

OUR REF:
DATE: 24TH MAY 2011

Dear Mr

**Re: BRIDGING LOAN - PURCHASE OF COMMERCIAL PROPERTY
(INTEREST ONLY)**

We confirm our lending arm is prepared to lend you the sum of **£59,500** based upon the following terms and conditions: -

BORROWER:

2. The loan will be secured by way of:
 - a) A **FIRST Legal Charge** over the following security: -

Upon acceptance of this offer and satisfactory completion of all legal requirements, this case shall be funded by our lending arm and the legal documentation shall be issued by them accordingly.

3. The **Standard Flat Rate** of interest shall be **2.0%** per month.
4. The **Reduced Rate** of interest shall be **1.5%** per month.
5. The interest on the loan will be repayable by **Twelve** equal monthly instalments of **£1,190** The minimum chargeable term will be **Three months**. If you pay the instalments due from time to time on or before the date of their falling due for payment and there are no arrears of interest outstanding then monthly payments in the sum of **£892** calculated at the Reduced Rate of interest will be accepted. The Capital will be repayable **Twelve** months ("the loan term") from the date of completion of the loan.
6. Where the Loan expiry date has passed and you fail to discharge the balance due then the monthly rate of interest payable will be the Standard Rate of Interest as set out in Clause 3 until redemption. In the event of the loan not being repaid at the end of the loan term, a Renewal Fee representing 5% of the loan outstanding will be charged.

7. Any Second charges or mortgages subsisting on the property referred to in Clause 2 upon completion must be discharged in full and the appropriate discharge documents filed at the Land Registry. (not applicable)

8. It is a condition of the loan that the property must be **kept insured at all times** during the loan term, for a minimum of £1.2million with the interest of ' noted on the policy against damage by fire and other perils, including malicious damage and other perils specified by us to its full reinstatement value. We will effect insurance cover from the date of completion, if you do not forward details of any existing cover for approval when accepting the offer, in which case an amount in respect of the first premium will be deducted from the loan.

9. Redemption of Loan

Terms for redemption are: **One Months'** interest. An Administration Fee of £295 will also be payable upon full repayment of the loan.

10. Any survey and / or inspection of the above property carried out by us or on our behalf in connection with this offer is confidential and in the event of our making an advance to you, it will not imply any warranty by us as to the value or condition of the property.

11.

- a) You should study the terms and conditions set out herein.
- b) Once you have signed this offer letter you become liable for the commitment fee of **£1,000** which is payable to . and is **strictly non-refundable** whether or not this loan proceeds to completion.
- c) Deducted from the loan advance upon drawdown will be a completion fee of **£5,000**, plus 4 months' interest payments at the Reduced Rate totalling **£3,570, plus an Administration/Creation fee of £295 and Solicitors legal costs and disbursements.**
- d) Confirmation will be required from your legal advisers as to how the loan capital is to be repaid at the end of the loan term.
- e) Any tenancies/leases in respect of the property must be acceptable to us.
- f) By signing this offer you also accept liability to discharge our solicitors' legal costs and pay the completion fee above to whether or not the loan proceeds to completion or funds are drawn down, unless the offer is withdrawn due to non-availability of funds.
- g) This Offer is subject to Local Authority and Title searches and any other searches and enquiries required by us proving satisfactory.
- h) The monthly rate of interest on the Standard Rate and Reduced Rate may increase in line with any increase in Bank of England base rate. Any shortfall in the monthly interest payment will be payable upon redemption of the loan.

12. We or _____ reserve the right to alter the terms hereof or to withdraw this offer any time without assigning a reason. In the event of this offer being withdrawn under this, or any preceding clauses, we shall in no way be liable for any liabilities incurred by you.

13. We or _____ reserve the right to transfer, assign or otherwise dispose of the rights, benefits and obligations of this Bridging loan together with the charge over the related securities to other third parties at any time and when this happens you will be notified in writing. Upon acceptance of this offer, this case shall be funded by our lending arm _____ and the legal documentation shall be issued accordingly..

14. This offer is subject to the following:

- a. Consent to Registration of a First Legal Charge over the security _____ in favour of _____
- b. An equitable charge over _____
- c. It is a requirement that you use a firm of solicitors with three partners or more.
- d. Subject to _____ solicitors review, approval and satisfaction of all legal requirements.

15. We strongly recommend that you seek independent legal or other professional advice.

16. If you wish to accept this Loan Offer, please indicate this by signing below and returning it to us within **10 Days** from the date hereof.

17. This offer will lapse and the full completion fee and legal costs will become payable if completion does not take place within six weeks of the date hereof, unless an extension of time has been confirmed by us in writing, or unless non-availability of funds causes us to defer completion.

Yours sincerely,