

LARGE RESIDENTIAL LOAN

FOR CONVERSION OF 2 TERRACED HOUSES INTO 8 FLATS

For a gross loan of £971k at 75% LTV on Shawbrook's LRI3 product...



Large Residential Investment Loan (LRI) 3, £971k

Illustrative only

This case study features a borrower who wanted to purchase two adjoining three storey terraced houses in Croydon. The strategy was to convert the houses into 8 self-contained flats (4 in each), using a Short Term Loan with a view to moving to a term loan at the end of the short term facility via the borrower's broker, NM Finance.

The borrower met with the Bank to discuss the proposals and to agree a way forward with regard to the term facility once the works were completed on the security. This personalised approach is one which Shawbrook provides on more complex cases, in order to discuss key roadblocks and to progress cases as transparently as possible.

Once the first property was complete, the borrower wanted to refinance and raise additional funds to finish the works on the adjoining property and to start a new project. In doing so, the proposed strategy was to create separate leases on all 4 flats rather than carve these up at sale. Whilst this was legally complicated, Shawbrook was able to facilitate this by working closely with their in-house solicitors - along with the solicitors representing the borrower - and it was swiftly ascertained that all 8 flats could be sold within 12 months if sold individually.

The Shawbrook Commercial teams sanctioned a loan that was over the original purchase price and cost of works, (enhanced value), and Shawbrook's underwriting team was able to utilise the financials from the original deal, keeping the conditions to a minimum. This enabled the loan to complete in an agreeable timescale to all parties, just 15 business days after the solicitors were instructed.

Shawbrook is committed to developing long standing relationships with borrowers to ensure they benefit from the right outcome. As such, there is an existing client discount scheme in place whereby for repeat transactions, the borrower benefits from 0.25% off the margin or the arrangement fee.

THE BROKER

Max Mace
NM Finance

“ The end result of this complicated transaction is a very satisfied client, who is eager to work again with Shawbrook on future projects. With the initial loan competing very quickly, thereby enabling the required capital raise to complete the works on the second property, my client is thrilled with the expert level of service they received. ”

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NEW ENQUIRIES TEAM

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