, additional freehold security. The funding advance covers interest payable during the project, 100% development costs and balance of contribution towards the site purchase.

Key Points

Loans from £150 K upward with no upper limit

Terms: Generally 6 -18 months

Rates: Interest rate = LIBOR + a margin of circa 3% to 6%,

Fees – Typically 1.5% to 2% arrangement and negotiable on exit

Valuations and legal fees 'at cost'

b) New Build Loan

To 75% of the site cost, and 100% of development costs subject to the total loan not exceeding 60% of the increasing project value and GDV at any stage.

Key Points

Loans from £50K upwards with no upper limit

Term - Generally 12 month +

Rates - Interest rate = LIBOR + a margin of circa 3% to 6%

Interest only, interest payable during the development phase.

Fees - Typically 1.5% to 2% arrangement fee, negotiable fees on exit.

Valuations and legal fees 'at cost'

c) New Build / Refurbishment Loan up to 100% funding

Suitable only for experienced developers where 100% of the site cost and 100% of development costs are required and the structure does not fit conventional lending criteria. This facility is generally viable only in higher margin, attractive projects and the total borrowing requirement including finance costs and professional fees should not exceed 70% of the end value (GDV) of the project. The funding amount may be increased if additional collateral security is offered.

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Key Points

Loans from £100K upwards with no upper limit

Rate - Circa 1.75% per month flat rate.

Term – Negotiable, generally 6-18 months

Interest only - Interest rolled up during the development phase.

Fees - Typically 1.5% arrangement fee, negotiable fee on exit.

Valuations and legals 'at cost'

d) Mezzanine / Profit Share Joint Venture Arrangements

In situations where a major high street lender has agreed to provide the 'Senior Debt' facility it may be possible to provide any shortfall in funding via a mezzanine facility whereby a lender takes a second legal charge over the project.

These facilities may be offered on the basis of straight debt funding, equity participation (taking a share of the profits from the scheme) or a combination of the two. Not all primary debt funders are comfortable with Mezzanine structures as redemption of the facility is usually done at the same ratio as the debt structure (for example 70% senior debt and 30% Mezzanine).

It is difficult to be precise about rates and terms as cases are individually assessed, on a mezzanine 2nd charge 'debt only' structure interest costs for the mezzanine funds would typically be charged at circa 2.5% per month flat rate.

3) High Street Bank Funding.

We work strategically with a number of major high street banks willing to offer lending terms for experienced developers of good credit status. Support is available generally up to 65% or thereabouts on both the site acquisition and project development costs / professional fees. The overall advance should generally not exceed 65% of the GDV. Where additional freehold security can be offered it may be possible to increase the development loan to 100% of the build / refurbishment costs.

Key Points

Loans from £50K upwards with no upper limit

Term – Negotiable, generally 6-24 months

Rate - Interest = Bank Base Rate + a margin of circa 2% to 5%.

Interest only 'term loan' with the potential for interest charges to be rolled up.

Fees – Typically 1.5% to 2% arrangement fee and generally no exit fees

Valuations and legal fees 'at cost'.

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Funding application process and Time-scale

The project evaluation and application process starts with the completion of our basic project fact find document. This enables us to quickly assess the optimum funding route to ensure you get the level of support necessary to successfully complete and take profit from the project. We very often arrange a conference call with our clients and underwriters to go through the project and borrowing requirement in more detail.

Once we have the details of your project and we have established viability of the project we then quickly produce for you an agreement in principle (AIP) with all costs and lending terms clearly shown. In some cases it may be necessary for a personal meeting on site with our underwriter who may need to assess the project prior to issuing a formal offer.

Upon your acceptance of the AIP and associated terms the formal loan application documentation will be sent to you by recorded post along with the checklist of required supporting information. In all cases an assigned Business Finance Consultant from our team will ensure that you are fully supported throughout the application process through to draw down of funds.

From formal credit committee approval to funds draw down generally takes around 3 to 4 working weeks, this can be accelerated subject to any valuation surveys and the legal process being commenced at the earliest possible time. Both we and our partner underwriter's are flexible and pragmatic in our approach and realise that very often the 'formalities' have to be expedited very quickly to ensure an opportunity is not lost. We never lose sight of the fact that we are both working in partnership for mutual benefit.

Supporting information required

In every funding situation there is an important need to provide adequate supporting information necessary to achieve formal underwriting approval. I have listed below some of the **critical** items needed in any new development or refurbishment scenario. In the case of bridging finance the information required is generally less and centres on the current valuation of the property or land being offered as security.

Key underwriting requirements:

- Brief CV of the applicant(s) detailing previous property experience
- Company information if the applicant is a trading entity including ...
- Details of all Directors or Partners in the business, company accounts etc.
- Statement of company / personal current assets and liabilities, including.....
- Details of any recent adverse credit history and supporting information
- A brief synopsis of the project and current status as regards site acquisition

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- Recent open market valuation report of the development site if available
- Copies of current planning consents granted for the site or
- Update on current planning status if consent not yet achieved
- Cost estimate for the project – site, development costs, and professional fees
- Details of the development team – Builders, Architect, QS, etc.
- Estimated gross developed value (GDV) for the project giving ...
- Details of comparable properties in the local area.
- Cash flow forecast for the project showing the borrowing requirements and ...
- The cash input you are able to make to the project and / or details of additional security offered.
- Contingency plans to re-finance the property on completion of the development including estimates of rental yield and personal means to support the borrowing during the marketing period should a sale become protracted.

Summary:

In the current financial climate it is important to make available as much of the supporting information as possible in the early stages. This allows us to produce an agreement in principle (AIP) which in turn will give you the necessary comfort and confidence to move forward to commence detailed agent / vendor negotiations.

Once the project is identified as a viable proposition we will provide you a fully managed service to collate and submit all the necessary documentation to ensure that formal approval is obtained and funds are drawn as quickly as possible. We appreciate the need to move quickly and decisively when a property development opportunity is identified and when 'partnering for profit' with White Rose Finance Group you can be assured we will do everything possible to make your project a success.

I sincerely hope this brief guide has been of use to you and given a further insight as to how we can support you in your new build or refurbishment project even in the difficult financial markets that currently prevail. We look forward to the opportunity to work with you in the future and if we can be of further assistance in the early stages of your project please do not hesitate to get in touch with me directly or any member of our team on the number below. Our advice is entirely confidential and offered freely and without obligation.

Best regards.



Geoff Wilson
Managing Director.

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