

COMMERCIAL INVESTMENT

CAPITAL RAISE AGAINST UNENCUMBERED SEMI-COMMERCIAL UNIT

A broker from the North West filed an AIP with the Commercial Mortgage team with their client looking to capital raise for further property purchases. The investor had substantial experience in the property industry, accumulating a diverse portfolio totalling £1.5 million and minimal outstanding debt.

The security offered was a semi-commercial unit that comprising of an office and two flats within the Merseyside region. The client had purchased the property in 2012 for £65,000 and spent £60,000 on refurbishments to reach its current state of repair.

In initial discussions, the client requested a 75% LTV on a purchase price of £145,000. The DSCR was well within policy and with the client's background and net worth we were happy to offer Indicative Mortgage Terms.

Upon receipt of the valuation and reading through the commentary it was quickly established that the property had been devalued to £108,000 and the amount of money spent on works was deemed excessive. A request for more information ensued regarding the nature of the works. Taking this new information into consideration Shawbrook quickly changed our loan offer to fit criteria, which the client readily accepted.

This change in terms actually strengthened the case giving a substantial DSCR, with the residential element covering the whole plot on its own standing.

The time scale from receipt of application to release of funds was less than 10 weeks. The decision by the client to progress the case on a Non-representation (Non-rep) basis helped dramatically - firstly to reduce the time scales involved, and also to keep the legal costs down by incurring only one set of fees.

The solicitor Non-rep service is available across refinance/ remortgage business, to both individuals and Limited Companies. This option brings time savings and the benefit of improved financing speed, a reduction of the cost for the client and an overall improved customer journey.



Product: CI2
Arrangement fee: 1.70%
Loan to value: 71.02%

Brian Green from Echelon Mortgages Limited said:
"Well resolved and with common sense. Very good."
"Dan Hedges was very helpful and his common sense approach was appreciated greatly. In addition the Non-rep facility with Pure Law was also very efficient."
"Good service all round - Non-rep very efficient"

Loan amount: £76,696.20
Area: Merseyside
Property type: Semi-commercial unit

*Images shown are for illustrative purposes only.

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