

Borrower's Guide: FundingKnight

Introduction

- Peer to Peer (P2P) Lending can offer borrowers competitive rates, favourable term structures and **more rapid loan approval times** than traditional forms of financing such as bank loans. This is persuading increasing numbers of SMEs to consider the P2P space when looking for financing.
- According to **AltFi Data**, the alternative finance sector provided **over £1bn of funding to UK SMEs in 2014, that's a 171% growth on 2013**. The **Liberum AltFi Volume index** tracks the growth of Alternative Finance and highlights the thriving P2P business lending sector. With a monthly SME guide focusing on individual platforms, AltFi Funding aims to **assist borrowers in facilitating well informed decisions**.

About

- FundingKnight, launched in September 2012, offers both **business and property bridging loans**. Interest rates paid by borrowers have varied averaging between **8.8% and 12%**. As can be expected, Funding Knight advise borrowers who have a shorter loan period and higher shield rating can expect lower interest rates.
- The borrowing process at Funding Knight can be segmented into **six stages**:

Loan request submission



Borrower agreement



Submission details approved



Loan application evaluation



Loan offer and documentation



FundingKnight auction (7-day auction process).

- Loans are typically listed on Funding Knight's 7-day auction, although this can be shorter if cash requirement is urgent. The competitive auction process has been designed, according to the platform, in such a way to get the best possible rate in the shortest time.
- The requirements for Business Loans and Property Bridging Loans are as follows:

Business Loans

- Business loans range from **£25,000 to £1m.**
- Terms from **6 months to 5 years.**
- Limited companies or LLPs with a minimum of 2 years trading.
- Must be profitable at the time of the loan and have a **minimum turnover of £100,000.**
- Loans may be secured or unsecured. However, loans over £150,000 will require further security.
- Personal Guarantees of the business taken with every loan.

Bridging Loans

- Bridging loans range from **£100,000 to £1m.**
- Terms range from **12 months to a maximum of 24 months.** There is a preference for 12 months.

- UK Limited Co, LLP, Partnership, Sole Trader or Private Investor.
- Loan purpose typically for the purchase or improvement of commercial, residential or buy-to-let property.
- FundingKnight do not lend on farms, stables or agricultural buildings, pubs, cinemas, “unusual” properties and properties in remote locations.
- Property must be **located in England and Wales**.
- Maximum 70% LTV.
- Independent professional valuation to be obtained for every loan.

Business Loan Fees

Arrangement Fees

- 2.5% of the business loan for loan terms of between 0 – 12 months
- 3.0% of the business loan for loan terms of between 13 – 24 months
- 3.5% of the business loan for loan terms of between 25 – 36 months
- 4.0% of the business loan for loan terms of between 37- 48 months
- 4.5% of the business loan for loan terms of between 49 – 60 months

Once you begin to make monthly repayments, FundingKnight will charge a **fee of 1% of each monthly payment** which is added to each repayment and collected monthly when repayments are made. If a payment is **late**, we **charge a fee of £5.05 per day** and this is deducted when the overdue payment is received.

Property Bridging Loan Fees

LTV	First Charge
<61-70%	1.0%
<51-60%	0.95%
<50%	0.85%

Arrangement Fees

FundingKnight charge a fee of 1.5% for arranging business funding which is charged when the loan is drawn down. A 1% monitoring fee per annum is charged based on the capital outstanding since the last payment.