

Fact Sheet- City Living

Key Legal Points for Developers

Where an application for funding is approved, the applicant will require to enter into a legal agreement with Derby City Council. The Agreement will cover provisions for the payment and repayment of funding as agreed within the appraisal process.

Solicitors will be instructed to prepare a legal document based upon a standard template however key contractual issues which will require to be addressed are summarised as follows;

- **Borrowing entity** - We will need to know whether you are borrowing in your own name or through a corporate vehicle such as a limited company or a limited liability partnership.
- **Identification Documents** - We will need to see a form of ID from you (or a director of the borrowing entity if a corporate vehicle is being used) and a copy utility bill from the last three months showing your current address.
- **Security over the Property** - We will require a mortgage over the property which is being developed and, depending on the value of the loan and type of development, we may need additional security. This will be discussed in each case.
- **Other funding** - We may in certain circumstances accept a second mortgage over the property being developed if you have already secured bank funding. If this is the case, you should contact your bank as early as possible to obtain their consent to the Council's funding. You should also confirm how the bank wishes to document their priority as they normally ask other lenders to enter into a deed of priority stating that their mortgage will rank ahead of any other secured lenders.

By contrast, any other funding required for the development, whether secured or unsecured (such as, shareholder or director loans in the case of a limited company), will need to rank behind the Council's funding and we will provide the relevant documentation in this regard.

In any event, we will need to see evidence of how the balance of the development works are being funded.

- **Construction requirements** - We will need to see evidence of all planning and other permissions (such as landlord consents if the property being developed is leasehold) that are required to complete the development. Depending on the value of the loan and the nature of the works, we may also need to see copies of any building contracts and other professional appointments, such as architect and structural engineer appointments. In addition, we may need collateral warranties over such documents which will give the Council step in rights to finish the development in certain circumstances.
- **Property requirements** - We will need a certificate of title addressed to us which confirms amongst other things that you own the property and that there are no material issues with the title. This is something that will need to be prepared by your solicitors, ideally those solicitors who dealt/are dealing with acquisition of the property as they will have all the title information and searches necessary to produce this document.
- **Insurance** - We will need to see evidence of the buildings insurance which is in place for the property and, depending on the size of the loan and the nature of the development, we may need to be named on the policy. This is something that you should discuss with your insurance

broker/insurers. In certain circumstances, we may also need a letter from your insurance broker confirming amongst other things that the policy is in place, the premium has been paid and that it cannot be cancelled without giving notice to us.

Timescales

The timescales for completion of the legal documentation will vary depending on how quickly the above information/documents are made available. On average, we would expect this to take between three to six weeks depending on whether there are any other lenders involved.