

## STL4

### REFURBISHMENT AND SALE

A client with a background in refurbishing property approached a Shawbrook broker requiring funding to repay an existing loan, and raise funds to purchase and refurbish a new property to sell at an increased capital value.

We looked at a funding proposal to repay the existing loan on one property owned by the client, and release a further £2.1m in order for the client to purchase a two bedroom flat in London. The end value following completion of works would be circa £8m and the client had 30 days to complete and exchange.

The surveyor was comfortable with the required refurbishment and was confident that once the works were complete, the demand for the property to sell or tenant would be more than satisfactory.

In order to allow the applicant to exchange contracts on his new purchase, we were able to take a view that a loan to clear the current borrowing and to form the deposit on the purchase, (£831,000 secured against the valuation of £3,700,000 – 22% LTV), provided enough comfort to proceed.

The advance was made on the basis that the listed building and landlords consent was formalised between exchange and completion. When this was confirmed, we were able to wrap the first loan and advance the full sum for the purchase of the new property.

This was a perfect case for Shawbrook's short term lending product as we knew that once the works were complete, (subsequently taking ownership of the property over the six month period), the client could smoothly refinance to the original lender and repay our loan.

The surveyor's comments also provided us comfort that the additional option of transferring the client to a Shawbrook term product would be available, and the dedicated Short Term Lending teams moved this case to completion in line with the clients' expectations.

**Product: STL4**  
**Arrangement fee: 1.95%**  
**Loan to value: 58%**

**David Humphrey, Lending Manager, STL Team commented:**

*"The application would not have met our normal requirements due to some planning and building regulation issues.*

*Due to the location of the property (Kensington) and the end value of the property, we were able to overcome any concerns around our exposure and move forward to completion."*

**Loan amount: £2.9m**  
**Area: London**  
**Property type: Two bedroom flat**



\*Image shown are for illustrative purposes only.

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