

Property Development Finance

Funding Process.

There are four simple stages to gaining Property Development Finance from Aldermore.

Stage 1 – Enquiry

At this stage you'll be assigned a PDM (Property Development Manager) who will guide you through the process.

Please provide as much information as you can upfront, this ensures your application is processed quickly and will reduce the likelihood of holdups in getting an in principle decision on your client's loan.

We will need:

- Name of the applicant
- Site address
- Purchase price or current land value (if the site is owned by the applicant)
- Summary of the development
- Build timescales
- Build costs
- Professional fees
- GDV
- Exit route (are they going to sell or rent?)
- Brief summary of their previous development experience

Stage 2 – Pre meetings and formal applications

Following the application and once terms have been offered you can proceed to formal proposal on behalf of your client.

We will need:

- Proposed development appraisal and cash flow outline (your PDM can provide these templates)
- Completed and signed application form
- Copies of approved plans and detailed planning consents
- Full copy of section 106 agreement (if applicable)
- Last 3 months' bank statements (business and personal)
- Last 3 years' financial accounts
- Proof of income for directors / all parties
- CV of the applicants
- 2 local estate agent opinions of end value (including commentary on local demand)
- Contractor details, including; relevant experience and last 3 years' trading accounts
- Detail of their most recent completed developments (please submit in table format, as below, and include a photograph)

Example of information needed on most recently completed developments:

Developer	Property	Project Info	Cost	GDV	Profit	Outcome
Company Name	Address	Conversion of terraced property into 2 flats. Completed 2011.	£480,000	£600,000	£120,000	Both flats sold
Company Name	Address	8 new build flats. Completed 2012.	£1.75m	£3.2m	£1.45m	Retained and let
Company Name	Address	Conversion of Victorian residence into 3 flats. Completed 2014.	£695,000	£1.4m	£705,000	Retained and let

For illustrative purposes only.

Stage 3 – Credit and underwriting

The next stage includes us first running credit searches, if these are successful we will then arrange to visit your clients site (or previous site if required). Following this the project is submitted to one of our underwriters for final approval.

The three key areas we consider as part of this process are:

Creditworthiness

- A clean credit search (although applicants will be considered with minor adverse credit)
- Applicants existing mortgages and bank accounts – no sign of financial stress
- No company failures
- No IVA or CVA

Experience

- Your client must be able to demonstrate relevant development experience
- Evidence that previous developments were completed on time and to budget

Development Location

- The development should be appropriate for the area

Subject to all of the above an offer of funding will be issued, following this a valuation and QS report will then be required.

Assuming the offer is accepted, the valuation is satisfactory and legal requirements are concluded, the draw down of funds can begin.

Stage 4 – On site

Work can now commence on site, although this isn't the end of Aldermore's involvement. Our team of experts will continue to guide and support you throughout the process.

The Bank's appointed QS will visit the development site at least once a month and certify the level of work completed and recommend to the Bank a drawdown amount. Aldermore will pay this amount to the borrowers bank account within 48 hours of receipt of the QS recommendation.

There is then on-going monitoring of the development to allow Aldermore to monitor the progress of the work and identify any changes to your client's initial proposal.

Each month your CRM will create a report based on the progress of your client's development, this will include:

- A general overview of progress
- Details of any delays and mitigating circumstances
- Number of completed units and sales

This monitoring process continues through to the final repayment of the facility. Should the facility require any amendments or extensions of time then the CRM will deal with accordingly to ensure the facility remains within Bank policy.