

## DEVELOPMENT FACILITY FAQs

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### 1. HOW DO YOUR DEVELOPMENT LOANS WORK?

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Generally, our development facilities are made up of two tranches – the initial land purchase (or refinance of the purchase loan) followed by a series of drawdowns as the build progresses.

The development works are funded in arrears. This means you will need to have the funds available to pay invoices or contractors, as agreed, and then recoup the costs via a drawdown from your facility. All costs spent will need to be verified by an independently appointed Quantity Surveyor (QS). Please note that we will only release cash in line with the QS's recommendation e.g. if you are claiming costs incurred of £100,000 but the QS confirms only £75,000 has been spent so far, we will only advance £75,000.

### 2. WHAT INFORMATION DO I NEED TO SUPPLY?

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In order to consider your loan fully we require several vital bits of information relating to your project. These include:

- a copy of the JCT contract with your chosen contractor;
- copies of your builders Contractors All Risk insurance;
- evidence that an appropriate new build guarantee has been applied for;
- a full development appraisal, including timeline;
- copies of any planning permissions in place;
- evidence that Build Control inspections have been applied for;
- Letter of Reliance from you architect;
- Development CV of you and your chosen contractor.

### 3. WHY DO I NEED TO PAY FOR A VALUATION REPORT AND QUANTITY SURVEYOR REPORT?

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A valuation and initial QS report are required ahead of the first drawdown.

The valuation is required to confirm the value of the property or site now and confirm the anticipated value of the project once complete. A QS report is a little different to a valuation and will look at the development project in more detail, including the viability of the project, the anticipated costings, any issues with planning, the capabilities of any contractors employed etc.

Where possible, we always try to use the same firm for both the valuation and QS report, although they may be carried out by different people within the same firm.

### 4. HOW IS INTEREST CHARGED AND COLLECTED ON MY LOAN?

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Interest is only ever charged on the amount drawn down. This means that each time you request a drawdown, we will work out how much interest is payable from the date we pay you up until the maturity date of the loan. This interest will then form part of the drawdown and be held on account to service your loan monthly up until the maturity, meaning you don't have to worry about paying an interest to us every month.

### 5. HOW DO I REQUEST A DRAWDOWN?

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We like to keep drawdowns to around £50,000 and over so when you have spent this and would like to reclaim the costs, contact your case manager at Pivot and they will initiate the drawdown process. You will need to send us evidence of costs incurred over the period, such as invoices paid, to support the amount being reimbursed.

t. +44 (0)20 3695 5510  
e. [info@pivotfinance.co.uk](mailto:info@pivotfinance.co.uk)

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## 6. HOW FREQUENTLY CAN I REQUEST A DRAWDOWN?

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We do not have any rules regarding drawdown frequency. However, from experience, we find most borrowers request a drawdown every 4-6 weeks once the build is underway.

Once the QS has visited site, they will send us their report within five days, and we will then have the money to you two days after this.

## 7. WHAT FEES AND COSTS DO I HAVE TO PAY ON EACH DRAWDOWN?

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You will be given a bespoke valuation and QS quote as all development projects are different. The QS will visit site ahead of each drawdown and then submit their report to us. Our standard fees for each drawdown are:

Title check	£3 per title	Drawdown fee	£95.00
Bankruptcy search	£2 per search	Bank Transfer Fee	£35.00
QS Inspection	TBC		

These fees will be added to each drawdown and retained on account to cover the costs. The initial advance will go via your solicitors any drawdown after will be sent directly to your nominated bank account.

## 8. WHAT ABOUT VAT?

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We understand that you may have to pay VAT on some services and supplies as part of the build and this is not recoverable from HMRC until the project is finished. In this instance we can include VAT in your development facility, providing the LTV parameters allow.

## 9. WHAT DEVELOPMENT COSTS DO YOU NOT FUND?

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There are some costs we do not fund and are not reimbursable. These include stamp duty payable and legal fees on any initial property or land purchase. We also do not fund Sales and Marketing costs, but this shouldn't be a problem for you as they are not payable until the end of the project, by which time we should be repaid anyway. **We also do not fund pro-forma invoices for items that are yet to be incorporated into the build** e.g. purchase of roof trusses will not be reimbursable until they are incorporated into the build and not when they are ordered, or materials on site waiting to be used.