

APEX BRIDGING.

Lending Guide.



OUR PROFILE

We offer some of the highest loan-to-value funding with products well suited to investment purchases, refurbishments and acquisitions at below market value.

Our non-regulated loans provide borrowers with a solution which is structured around current market value, rather than purchase price.

With a flexible approach, we ensure that each application is assessed upon its own merits. Apex look for reasons to lend, rather than reasons not to.

A unique view on lending, backed by experience and reputation.

CRITERIA

LTV

- Up to 90% of OMV on Freeholds
- Up to 85% of OMV on Leaseholds
- Over 100% of Purchase price considered for BMV deals
- Maximum 80% of GDV for standard residential or maximum 75% of GDV for HMO's.

90%

PROPERTY

- Residential purchases
- Refurb, lease extension and title splits
- Freehold and leaseholds considered. Flats considered within a small block of maximum 10 flats.



GEOGRAPHICAL AREA

- Securities accepted in England and Wales.



LOAN SIZE, TERM & RATE

- Min £75k, Max £1m. Sub £75k product available for loans of £25k-£74,999 at a flat rate 1.5%
- Term available 6, 9, 12 months.



Initial Term	Secondary Term	Overall blended rate if taken to full term
0.995% p/m	2% p/m	1.33%

EXIT

- Sale/refinance/other strategy – within a realistic term
- There are no exit fees - minimum 4 months interest payable.



BORROWER

Experienced investors preferred however First Time Buyers and First Time Landlords considered.



CRITERIA

Main Summary

Loan Size

Gross loan funding available from £75,000 to £1m. Sub £75k product available for loans of £25k-£74,999 at a flat rate 1.5%.

Loan Term

Terms offered for 6 -12 months

Security Types

Residential house or flat

Charges

1st charge required
2nd charges considered on BTL assets at max 70% LTV inc current 1st charge.

Location

Securities accepted in England and Wales

Applicant

Our borrower's are required to have a valid passport from: UK, any country in the EU, the Channel Islands, Switzerland, USA, Canada, Australia or New Zealand. We are also happy for our borrower's to live within 1 of these localities however if they do not live in the UK, we may require them to have property already in the UK and sign documents in the UK at legals stage subject to underwrite.

Credit History

CCJ's, arrears and defaults considered

Exit Strategy

Sale/refinance/other strategy - within a realistic term

Construction Types

All construction types considered if you have refinance available/agreed.

Tenures

All tenures considered. Short leases accepted on a case by case basis.

Asset Defects

Structural defects, Japanese knotweed, fire damage, unhabitable dwellings, spray foam considered.

Interest

Retained, charged at our daily rate. Minimum of 4 months interest charged upon redemption.

Arrangement Fee

0.5% of gross loan

Exit Fees

None payable

Refurbishments

Schedules of work required. We prefer our borrower's to have the funds for the works themselves, however if the property is being purchased significantly BMV we can look to try and cover some of these costs along with stamp duty within the 90% of OMV. Also a 2nd charge on another BTL property can be considered to raise funds for refurbs where there is sufficient equity in the property.

Notable Exclusions - Regulated loans, Commercial property, Semi-Commercial properties, Ground up developments or large build costs needed, Conversions currently without planning.

enquiries@apexbridging.co.uk
01509 345 007

BELOW MARKET VALUE

Suitable for acquisitions below open market value.
Funding weighted upon value, not purchase price.

Terms at 6 - 12 months.
Sale or refinance exits considered.
1st charge basis.
Rates from 0.995%

Loan to Value **90%**
Gross Max

Loan to Purchase Price **100%**
Net Max

Securities accepted throughout England and Wales.
Terms provided at up to 90% LTV, up to 100% of purchase price.
1st charge basis (2nd considered as additional security).
Funds allocated against OMV.

Procuration Fee 2%

Exit Fee None

Arrangement Fee 0.5% of gross loan

Interest Retained

	Maximum LTV	Discounted Rate	Overall Rate
Below Market Value	90%	0.995%	1.33%

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CASES



NEWBURY - 3 BED FLAT

OMV £330,000
SOLD PRICE £230,000
NET LOAN £223,110

CASH REQUIRED TO PURCHASE - £6890
PLUS STAMP DUTY AND LEGAL FEES



ALFRETON - 3 BED END TERRACE

OMV £235,000
SOLD PRICE £153,000
NET LOAN £153,000

CASH REQUIRED TO PURCHASE - £0
PLUS STAMP DUTY AND LEGAL FEES



TODMORDEN - 2 BED MID TERRACE

OMV £105,000
SOLD PRICE £80,000
NET LOAN £75,633

CASH REQUIRED TO PURCHASE - £4,367
PLUS STAMP DUTY AND LEGAL FEES



BARNSLEY - 2 BED MID TERRACE

OMV £115,000
PURCHASE PRICE £64,590
NET LOAN £64,590

CASH REQUIRED TO PURCHASE - £0
PLUS STAMP DUTY AND LEGAL FEES



WEST DRAYTON - 1 BED SEMI DETACHED

OMV £285,000
PURCHASE PRICE £165,000
NET LOAN £165,000

CASH REQUIRED TO PURCHASE - £0
PLUS STAMP DUTY AND LEGAL FEES

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CASES

Bristol Refurbishment | 80% LTV | £208k Loan | Experienced Developer



The Detail

HMO End value £275,000

OMV £260,000

Purchase price £210,000

Gross Loan from Apex £208,000

Net Loan from Apex £190,000

Cash in £20,000 plus purchase costs and refurb costs.

Deposit Required 9%

This client is based in Bristol, when he saw that we were selling this 3 bedroomed end of terraced property Below Market Value, he knew the market well and could see the opportunity to add value. He had never used bridging before, but the property was appealing to him because of the low price and the highly geared funding available for him as a package.

The exceptional deal here was the small amount the borrower had to invest himself! The purchase price was below market value at £210,000 and our loan was £208,000 over 6 months, so he only needed a deposit of £20,000 to buy the property and as it only needed a light refurb and HMO conversion it only cost him another £2,000.

The property refurbishment was completed and was valued at £275,000. The client secured tenants paying £2,300 per month providing a 12% yield and has exited our bridge with a BTL mortgage.

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BELOW MARKET VALUE

NAVIGATING THE NICHE OF BMV PURCHASING

As the Bridging market's leading experts in below-market-value Investment purchases we have prepared some useful information below to help you navigate the successful placement and completion of your BMV Purchase case.

All applications are subject to survey, and whilst we do not disclose the Purchase Price of the property to the Surveyor on instruction, there are some common reasons to look out for, as to why a BMV survey might actually return a Valuation at Purchase Price rather than expected Market Value:

ON MARKET TRANSACTION

Is the marketing of the property freely available in the public domain (RightMove, Estate Agent website)? If we can see it, the surveyor can see it! and it may colour their valuation of the property. In addition a surveyor may call the estate agents to confirm the purchase price and understand how many viewings / offers the property had.

AUCTION PURCHASE

Although the client may think they are getting a bargain on the expected market value, Auction Houses record the purchase price in the public domain, creating a similar problem to the on-market transaction above. This very commonly shapes a Surveyor's valuation of a property once they see this, which they usually will.

LACK OF COMPARABLE PROPERTIES

Where did the client get their OMV from? Websites such as Zoopla, MousePrice and other online algorithm-based software can vary widely from a Surveyor's estimate depending on the postcode. When you submit a query to Apex, we will check out the comparables in the area, and feed this back to you, to either move forward with more confidence, or have a conversation with your client before they get too far into the process.

POOR MARKET STRENGTH

Are properties actually selling well in the postcode, and local area? This could impact what a surveyor returns at Survey stage. Again, right at the beginning of the process when you send your enquiry to Apex, we will check out the market strength for the purchase and feed this back to you

The other thing to be mindful of when a BMV Purchase falls across your desk is the reason for the bargain price. Two big red flags to look out for –

·Inter-family Purchase

Are the vendor and the buyer related? This will rule-out Apex, and a large number of lenders in the Bridging market as it will make the lend a Regulated Bridging Loan.

DISTRESSED SALE

Is the vendor under serious financial pressure? Could they be at risk of going bankrupt now or in the future? Under Bankruptcy Law, this could cause any transaction to be set aside up to 6 years in the future, if it is deemed to be 'offloading' assets. This will likely be an issue with most Bridging Lenders.

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MEET THE TEAM



Chris Hodgkinson
Managing Director
chris@apexbridging.co.uk
01509 680 061



Sarah Richardson
Head of Operations
sarah.anne@apexbridging.co.uk
01509 648 125



Sarah Barker
Senior Underwriter
sarah@apexbridging.co.uk
01509 680 073



Nioni Kenny
Business Development Manager
nioni.kenny@apexbridging.co.uk
01509 648 671 / 07340 998468



Catherine Ward
Underwriter
catherine@apexbridging.co.uk
01509 648 672



Louise Thornhill
Underwriter
louise.thornhill@apexbridging.co.uk
01509 648 675



Sophie Lunn
Trainee Underwriter
sophie.lunn@apexbridging.co.uk
01509 648 676



Stephanie Browne
Marketing Manager
steph@apexbridging.co.uk
01509 680 074

enquiries@apexbridging.co.uk
01509 345 007