
# Development Finance
## Through Complete FS

# Complete FS - a one stop shop for specialist finance

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Your Specialist Packager Distributor

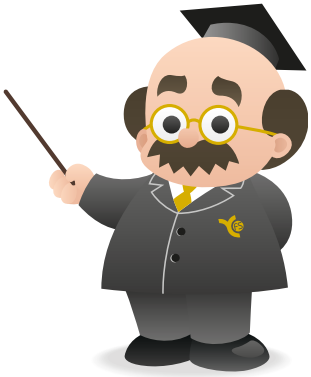
Complete FS has been operating in the specialist residential and commercial market since 1993. We've proudly helped over 30,000 clients with every financial phase of buying their first home through to larger property development transactions.
In respect of property development we offer bespoke solutions to help developers finance the build through to sale or refinance.

We have a panel of 10 development lenders who we work with closely to ensure we provide the best finance for a variety of projects and customers.

## What is development Finance?

Development finance is a viable short-term funding option for many types of property projects, from regulated self-builds to the construction of multiple units for profit.
The funds of a development loan can be used to purchase and build on previously undeveloped land, to renovate existing properties, or to convert currently uninhabitable buildings (such as disused barns, commercial units and churches) into family homes or office spaces.

Given its suitability in so many types of projects, development finance is used by many different types of people: property developers, large companies, small and medium-sized enterprises, private individuals (seeking a profit) and self-build enthusiasts.
In some scenarios you can borrow 100% of the funds you need, whether that is the purchase price, the project costs, or both.



**For more information on how Complete FS**
can assist you please call the Commercial Team

on **023 8045 6999** Ext 3
or email **commercial@complete-fs.co.uk**

Types of projects commonly funded by

# Development Finance

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- **Residential property development** (for profit)
  - One house
  - A cluster of houses
  - A block of apartments
  - Conversion of an office block into residential (via permitted development rights)
- **Self-build homes** (for private use)
- **Commercial property development** (for profit)
  - Shops
  - Restaurants
  - A row of commercial units (mixed office and retail)
- **Property renovation or refurbishment** (for profit or for private use)
  - Offices
  - Commercial spaces
  - Houses
  - Apartments
- **Property conversion** (for profit or for private use)
  - Barns (into homes)
  - Churches (into offices or homes)
  - Home extensions (the family living area much sought-after in the modern world)
  - Loft conversions
  - Commercial units into residential homes

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# Why choose an **alternative lender** over a bank?

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A development loan from an alternative lender can often be arranged much more quickly than a development loan from a bank or building society.

Put simply, development finance is often part of an alternative lender's core business offering, as opposed to simply an add-on to a mass of other financial products. Certain types of development finance, such as self-build, can only be provided by a lender that is authorised and regulated by the Financial Conduct Authority.

A turnaround of between one and four weeks is not uncommon if you go through an alternative lender, and if necessary the first 'stage' of funding can be prepared and released to you within a matter of days.

As such, taking out a development loan from an alternative lender is an extremely popular option among borrowers who are particularly pushed for time or have been let down by their bank at the last minute. The last five years have seen a sharp increase in the number of alternative lenders entering into the development space.

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# What does the application **process involve?**

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A completed application form

Developer experience, CV

A completed Income, Expenditure, Asset & Liability form

A detailed breakdown of the build costs and project timeline

The planning permission documents (including approved plans and any certificates discharging planning conditions)

Building regulations consent (initial approved plans)

National House Building Council (NHBC) insurance details, or another form of insurance (e.g. Checkmate, CRL or Buildzone)

A viable exit strategy, which must fit within the term of the loan (e.g. refinance and/or sales) If the application is successful and the lender agrees to fund the project, they will draw up an offer letter that fully details the terms of the proposed finance.

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# How and when will the **funding start?**

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Once the borrower has signed the necessary documents and legal due diligence has been completed, the development finance will be released in several 'stages' (the dates and amounts of which will be agreed with the lender).

Typically the borrower will not receive all of the funds at once, this would be riskier for both the developer and lender and incur more interest charges for the developer. The lender will normally require that its loan-to-value (LTV) ratio will not be above a certain percentage - e.g. 70%.

Before each stage of the finance is released to the borrower, the lender will normally arrange for a surveyor to re-inspect the progress of your project. Your offer letter should state this clearly and make reference to the cost of the re-inspections.

Receiving finance in stages gives both the lender and borrower more security. If all of the funds were released at once but there was a delay with the project, the borrower would still have to pay the interest on the entire loan. Instead, the lender only pays interest on the monies actually drawn.

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# How is the **development loan repaid?**

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Development finance is a flexible borrowing option, so most lenders offer between 12-month and 18-month repayment terms, and normally there is no minimum term.

If you are building more than one unit (e.g. five houses), discuss with your lender - before entering into the contract - how you will repay the loan in various stages (known as part redemptions). This is important, as it is unlikely that you would refinance and/or sell all five houses on the same day, so you will need to ensure that the lender will work with you to release single houses from its security when the time comes.

Most lenders will want to receive a certain amount of money from each sale/refinance to ensure that its loan to value ratio remains at an acceptable level.

We provide a number of Development exit loans – Occasionally properties do not complete or sell in time with the developer forced to pay higher rates or sell under value to repay the loan. An alternative could be to refinance the property allowing more time to achieve the right exit strategy.

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# Key product **features**

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**£100,000 to £30m** loan sizes

Rates from **6.5% pa**

Initial loan-to-value **up to 70%**

Loan-to-cost **up to 90%**

Loan-to-GDV **up to 65%**

**Up to 100%** of build costs

Terms up to **24 months**

Properties in **England, Scotland or Wales**

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