

Aspen Bridging - Terms and Conditions 2018:

These **Terms and Conditions** constitute the agreement (the **Agreement**) between **Us (Aspen Bridging Limited)** trading as Aspen Bridging), **You (the Borrower)** and the **Firm (the Broker)** with a view to **Us** providing unregulated short term lending facilities to **You**. By becoming an **Applicant to Us**, **You** and the **Firm** will be deemed to have accepted these **Terms and Conditions**.

Definitions

The following definitions apply in these **Terms and Conditions** and appear in bold throughout for ease of reference:

Applicant means each and every **Person** applying to **Us** and **Application** means their application to **Us** for a short term loan and/or request for a decision in principle in respect of such a loan. In the case where the **Applicant** is a corporate body the **Applicant** will be deemed to include all of; the corporate entity; any shareholders owning 25% and over of the outstanding ordinary shares; and any directors or partners of the corporate body.

Business Day means any day except Saturday and Sunday on which clearing banks are ordinarily open for business in the City of London.

Commission means the fee payable by **Us** to the **Firm**.

Customer means **You** and **Applicant** that have been accepted and have taken a loan from **Us**.

Data Protection has the meaning given to it in the data protection section.

Event of Default is an event that is a breach of any of the **Loan** terms and will be further defined in the **Facility Letter**.

Facility Letter is the loan agreement that **You** will sign if you agree to the loan provided to **You** by **Us**.

Acceptance Fee means a fee payable to **Us** by the **Applicant** in relation to a **Transaction** as stated in a **Mortgage** offer.

Firm means an individual, limited company, limited liability partnership or other partnership acting as the **Broker**.

Mortgage means a loan from **Us** secured against **Your** property.

Person includes an individual, persons, unincorporated or corporate body.

SRA means Solicitors Regulation Authority.

Transaction means a loan, secured by way of mortgage on property in England or Wales, made by **Us** to an **Applicant**.

We, Us and **Our** means Aspen Bridging Limited.

You, Your and **Their** means the **Applicant** and/or the **Person** applying to **Us**. The singular includes the plural where appropriate.

Acceptable Security

Acceptable - Most residential and commercial properties in England and Wales.

Exceptions include - timber frame properties, defective properties or properties with subsidence or major structural problems which are not being remedied by a heavy refurbishment loan, fast food outlets and pubs, property above fast food or restaurant outlets, property beside 24 hr car parks, land with or without planning, properties with land over 10 acres, agricultural property, petrol stations and property exposed to hazardous uses, properties with Japanese knotweed or similar mortgage blockers, properties with flying freeholds, properties with split or part title, freehold flats and maisonettes and properties with residential tenancies extending past or with the ability to renew beyond the loan term.

Tenure - Minimum tenure of 55 years for leasehold properties unless the loan is a lease extension.

Accepted

Employed individuals, sole traders (self-employment with proof), partnerships, limited liability partnerships and limited companies.

Administration Fee

An administration charge of £375 will be applied to every loan upon a per security basis. This will cover the visit undertaken by **Our** underwriters to the property as well as other underwriting expenses incurred.

Adverse credit or bankruptcy

Accepted for all loans where the exit is via a sale. For **Mortgage** exits the **Applicant** will be accepted or declined by the underwriter on a case by case basis following a credit search. Adverse credit can lead to a surcharge of up to 0.1% on **Our** reduced initial monthly interest rates (if the loan is on the low rate product range) or on **Our** reduced monthly interest rates (if the loan is on the standard rate product range).

Arrangement Fee and Commissions

An arrangement fee of 2% of the gross advance is applied on all products. The **Firm** should disclose a monetary amount of the commission the **Firm** will earn to the customer and hold confirmation of this on file. Any amounts charged by **Us** for the loan arrangement and any amounts paid by **Us** for commissions for this loan will be explicitly documented in the facility documents issued to **You**.

Broker Fees

May be charged on all loans and must have been agreed with the **Applicant**. Any amounts charged for this will be explicitly documented in **Our** facility documents.

Chaps Transfer

£42 fee. This fee is paid to our lawyers upon redemption.

Customer exit strategy

The **Firm** and **You** must provide details of how the capital will be repaid at the end of the term. The **Applicant** exit strategy will need to be provided to and agreed to by **Us** and any agreed exit strategy will be documented in the **Facility Letter**. Please note that any information that arises after the loan has started that may indicate to **Us** that there is a change of exit strategy could result in a breach of the facility terms and result in an **Event of Default** being triggered.

Data Protection

The **Firm** and **Us** are joint data controllers for the purposes of processing an **Application** and the **Firm** is registered under the Data Protection Act 1998. **You** and the **Firm** will process all personal data in accordance with the Data Protection Act 1998, the Data Protection Principles and any amendments since made to the Data Protection Act of 1998. **You** and the **Firm** will ensure that all the required **Applicant** permissions have been received to enable the **Firm** to send to **Us** the **Applicant** personal details to progress a loan application.

Exit Fee

An exit fee equal to one month of the secondary interest rate on the sum total of the gross advances of all tranches of the loan is applied on the low rate product range and is payable when the loan is redeemed. No exit fee is applied on the standard rate product range.

Gross Loan

Includes loan amount, all insurances and fees retained.

Ground Rent and Service Charges

When the Security is a leasehold property **We** will require confirmation in writing from any freeholder that all ground rent and service charges are paid and up to date. Where there are arrears these will need to be cleared from the advance and **We** will need written authority from the **Applicant** that they understand and authorise them to be disbursed from the loan.

Identification search, credit search and fraud agency checks

As part of 'know your customer' **We** will conduct Electronic Identification, Credit Searches and searches against fraud agency databases. When your **Firm**, as an approved intermediary, submit a request for a formal decision in principle **You** are asking us to perform these searches. By accepting these terms and conditions the **Firm** accepts that the **Firm** will not, without an **Applicant's** prior consent, provide **Us** with any information about an **Applicant**, submit an **Application**, or ask **Us** to undertake either an identification, credit search or fraud agency checks. Please note:

- We share **Applicant** information with credit reference agencies, fraud prevention agencies as well as other relevant organisations
- If false or inaccurate information is provided and fraud is identified, details will be passed to fraud prevention agencies to prevent fraud and money laundering.
- Further details explaining how the information held by fraud prevention agencies may be used can be obtained by written request to Aspen Bridging Limited, 2 Stratford Court, Cranmore Boulevard, Solihull, West Midlands, United Kingdom, B90 4QT

Income Calculation

For all cases please ensure that the Declaration of Income and Affordability is completed in full with all secured outgoings declared.

Income Proof

Income proof is required for all Applicants who are exiting via an occupier mortgage.

Employed - if monthly paid, 3 payslips dated within the last 4 months; if weekly paid, 12 payslips dated within the last 4 months. Additional income may be considered with proof.

Self-employed / Corporate Entity (Limited Company, LLP, etc.) -

- SA302 (or equivalent tax certificate)
- Accountant Certificate / Reference – They must have an Accountant who holds a current practising certificate and who is a member of an acceptable Accountancy body.
- Appropriate evidence such as business appraisals / plans, bank statements, pay slips, contractor statements, pension statements, benefit statements, maintenance awards or other appropriate independent evidence

An Accountants reference must include the **Applicant's**:

- Nature of business/trade.
- Trading Name.
- Most recent 2 years' accounts or management accounts, with a PBT projection for the forthcoming year.
- Last 2 years' drawings and a projection for the forthcoming year.
- This reference letter will be accepted as one of the proofs of self - employment, but a further strong proof will also be required.

Personal / Business Bank Statements (showing 3 months' statements dated within the last 4 months) must show the **Applicant** declared income being credited to the account. This is an alternative to an SA302 (or equivalent tax certificate). An accountants reference will also be required in support of this proof of self-employed income.

Property Professionals and Landlords Assured Shorthold Tenancy agreement (or Agent Assessed Rental income) or lease with a 'Rental Income Schedule' to detail all properties and rental income in the portfolio.

Responsible lending - Accounts and projections may be required and further information, such as other indebtedness may be taken into account when assessing an **Applicant**.

Interest calculation

Retained interest - All of **Our** products are interest only loans where the interest and the arrangement fee are retained from the Gross Advance. Interest is calculated upon a simple monthly basis and each payment is due monthly in advance. However, as interest is paid in advance, if the loan is repaid to terms there will be no monthly interest payments due. If the term is extended by an extension period, any additional interest incurred will be due upon repayment in addition to the capital balance. As the loan is an interest only loan the capital balance will not diminish during the life of the loan and the full balance will be due at the end of the loan term or at the end of any extension period.

Loan extensions - For information on interest calculation for interest relating to loan extensions, please refer to the section below titled 'Loan extensions'.

Multiple draw-down loans - The interest rate applied may vary for each draw-down in accordance with our published 'Products and Rates' sheet on our website: www.aspenbridging.co.uk. The basis of the calculation of interest will be the same retained interest approach as described above based upon the number of months of the term remaining at the point of advance. Fees and charges are only applied per actual draw-down and are not applied to the overall facility.

Event of default - The standard interest rate of 3% as outlined in our facility documents will apply from the date of the **Event of default**. This standard interest rate of 3% is applied upon a monthly compounding basis. Interest will be due monthly in advance. For the avoidance of doubt if the **Customer** has had the loan a day beyond the previous month the **Customer** will owe a full month's interest regardless of when the loan is repaid in that month.

In addition to the changes to the interest rate on your loan, if the situation has not been remedied within 7 days we will commence legal proceedings to recover all outstanding monies owed to Aspen Bridging by you the **Customer** and this will include any costs incurred by Aspen Bridging including any legal costs in the process of recovering all outstanding monies and may also include the repossession of the property being used as security for **Your** loan.

Lender administration fee

A fee of £375 per security property will be due to process each loan. This will only be due if the loan completes and will be deducted from the loan advance. This will include a visit by **Us** to the property and a face to face or video interview with the **Applicant**, both of which will be conducted by one of **Our** underwriters. This interview will be recorded and the **Applicant** will need to sign a video consent form in advance of the interview.

Loan extensions

At the end of the loan term, the loan may be extended subject to underwriting approval that the loan can be exited within a further 2 months. This extension, if granted by **Us** at **Our** sole discretion, will be at the same rate as the reduced secondary interest rate charged for the loan term (if the loan is on **Our** low rate product range) or at the same rate as the reduced interest rate (if the loan is on **Our** standard rate product range). **Our** rates and products card is available at our website at www.aspenbridging.co.uk. The extension rate will be charged on a compounding monthly basis applied to the balance outstanding with no additional charges levied for the extension. Interest will be due monthly in advance. For the avoidance of doubt if the **Customer** has had the loan a day beyond the previous month the **Customer** will owe a full month's interest regardless of when the loan is repaid in that month.

Minimum Age

The loan should commence on or after the **Applicant's** 21st birthday.

Maximum Age

The loan should end on or before the **Applicant's** 81st birthday. In the case of BTL mortgage or occupier mortgage exits, the loan should end on or before the **Applicant's** 71st birthday.

Partial capital repayments

We will accept partial repayments of capital at or over a £50k minimum at any point during the term of the loan and, subject to the minimum interest charge of 3 months, **We** will rebate interest relating to that capital as described in the section below titled 'Rebate of interest for early or partial early repayment.'

Personal Guarantees

These will be required from all shareholders with over 25% of the ordinary shares outstanding and from all directors of the company in cases where the **Applicant** is a corporate entity (e.g. a limited company or LLP etc.) and not an individual.

Rebate of interest for early or partial early repayment

Interest is rebated upon a monthly basis subject to a minimum of 3 months. For the avoidance of doubt if the **Customer** has had the loan a day beyond the previous month the **Customer** will owe a full month's interest regardless of when the loan is repaid in that month. With the exception of the minimum interest charge of 3 months, any unused retained interest will be used to reduce the loan balance on any early redemption of the loan. In the case of partial repayments the unused interest, with the exception of the minimum interest charge of 3 months, will be used to reduce the loan balance on any redemption of the loan.

Redemption statements

We can provide a redemption statement at any time during the loan term and any extension period at the **Customer's** request. **We** will provide a redemption statement at the term or the end of any extension period. Each redemption statement produced will incur a fee of £100. This fee will be added to the balance due.

Refinances

We offer refinances for 1st charges and will consider the refinance bridging loans or second charges on a case by case basis.

Refurbishments and multiple draw-down loans

Light refurbishment - A loan where the work being done on the residential property exceeds £10k and is under £25k will be deemed a light refurbishment loan.

Heavy refurbishment - If the work on the residential property exceeds £25k or requires planning permission or involves structural adjustment it will be classified as a heavy refurbishment. Heavy refurbishments are eligible for a loan based upon GDV involving multiple draw-downs if the overall loan required is equal to or exceeds £150k.

Commercial refurbishment - If the work to a commercial property exceeds £10k it will be deemed a commercial refurbishment. If the overall loan required is equal to or exceeds £150k the product becomes eligible for a loan based upon GDV involving multiple draw-downs.

Works impact on surveyor services required – If the work exceeds £100k **We** will require an desktop assessment by our building surveyor at cost paid by the **Applicant**, any monitoring visits will be conducted by our building surveyor also at cost and paid by the **Customer**. If the work exceeds £200k **We** will require a site visit and assessment by a building surveyor at the cost of the **Applicant**, any monitoring visits will be conducted by our building surveyor also at cost and paid by the **Customer**.

Multiple draw-down refurbishment loans - Where the overall loan required is over £150k and the scale of the works is over £50k **We** can offer a multiple draw-down facility. The maximum facility size is based upon GDV for convenience; however, the amount available to draw-down at any one time will be upon an LTV subject to current values. The benefit to the **Customer** of basing the overall facility initially on GDV is that it allows for the possibility of upwards revaluation over the loan term within the existing facility.

Every draw-down is subject to a minimum level of £50k and is dependent upon **Our** underwriters appraisal following a monitoring re-visit by either **Our** valuation or building surveyor. This re-visit will be at the cost of the **Customer**.

Exclusions - **We** will not lend for DIY refurbishments unless it is the borrowers profession. **We** will not lend on heavy refurbishments where the **Applicant** has no historic experience of doing so. **We** do not offer heavy refurbishments where the planning permission required is not in place.

Development finance - **We** do not currently offer development finance. Developments are classified as removing the existing fundamental structure of the existing building or building from scratch upon a brown or green field site.

Regulated Mortgage Contracts

Aspen Bridging is not an authorised provider of regulated business and **We** do not offer regulated loans of any kind.

Release of Charge Fee

Our solicitors will, in addition to other legal fees incurred, charge a fee of £360 for the release of charge upon redemption of the loan. This amount is added to the balance due upon redemption.

Residency and nationality

All **Applicants** who are individuals must be UK residents, all companies and LLP's must also be registered in the UK.

Second Charges

We offer second charges as a supplementary product to **Our** 1st charge bridging loans. **We** do not offer second charges as a standalone product or behind any bridging loan 1st charge.

Solicitors

The **Applicant** will need to arrange and pay for **Their** own independent legal representation, as well as **Our** legal costs. All solicitors acting for an **Applicant** must have 3 or more partners within the practice, with a Law Society membership of 5 years or more and be registered with the **SRA**. If the **Applicant's** solicitor does not fulfil these requirements, please refer to the underwriter.

Solicitor's fees

Will be charged on all cases. Details of **Our** solicitor's fee scale are available on **Our** website under 'Additional Fees and Charges' and the fee pertaining to each case will be provided with each decision in principle and **Facility Letter**. On difficult, unusual cases and or cases with multiple securities, solicitor's costs will be charged dependent on the merits of the case. Solicitors costs will be retained from the loan upon completion however fees incurred will be due regardless of completion of the loan. **Our** solicitors will require an undertaking from the **Applicant's** solicitors to cover any fees incurred before commencing work on the **Applicant's** case.

Title Insurance

Paid by client and deducted from the advance.

Valuations

All valuations will be instructed by **Us** directly. **We** do not accept valuations which are instructed by others and **We** will only instruct **Our** panel approved valuers.

Fees will be paid, in advance, directly by the **Applicant** to **Our** valuer. There will be no additional fees due to **Us** for valuations other than these. Valuations will not happen before the fees have been paid. The valuer will not provide the valuation report to any party or individual other than to **Us**. All **Our** valuers have contracts in place to provide rapid turnarounds.

Building and monitoring surveyor assessments

(Please see the Refurbishment section for guidance on when this is required.)

All assessments will be instructed by **Us** directly. **We** do not accept assessments which are instructed by others and **We** will only instruct **Our** panel approved building and monitoring surveyors.

Fees will be paid, in advance, directly by the **Applicant** to **Our** building or monitoring surveyor. There will be no additional fees due to **Us** for assessments other than these. Assessments will not happen before the fees have been paid. **Our** surveyor will not provide assessments to any party or individual other than to **Us**. All **Our** surveyors have contracts in place to provide rapid turnarounds.

*Aspen Bridging is a trading name of Aspen Bridging Limited. Registered in England and Wales with company number 10270026. Registered office: 2 Stratford Court, Cranmore Boulevard, Solihull, West Midlands, United Kingdom, B90 4QT. For the avoidance of doubt **We** do not offer regulated loans, mortgages or credit agreements, and are not regulated by the FCA.*