



Lime Consultancy
MAKING BUSINESS FINANCE SIMPLE

Case Study

Undervalue Property Purchase

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Purchase of property below market value

A limited company was purchasing a residential investment property which was being sold by three owners, one of which was also a director of the purchasing company.

An agreement existed for the part owner and director to buy the property at a pre-agreed price which was now below market value.

We were approached after the current broker had put together a deal which fell over after contracts had been exchanged, the deal fell over because the under market value issue had not been raised with the proposed lender.

The position we had was that the client needed to complete the purchase inside 10 days or fall foul of the conditions of exchange and lose their deposit.

Using our knowledge of lenders and using our experience of complex property cases we;

- Obtained declarations from the other vendors surrounding liquidity and that sale under value was not to avoid insolvency issues. This enabled the purchase to be accepted by the lender
- Used a specialist lender that would accept solicitor undertakings to complete some parts of the lender requirements after completion. This removed the tight timescales as an issue
- Took the valuation already completed by the previous lender and got it addressed to the new lender. This removed the need for a second valuation, took away any delay a valuation may cause and removed the extra cost for the client
- By establishing the facts of the case and properly understanding the proposal we avoided the issues caused by the previous broker, meaning the client could be certain the lender would complete

This case showed that even where one broker has tried and failed to place a deal it doesn't mean it cannot be done, it just requires more expertise and awareness of how lenders work. These are key benefits that our clients profit from.

This case was completed in June 2016