

CONSULCO FINANCE

FREQUENTLY ASKED QUESTIONS

- ***For how long has Consulco been in the bridge financing business?***

Since the beginning of 2011.

- ***What is the minimum investment amount?***

The investment amount will depend on the facility. Consulco Finance will only assign full amount of the facility.

Consulco Finance lends from £100,000 to £1,000,000.

- ***In case I do not have enough funds to invest in one loan, can I invest in part of the loan?***

Consulco Finance cannot break loans to parts and will only assign the full amount of the facility.

- ***What documentation is provided for the properties?***

- Valuation report (prepared by an independent chartered surveyor from the Consulco Finance panel);
- Report on title (prepared by a solicitor from the Consulco Finance panel);
- Insurance policy for the property;

- ***Who pays for valuation of properties and Consulco Finance solicitor's fees?***

All fees are covered by the borrowers. The borrowers pay for valuation report directly to the valuer. Our solicitors' and other fees are usually deducted from the loan advance to the borrower by our solicitor.

- ***Does anyone visit secured property from or on behalf of Consulco Finance? Can I visit the property?***

Prior to loan drawdown an independent chartered surveyor from Consulco Finance panel will be appointed to visit the property and report to us all findings in Valuation Report. All chartered surveyors on our panel have professional indemnity insurance of £10m for each and every claim.

According to the UK law, only the landlord (i.e. the borrower) may visit the property with prior notice, nevertheless we can provide all supporting documentation, including the extract from the Land Registry as an ultimate proof of 1st legal charge registration and a valuation report with all information on the property.

- ***Who are the borrowers?***

Borrowers can be both legal entities and individuals but UK residents only.

- ***What documentation is requested from the borrowers?***

- Borrower's passport and proof of address / Company certificate of incorporation;
- Borrower's credit report / Company financial statements;
- Proof of funds (optional).

- ***Will the Borrower have my contact details or request them at a later stage?***

The Borrower is not aware of Investors' contact details.

- ***What documentation will be provided to me?***

- Facility letter;
- Valuation report;
- Report on title.

Any other available documents can be provided upon investor's request, such as property insurance, legal charge, official copy of register of title at Land Registry, valuer's and solicitor's professional indemnities, borrower's passport copy, proof of address, credit report and score.

- ***What interest rate Consulco Finance charges the borrower?***

Consulco Finance charges an interest rate from 1% per month (or 12% pa), which varies depending on loan-to-value and other lending criteria, such as exit strategy, borrower credit rating, location of the security etc.

- ***What is the rate that competition charges?***

Competition charges vary from 1% per month to 1.25% per month.

- ***What interest rate will be assigned to me?***

Consulco Finance will assign a part of the total interest, depending on loan-to-value and other lending criteria, and will keep the rest as administration fee.

For example, if total interest is 12% per annum, loan-to-value is 55%, Consulco Finance will offer this loan for assignment at 8% and will keep 4% as administration fee.

- ***What is the frequency of interest payments?***

Interest can also be:

- serviced (the interest is paid monthly);
- retained (the interest is taken off the gross loan on the drawdown of the loan);
- rolled over (the interest is added to the loan monthly and compounded).

- ***How are loans secured?***

Loans are secured by a legal charge over the property, which is registered at the Land Registry.

Release of legal charge is issued by Consulco Finance only after full repayment of the loan.

- ***Do we accept early repayment from borrower and what is the penalty?***

Yes, early repayment is accepted. There is no penalty but borrowers pay interest for a minimum period of 3 months. Investors will only receive interest for the investment period.

- ***What is the procedure for investment repayment to investor after redemption?***

Consulco Finance will inform investor on the day of receipt of redeemed loan and will give to investor 2 options:

- 1) to transfer all funds to the investors' account;
- 2) to reinvest in another loan.

- ***Have any of the loans been in default?***

No.

- ***What is Consulco strategy for loans in default and how long does it take?***

Legal charge gives Consulco Finance a power to appoint a Receiver. Receiver is an independent body and can be appointed with or without consent of the property owner. Receiver takes custody of the property and rents, profits and financial receipts of the insolvent Borrower for the benefit of creditors, in this case Investor, sells the property and recovers money due to Consulco and/or investor.

This process might take from 6 to 12 months. Investor will receive interest for the whole period until the day of loan repayment.

- ***The Borrower is in the breach. Can I simply take over the property rather than appoint a Receiver?***

No. A Receiver has to be appointed, as receivers acts on behalf of the lender (Consulco Finance and/or investor) but represents interests of both parties: the lender and the borrower.

In case investor wishes to acquire the secured property, he/she will have to do it through the auction or agent without having any priority.

- ***Will you charge me any additional fees in the event of breach for any legal proceedings?***

In the event of insolvency of the Borrower, all legal and other fees in terms of debt recovery will be handled at the Borrower's expense. We do not charge additionally for the correspondence with the Borrower, court proceedings and entering into possession of the property.

- ***Can I regress to Consulco if the Borrower fails to repay the loan?***

As it is set out in the Assignment, from the date of signing of the Assignment the Assignee shall assume any and all risk of non-repayment by the Borrower of the Assigned amount and shall have no claims whatsoever against the Assignor in respect of the Assigned amount so unpaid.

- ***Are there any taxes on interest income for investors?***

Short term lending for the period of up to 12 months is tax-free interest in the UK for foreign investor. However investors should check tax implications in their SPV jurisdictions.

- ***Can I assign the agreement to a third party?***

Under Assignment, no rights or obligations should be transferred to any third party without prior consent in writing of the Assignor (i.e. Consulco Finance).

- ***What documents will be signed once I decide to invest?***

- Equitable Assignment will be signed between Consulco Finance and the Investor (or Investor's SPV)
- In case the investor will be using SPV serviced by Consulco Limited, using professional directors, we would need to receive an indemnity signed by the Ultimate Beneficial Owner with instructions to sign the Assignment deed.

- ***My company does not have GBP account. Do I need to open one?***

It is advisable to open a GBP account in order to avoid conversion fees as interest will be paid monthly in GBP.

We can provide our assistance with GBP account opening at a fee according to our price list.

- ***Where does Consulco Finance have its bank accounts?***

Consulco Finance accounts are in the UK and this is where initial investment shall be transferred.

- ***Will you assist me with conversion into GBP in case I don't have funds in this currency?***

We do not overtake conversion of currencies nevertheless our Banking Department can help you prepare an instruction to the bank.