Fleet Mortgages
a Starling Bank company

Lending to Limited Companies Example Structures

Version 5.



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Everything starts with a **good conversation**.

Lending to Limited Companies
Example Structures

This document provides examples of company group structures that are and are not acceptable to Fleet Mortgages.

If the company group structure of your client does not appear in the examples we have highlighted within this document, or if you are still unsure whether Fleet can consider your case, please speak to your Business Development Manager before you submit the case.

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The following applies to ALL SPV Limited Company applications:

All directors and 25%+ beneficial owners (i.e. the ultimate shareholders) of the applicant SPV must be party to the mortgage application, and these collectively must have **=>75% shareholding**.

Fleet Mortgages will accept **a maximum of four applicants.**

All applicants will be underwritten.

We will obtain **Personal Guarantees** from all applicants.

Fleet Mortgages will ensure, through instructions to conveyancers, that the legal charge is registered at Companies House. Fleet Mortgages reserve the right not to proceed with applications where any of the directors or shareholders of a Limited Company, or the Limited Company, has **adverse credit**.

Fleet Mortgages will only accept loan applications from SPV (Special Purpose Vehicle) Limited Companies, and these must be registered in England, Wales, Scotland or Northern Ireland.

The following Limited Company SIC Codes are acceptable:

68100	Buying and selling of own real estate
68209	Other letting and operating of own or leased real estate
68320	Management of real estate on a fee or contract basis
68201	Renting and operating of Housing Association real estate

Lending to a Subsidiary SPV Limited Company

(i.e. part of a wider company group structure, where we see Holding Companies holding shares in the applicant SPV) the following applies:

All directors and 25%+ beneficial owners (i.e. the ultimate shareholders) of the applicant SPV must be party to the application, and these collectively must have **=>75% shareholding**.

All directors **above** the applicant company within the group structure should mirror.

We will accept **no more than 2 layers above the applicant SPV**, in terms of the wider group structure (i.e. 3 layers within the whole group structure, in total, including the layer of the SPV).

All companies within the company group structure must be registered in England, Wales, Scotland or Northern Ireland.

Lending to a Holding SPV Limited Company

(i.e. a Limited Company SPV that also holds shares in other subsidiary companies) the following applies:

Fleet will only undertake lending to SPVs in this category where the SPV undertakes business under one of the standard SIC codes listed previously, or any of the following two SIC codes:

64209 Activities of other holding companies n.e.c

64203 Activities of construction holding companies

Where part of the group structure is a trading company, this is acceptable as our SPV is not legally or financially responsible for the liabilities of another company in its group and relevant offer condition will be applied to this effect.

All directors and 25%+ beneficial owners (i.e. the ultimate shareholders) of the applicant Holding Company SPV must be party to the application, and these collectively must have =>75% shareholding.

All directors **above** the applicant company within the structure should mirror.

Fleet Mortgages will consider applications where the applicant SPV Holding Company has **a maximum of 3 layers** in its entire group structure (including the layer with the SPV we are lending to), and up to a maximum of 5 separate companies within the entire group structure. Where the maximum number exceeds 5 separate companies within the group structure, exceptions may be considered on a case-by-case basis.

All companies within the company group structures must be registered in England, Wales, Scotland or Northern Ireland.

Standalone SPVs
Acceptable Examples

Acceptable standalone SPVs



Example 1: A basic standalone SPV

SPV Ltd
Director Mr A
Director Mrs B
Director Mr C
Director Mrs D
Shareholding
Mr A 30%
Mrs B 30%
Mr C 30%
Mrs D 10%

- All directors required on application ✓
- => 75% shareholding on application ✓
  - All directors need to be on application
  - As there are 4 directors, this is within policy
  - The directors are the only shareholders
  - Therefore, we have included 100% of the shareholding

Acceptable standalone SPVs



Example 2: A standalone SPV with a minority shareholder

SPV Ltd
Director Mr A Director Mrs B Director Mr C ***Shareholding*** *Mr A 30%* *Mrs B 30%* *Mr C 30%* *Mrs D 10%*

- All directors required on application ✓
- => 75% shareholding on application ✓
  - All directors need to be on application
  - As there are 3 directors, this is within policy
  - The directors are also shareholders. Their combined shareholding is 90%
  - Therefore, this is already greater than 75% shareholding on application
  - Therefore, the minority shareholder at 10% (Mrs D) does not need to be included on the application

Standalone SPVs
Unacceptable Examples

Unacceptable standalone SPVs



Example 1: A standalone SPV with five directors

SPV Ltd
Director Mr A Director Mrs B Director Mr C Director Mrs D Director Mr E ***Shareholding*** *Mr A 20%* *Mrs B 20%* *Mr C 20%* *Mrs D 20%* *Mr E 20%*

- All directors required on application X
- => 75% shareholding on application ✓
  - All directors need to be on application
  - As there are 5 directors, this is outside policy
  - The directors are the only shareholders
  - We would have been able to attain more than 75% of shareholding with only 4 applicants
  - But this is irrelevant as we need all directors on our application, and there are more than the maximum of 4 applicants

Unacceptable standalone SPVs



Example 2: A standalone SPV with many shareholders

SPV Ltd
Director Mr A Director Mrs B Director Mr C Director Mrs D ***Shareholding*** *Mr A 14%* *Mrs B 14%* *Mr C 14%* *Mrs D 14%* *Mr E 14%* *Mrs F 14%* *Mr G 2%*

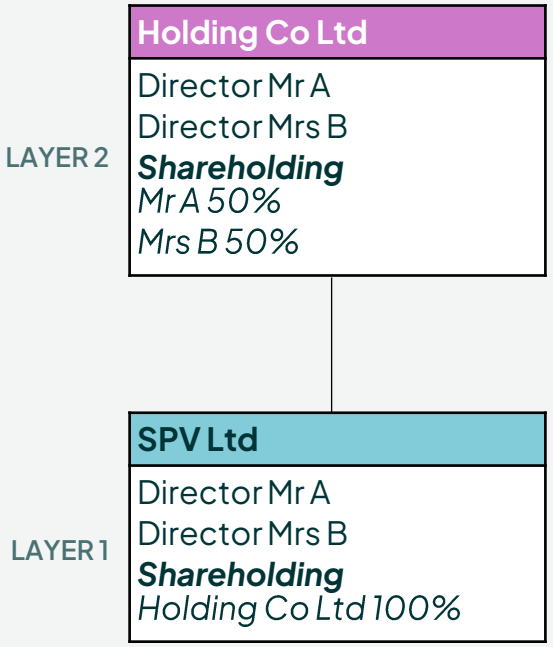
- All directors required on application ✓
- => 75% shareholding on application X
  - All directors need to be on application
  - As there are 4 directors, this is within policy, but this is irrelevant because:
  - The directors are also shareholders, but their combined shareholding is only 56%
  - Therefore, this is less than the minimum of 75% shareholding needed on the application
  - As we cannot have more than 4 applicants, we cannot add more shareholders to achieve the 75%

Subsidiary SPVs
Acceptable Examples

Acceptable subsidiary SPVs

ACCEPTABLE

Example 1: A subsidiary SPV with one layer of ownership above it

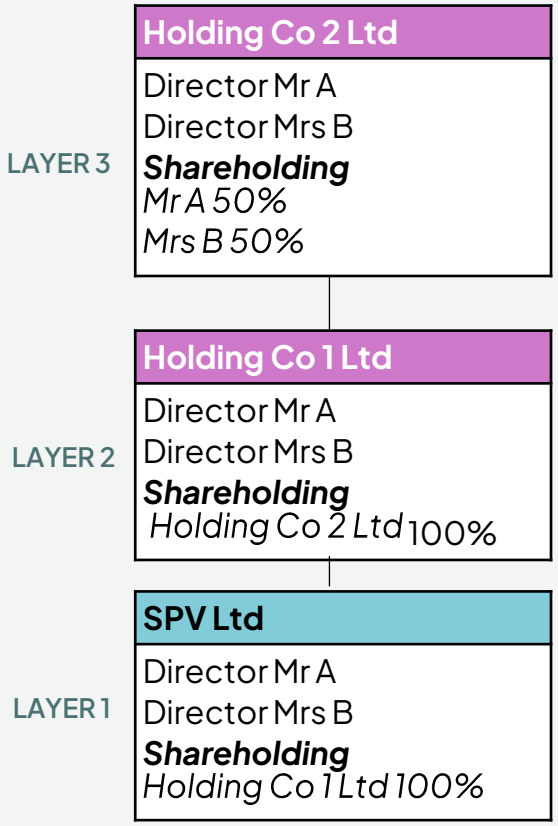


- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV ✓
  - All directors of the SPV need to be on application
  - As there are 2 directors, this is within policy
  - The directors of the SPV are also the only shareholders of the holding company
  - Therefore, we have included 100% of the shareholding
  - The directors of the SPV and the parent holding company mirror
  - There is only 1 layer of ownership above the applicant SPV

Acceptable subsidiary SPVs

ACCEPTABLE

Example 2: A subsidiary SPV with two layers of ownership above it

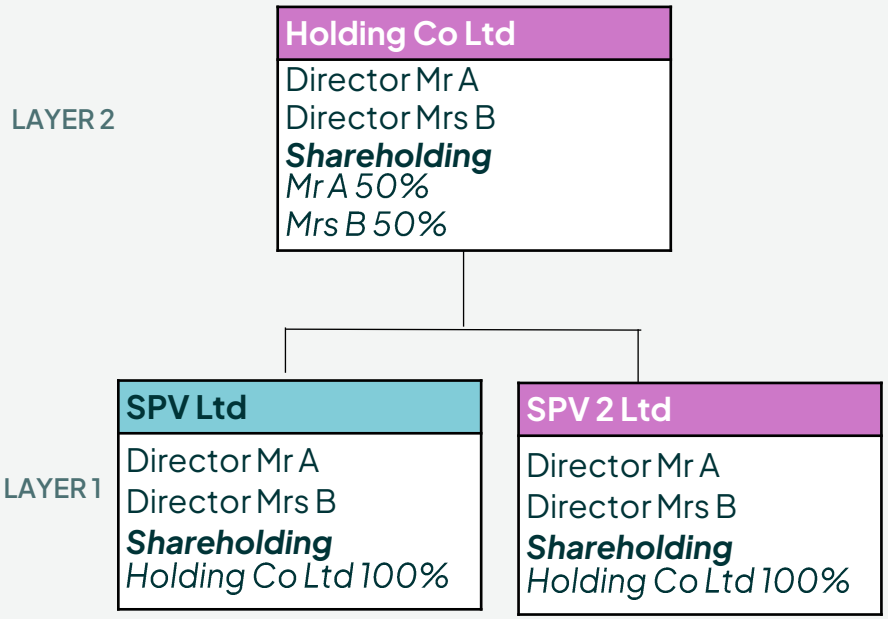


- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV ✓
  - All directors of the SPV need to be on application
  - As there are 2 directors, this is within policy
  - The directors of the SPV are also the only shareholders of the holding companies
  - Therefore, we have included 100% of the shareholding
  - The directors of the SPV and the parent holding companies mirror
  - There are only 2 layers of ownership above the applicant SPV (and 3 layers in total)

Acceptable subsidiary SPVs

ACCEPTABLE

Example 3: A subsidiary SPV with one layer of ownership above it
(but also happens to have other subsidiary SPVs on the same layer)

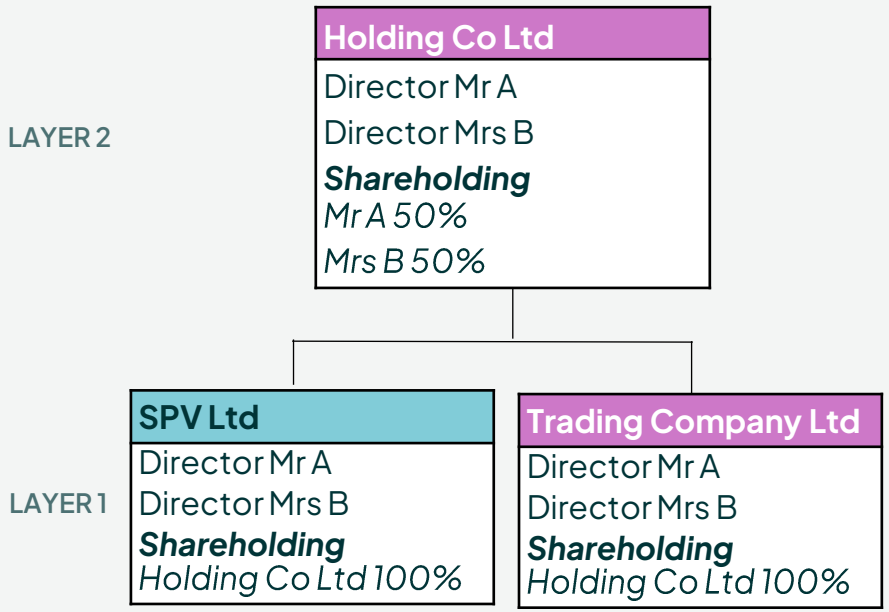


- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV ✓
  - All directors of the SPV need to be on the application
  - As there are 2 directors, this is within policy
  - The directors of the SPV are also the only shareholders of the holding companies
  - Therefore, we have included 100% of the shareholding
  - The directors of the SPV and the parent holding companies mirror
  - There is only 1 layer of ownership above the applicant SPV
  - As we are lending to a subsidiary SPV (and not a holding company) we ignore the other subsidiary companies

Acceptable subsidiary SPVs

ACCEPTABLE

Example 4: A Subsidiary SPV with one layer of ownership above it
(but also happens to have other trading companies on the same layer)

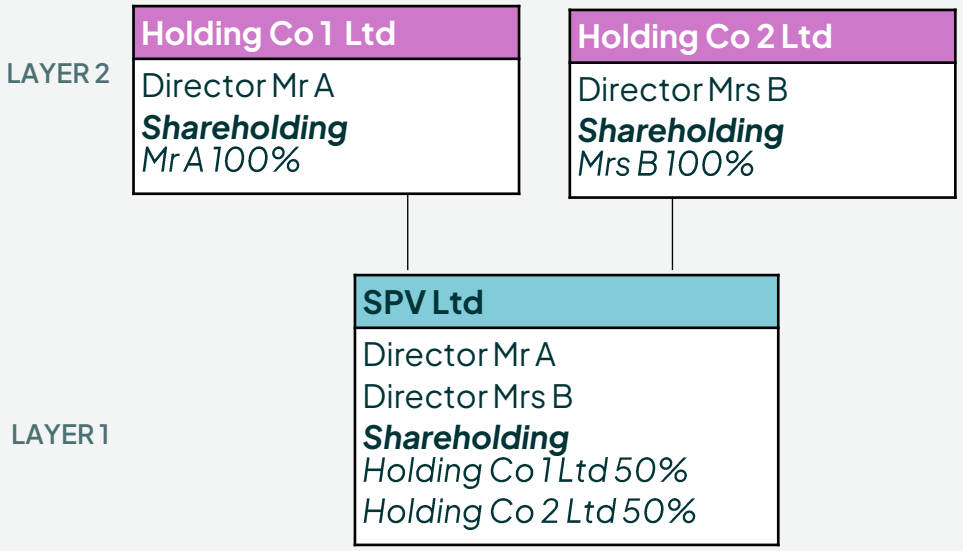


- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV ✓
  - All directors of the SPV need to be on application
  - As there are 2 directors, this is within policy
  - The directors of the SPV are also the only shareholders of the holding company
  - Therefore, we have included 100% of the shareholding
  - The directors of the SPV and the parent holding company mirror
  - There is only 1 layer of ownership above the applicant SPV
  - As we are lending to a subsidiary SPV (and not a holding company) we ignore the other subsidiary company
  - And as we ignore any subsidiaries on the same layer, the trading company does not impact the application

Acceptable subsidiary SPVs

ACCEPTABLE

Example 5: A subsidiary SPV with one layer of ownership above it, which comprises of two holding companies owning 50% each

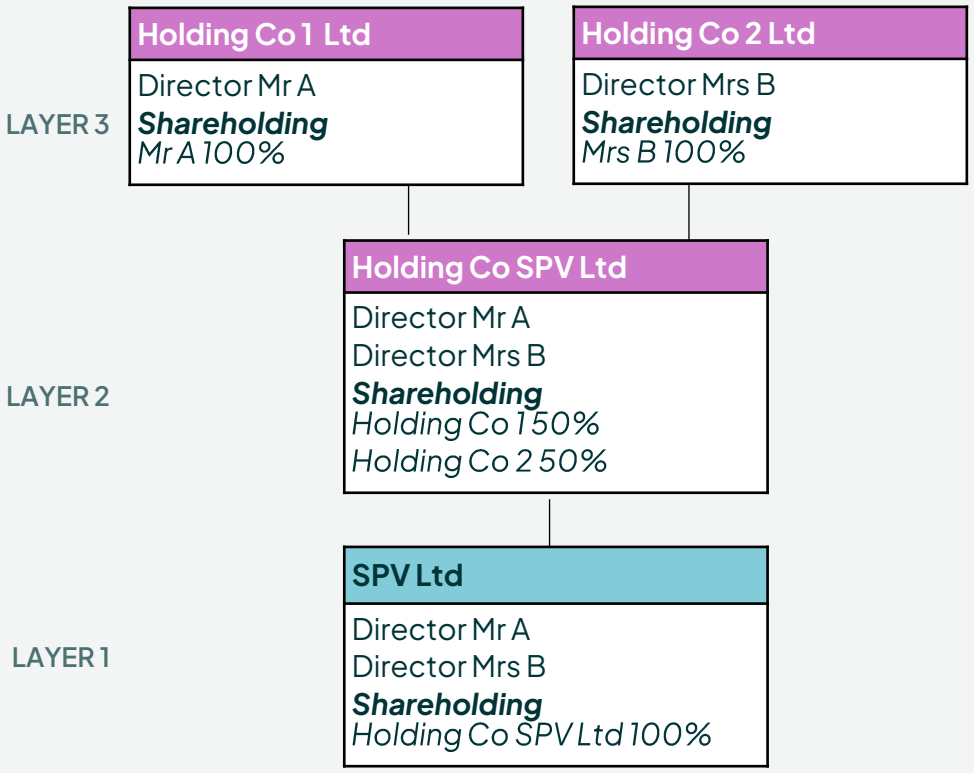


- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV ✓
  - All directors of the SPV need to be on application
  - As there are 2 directors, this is within policy
  - The directors of the SPV are also the only shareholders of the holding companies
  - Therefore, we have included 100% of the shareholding
  - The directors of the SPV and the parent holding companies mirror
  - There is only 1 layer of ownership above the applicant SPV

Acceptable subsidiary SPVs

ACCEPTABLE

Example 6: A subsidiary SPV with two layers of ownership above it, with the top layer comprising of two ultimate holding companies
(which in turn own 50% of the SPV each)

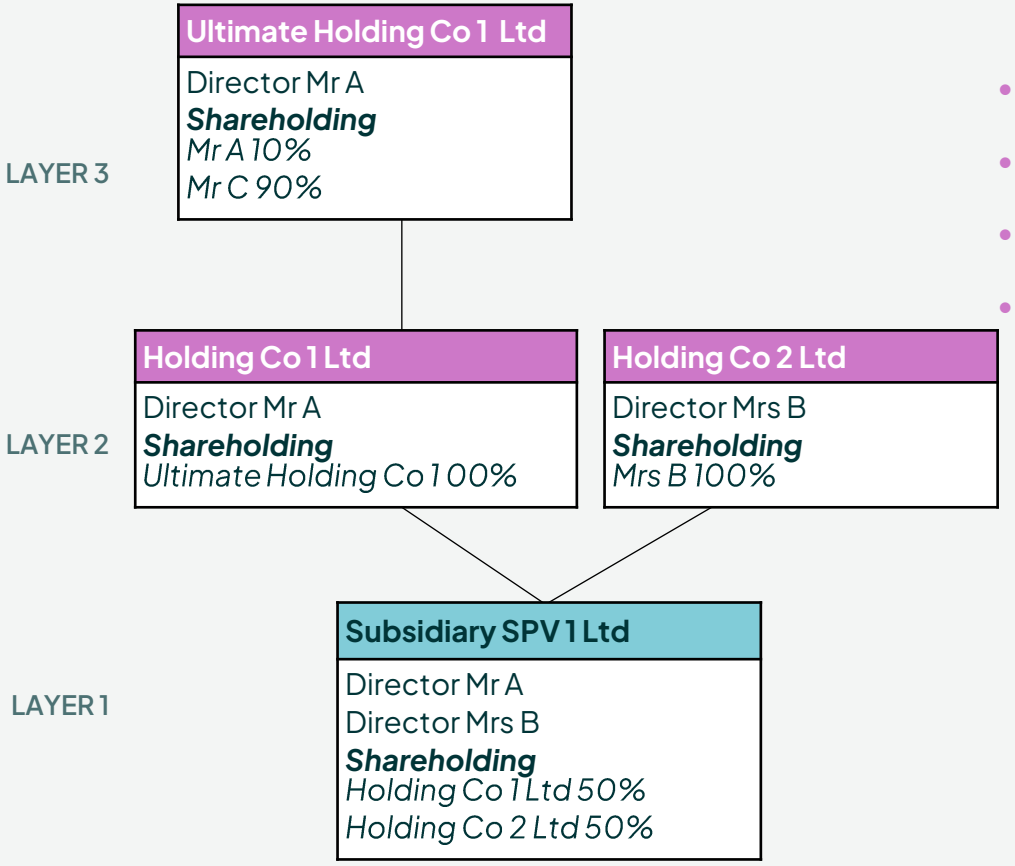


- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV ✓
  - All directors of the SPV need to be on application
  - As there are 2 directors, this is within policy
  - The directors of the SPV are also the only shareholders of the ultimate holding companies
  - Therefore, we have included 100% of the shareholding
  - The directors of the SPV and all parent holding companies mirror
  - There are only 2 layers of ownership above the applicant SPV (and 3 layers in total)

Acceptable subsidiary SPVs

ACCEPTABLE

Example 7: A real case study for a structure we recently agreed

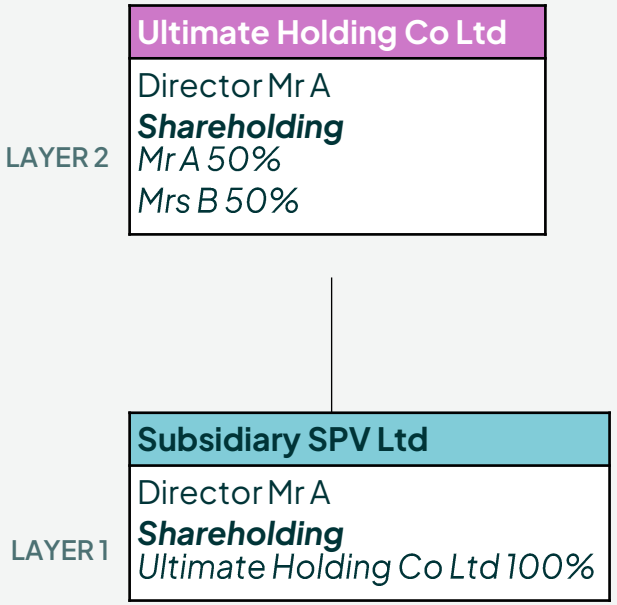


- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV ✓
  - All directors of the SPV need to be on application
  - As there are 2 directors, this is within policy
  - There is an additional non director 90% shareholder on the Ultimate Holding Company, who is a 45% shareholder of the SPV (Ultimate Beneficial Owner) who must also be party to the application
  - Therefore, we have included 100% of the shareholding
  - The directors of the SPV and the parent holding companies mirror
  - There are only 2 layers of ownership above the applicant SPV (and 3 layers in total)

Acceptable subsidiary SPVs

ACCEPTABLE

Example 8: A major shareholder of the holding company that is not a director (either on the holding company or the subsidiary SPV applicant)



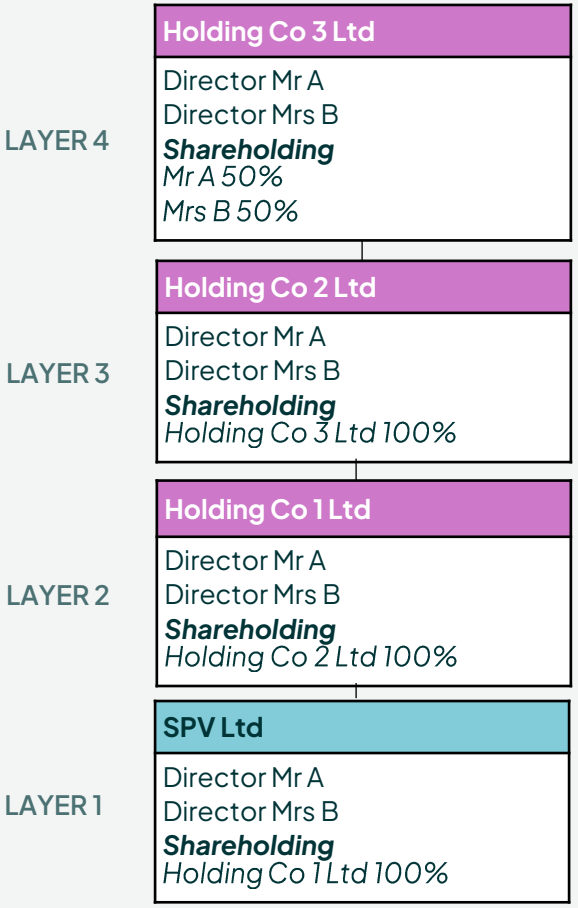
- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV ✓
  - All directors of the SPV need to be on application
  - As there is 1 director, this is within policy
  - There is an additional non director 50% shareholder of the Ultimate Holding Company (Ultimate Beneficial Owner) who must also be party to the application
  - Therefore, we have included 100% of the shareholding
  - The directors of the SPV and the parent holding companies mirror
  - There is only 1 layer of ownership above the applicant SPV (and 2 layers in total)

Subsidiary SPVs
Unacceptable Examples

Unacceptable subsidiary SPVs

UNACCEPTABLE

Example 2: A subsidiary SPV with 3 layers of ownership above it
(and therefore 4 layers in total in the group)



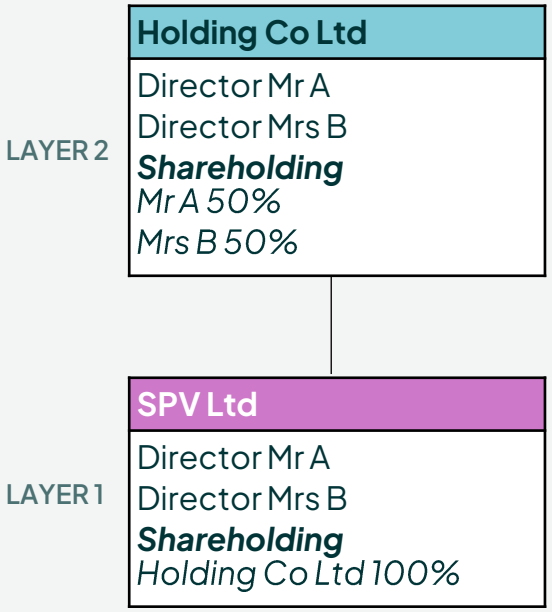
- All directors required on application ✓
- => 75% shareholding on application ✓
- Directors mirror upwards ✓
- =< 2 layers above SPV X
  - All directors of the SPV need to be on the application
  - As there are 2 directors, this is within policy
  - The directors of the SPV are also the only shareholders of the holding companies
  - Therefore, we would have included 100% of the shareholding on the application
  - The directors of the SPV and all the parent holding companies mirror BUT…
  - There are 3 layers of ownership above the applicant SPV (and 4 layers in total) – therefore this is outside of policy

Holding Company SPVs
Acceptable Examples

Acceptable holding company SPVs

ACCEPTABLE

Example 1: A holding company SPV applicant, with one subsidiary SPV



All directors required on application ✓

=> 75% shareholding on application ✓

=< 3 layers in group structure ✓

=< 5 companies in entire group structure ✓

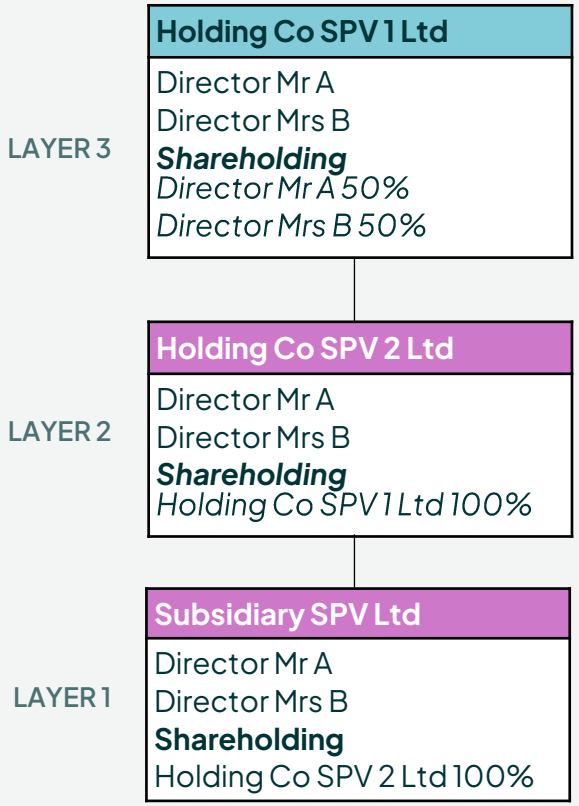
All companies in the group are SPVs ✓

- All directors of the holding company SPV need to be on the application. As there are 2 directors, this is within policy
- The directors of the holding company are also the only shareholders. Therefore, we would have included 100% of the shareholding
- As we are lending to an ultimate holding company, at the top of the structure, there is nothing to check in terms of mirroring, as we cannot go 'up the branch' any further
- There are only 2 layers in the group structure
- There are only 2 companies in the entire group structure

Acceptable holding company SPVs

ACCEPTABLE

Example 2: A holding company SPV applicant, with two subsidiary SPVs, over 3 total layers



All directors required on application ✓

=> 75% shareholding on application ✓

=< 3 layers in group structure ✓

=< 5 companies in entire group structure ✓

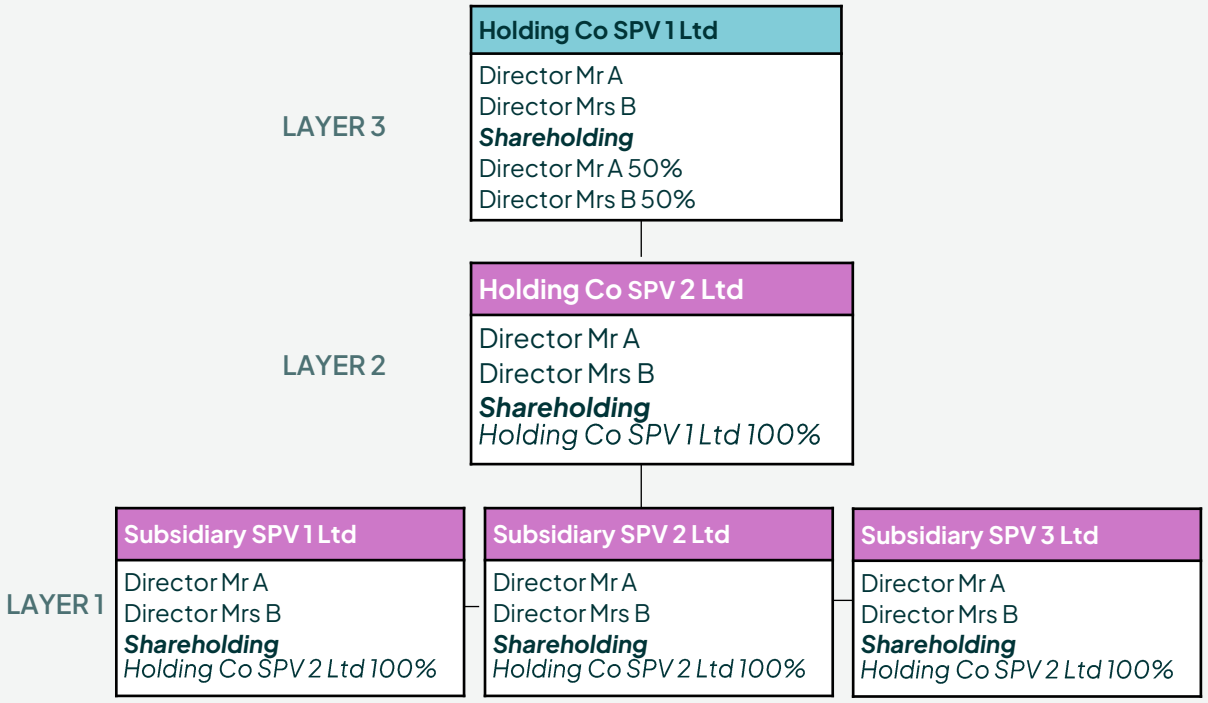
All companies in the group are SPVs ✓

- All directors of the holding company SPV need to be on the application. As there are 2 directors, this is within policy
- The directors of the holding company are also the only shareholders. Therefore, we would have included 100% of the shareholding
- As we are lending to an ultimate holding company, at the top of the structure, there is nothing to check in terms of mirroring, as we cannot go 'up the branch' any further
- There are only 3 layers in the group structure
- There are only 3 companies in the entire group structure

Acceptable holding company SPVs

ACCEPTABLE

Example 3: A holding company SPV applicant, with four subsidiary SPVs, over 3 total layers



All directors required on application ✓

=> 75% shareholding on application ✓

=< 3 layers in group structure ✓

=< 5 companies in entire group structure ✓

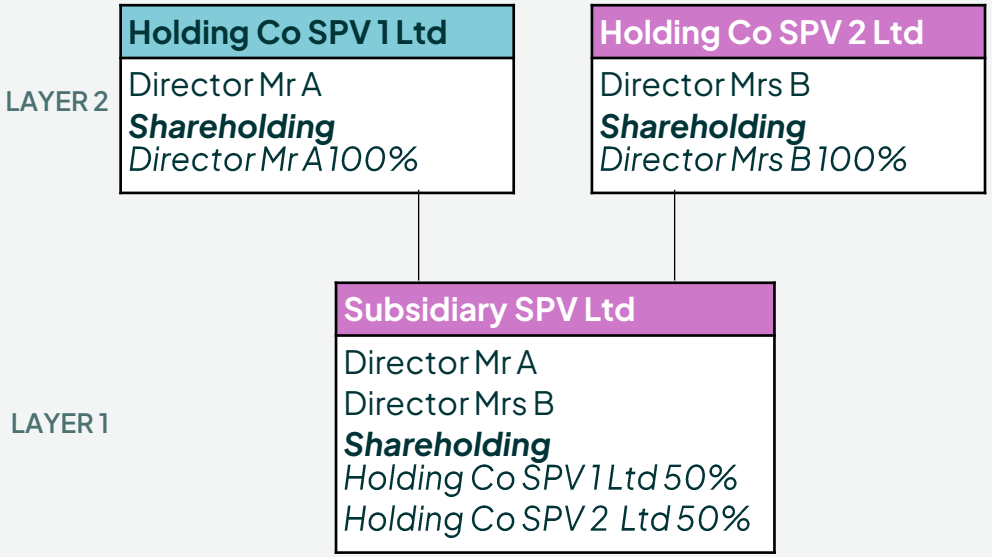
All companies in the group are SPVs ✓

- All directors of the holding company SPV need to be on the application. As there are 2 directors, this is within policy
- The directors of the holding company are also the only shareholders. Therefore, we would have included 100% of the shareholding
- As we are lending to an ultimate holding company, at the top of the structure, there is nothing to check in terms of mirroring, as we cannot go 'up the branch' any further
- There are only 3 layers in the group structure
- There are only 5 companies in the entire group structure (which is the max. we can accept)

ACCEPTABLE

Acceptable holding company SPVs

Example 4: A holding company SPV applicant, with one subsidiary SPV
(where the subsidiary also happens to have another parent company)



All directors required on application ✓

=> 75% shareholding on application ✓

=< 3 layers in group structure ✓

=< 5 companies in entire group structure ✓

All companies in the group are SPVs ✓

- All directors of the holding company SPV need to be on application. As there are 1 director, this is within policy
- The directors of the holding company SPV applicant is also the only shareholder. Therefore, we would have included 100% of the shareholding
- As we are lending to an ultimate holding company, at the top of the structure, there is nothing to check in terms of mirroring, as we cannot go 'up the branch' any further
- There are only 2 layers in the group structure
- There are only 3 companies in the entire group structure

Holding Company SPVs
Unacceptable Examples

Unacceptable holding company SPVs

UNACCEPTABLE

Example 1: A holding company SPV applicant, with three subsidiary SPVs, over 4 total layers

LAYER 4

Holding Co SPV 1 Ltd

Director Mr A
Director Mrs B
Shareholding
Mr A 50%
Mrs B 50%

LAYER 3

Holding Co SPV 2 Ltd

Director Mr A
Director Mrs B
Shareholding
Holding Co SPV 1 Ltd 100%

LAYER 2

Holding Co SPV 3 Ltd

Director Mr A
Director Mrs B
Shareholding
Holding Co SPV 2 Ltd 100%

LAYER 1

Subsidiary SPV Ltd

Director Mr A
Director Mrs B
Shareholding
Holding Co SPV 3 Ltd 100%

All directors required on application ✓

=> 75% shareholding on application ✓

=< 3 layers in group structure X

=< 5 companies in entire group structure ✓

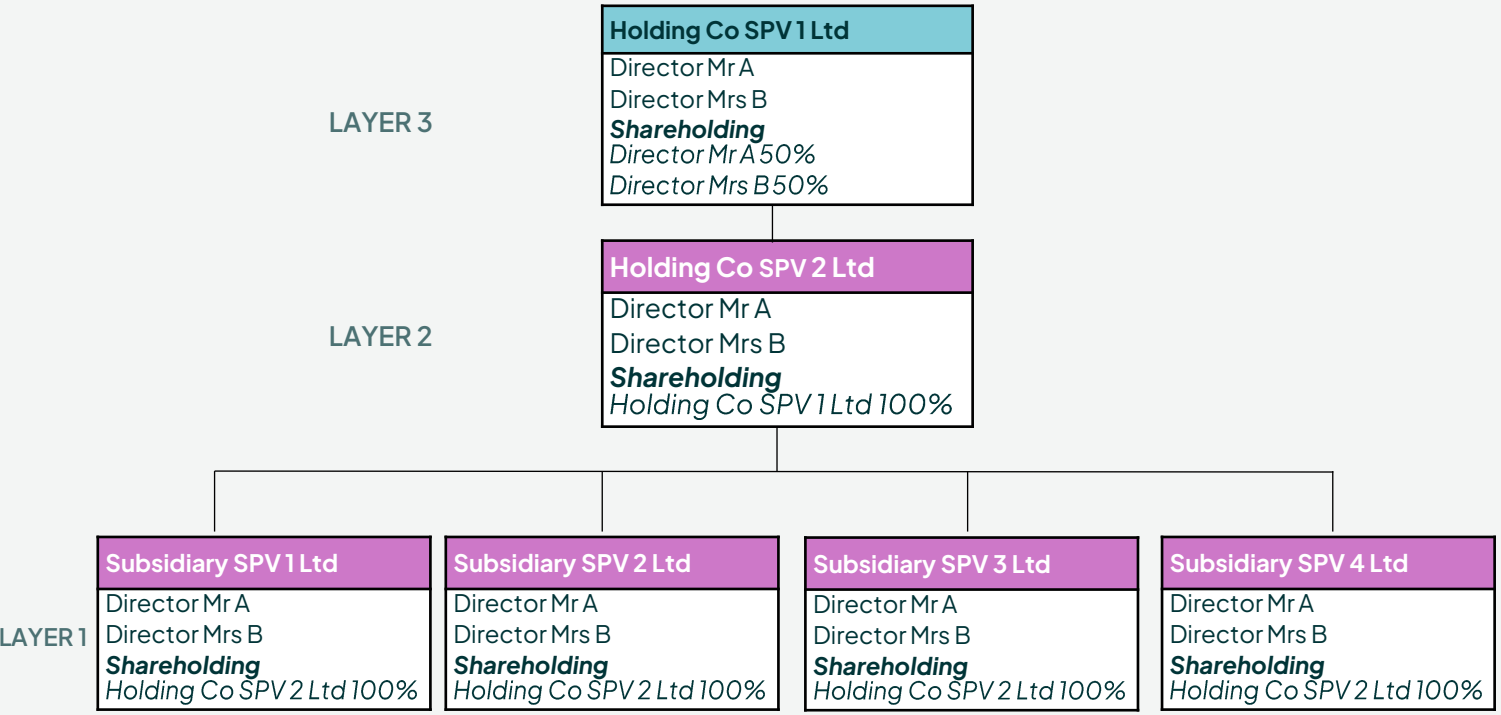
All companies in the group are SPVs ✓

- All directors of the SPV need to be on application
- As there are 2 directors, this is within policy
- The directors of the SPV are also the only shareholders. Therefore, we would have included 100% of the shareholding
- As we are lending to an ultimate holding company, at the top of the structure, there is nothing to check in terms of mirroring, as we cannot go 'up the branch' any further
- There are only 4 companies in the entire group structure
- But there are 4 layers in the group structure – and this is outside of policy

Unacceptable holding company SPVs

UNACCEPTABLE

Example 2: A holding company SPV applicant, with five subsidiary SPVs, over 3 total layers



All directors required on application ✓

=> 75% shareholding on application ✓

=< 3 layers in group structure ✓

=< 5 companies in entire group structure X

All companies in the group are SPVs ✓

- All directors of the holding company SPV need to be on the application. As there are 2 directors, this is within policy
- The directors of the holding company SPV are also the only shareholders. Therefore, we would have included 100% of the shareholding
- As we are lending to an ultimate holding company, at the top of the structure, there is nothing to check in terms of mirroring, as we cannot go 'up the branch' any further
- But there are 6 companies in the entire group structure, therefore this is out of policy

Get in touch

PLEASE NOTE: If the company group structure of your client does not appear in the examples we have highlighted within this document, or if you are still unsure whether Fleet can consider your case, please speak to your Business Development Manager before you submit the case.

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