

# Refurbishment guidelines

For professional intermediaries only.

**octopus** capital  
A brighter way

## 1. Applicants

- Individuals
- UK Limited Companies
- SPV's
- Foreign nationals residing in the UK with relevant experience (see 4. experience)

## 2. Adverse credit

Borrowers are assessed based on credit searches not scores.

Adverse credit within the last 12 months is not accepted, historic adverse credit is considered on a case by case basis. Borrowers previously made bankrupt or insolvent are not accepted.

## 3. Age

Minimum age is 21. Maximum age is 70 at application, based on the youngest applicant, providing they have relevant refurbishment experience.

## 4. Experience

All borrowers must be experienced (cannot be their first project), and this will be qualified via asset managers who will meet the borrower/contractor on site. The borrower must have completed at least 1 similar project in the last year or 2 similar projects in the last 3 years.

Due diligence will be carried out on contractors and the professional team, if applicable.

## 5. Personal guarantees

Clients borrowing >55% LTV/LTGDV will be required to provide personal guarantees for the difference.

## 6. Debentures

Debentures are required on all corporate borrowers.

## 7. Exit fee

The refurbishment product carries a minimum of 1 month's interest and no exit fees.

## 8. Property types

- Houses (including ground floor extensions and loft conversions)
- Flats
- HMO conversions
- Commercial to residential conversions
- House to flat conversions

## 9. Unacceptable works

The following are examples of some refurbishment projects that are outside of our appetite:

- Basement excavations
- Airspace development
- Listed buildings
- Large (more than 8 units) office to residential PD schemes
- Build budget over 50% of current OMV

## 10. Lease terms

A minimum lease of 70 years at the end of the term is required for all leasehold properties. Properties under 70 years remaining on the lease will be subject to additional comments from valuers, to confirm the impact on value to the end of our term.

## 11. Term and interest

The loan can be taken over a minimum of 12 months and a maximum of 18 months, we will build in a pre-commencement period where necessary.

Interest on this product will be rolled and compounded.

## 12. Admin fee

We charge an admin fee of £2,000 per property. This cost is for our asset managers who conduct additional due diligence, including multiple monitoring visits, on the security being offered to us.

### 13. Valuation

A panel of approved and independent valuers with relevant property type and geographical experience are selected by Octopus Capital's Real Estate team.

The broker is responsible for arranging for the client to pay the valuers fee directly to them.

We base our lending decision against the 180 day 'day one' value and the 180 day GDV value, factoring in the LTC.

A full residual valuation may be required on loans where the works are deemed too much for an owner occupier to undertake and where only a developer/investor would take on the project.

All applications are subject to valuers reports at the clients expense. Octopus will expect valuations to confirm good demand for both sale and rental at completion of the works. Valuations quoting poor demand will be subject to underwriter discretion which may result in the application being declined, restricted LTV, or additional security required.

### 14. Solicitors

We'll always require separate legal representation.

Octopus will select from an approved panel of solicitors we have previous experience with.

Foreign national applicants are required to instruct a law firm with a minimum of five SRA partners.

### 15. Flying freehold

Octopus can consider properties which have a maximum of 10% flying freehold subject to valuer and legal comments.

### 16. Profit on cost

POC must be at least 10% on deals where a residual valuation is required. On more straightforward projects, the project must make sense in the broader spectrum of the borrower's business plans.

### Octopus Capital - real estate with a difference

Property finance can be improved and we think we know how. It needs to be fast, because you haven't got time to lose. It needs to be flexible, because every borrower's needs are different. And it needs to be reliable, because you can't afford to be let down.

Our commitment to brokers and clients is straightforward: to make quick decisions and stick by them. We offer loans at every stage of the property life cycle and provide unconventional solutions for unconventional needs.

We're award winning, but not complacent. An innovator in our field, with over £5bn lent to date. And we comprehensively cover the commercial, residential and property development sectors.

Our loans range from £50,000 to £50 million, and with access to multiple credit lines we can provide bespoke, customer focused finance to borrowers throughout the UK. Since 2008, our team has grown to over 90 professionals, who ensure your property finance experience is simple and easy.



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