

CENOPTIONS

Brought to you by  keys[®]





CONTENTS

- 1 Introduction
- 1 What are Cenoptions and how do they work?
- 2 How Cenoptions can benefit you
- 3 The application process
- 4 The range of Cenoptions available
- 5 Cenoptions - The Science
- 5 Firms that Centрила employs to complement its business
- 6 Barclays Bank
- 7 Sansons Chartered Accountants and Registered Auditors
- 8 BPL Solicitors Limited
- 9 Frequently Asked Questions
- 11 Additional information



INTRODUCTION

Centrila Ltd has developed a revolutionary range of products – called Cenoptions. After extensive research, actuarial studies and utilising the combined expertise of a range of professional firms, Centrila is able to offer an innovative product which allows property owners or future purchasers to mitigate the risk of short to medium term house price fluctuations relating to that property.



House prices have typically followed a cyclical pattern, offering investors the opportunity to make excellent profits when prices are rising, but also leaving speculators vulnerable to making severe losses in a falling market. By undertaking exhaustive ongoing research and taking a medium to long term view on property and the cyclical trends it follows, Centrila is able to offer property owners and future purchasers the ability to commit to property without having to be concerned by the uncertainty of not knowing where the property market may go in the future and the impact that this may have on them. One of the product range even allows clients to secure an increase in their property's value.

WHAT ARE CENOPTIONS AND HOW DO THEY WORK?

The whole range of Cenoptions is available on properties already owned or being purchased. If you are concerned that the value of a property could fall in the future, Cenoptions allow you to mitigate this risk by giving you the contractual right to sell the property to Centrila at any point from 3 to 10 years in the future at today's agreed price. This effectively provides you with the peace of mind that you can always sell your property at today's agreed value during this period even if house prices have fallen and the property is worth considerably less at any point during this period. All products within the range give you the legal right to oblige Centrila to purchase the property



from you, but does not grant Centrila the right to purchase the property from you should the value of the property increase and you not want to sell. The application process should take less than 3 weeks from start to finish, does not involve any upfront costs such as a valuation fee, and has been made as streamlined as possible to ensure the highest of service levels. You will only be asked for payment of fees upon requesting via your Broker that your Cenoption contract be issued following your property being accepted for a Cenoption at a valuation you are happy with. The product range has been created to provide greater flexibility for property owners, and hence you can assign an existing Cenoption and the benefits of the contract to any third party the property is sold to as long as you inform Centrila of this beforehand in writing. This is a free benefit provided to Cenoption holders.

HOW CENOPTIONS CAN BENEFIT YOU – A WORKED EXAMPLE

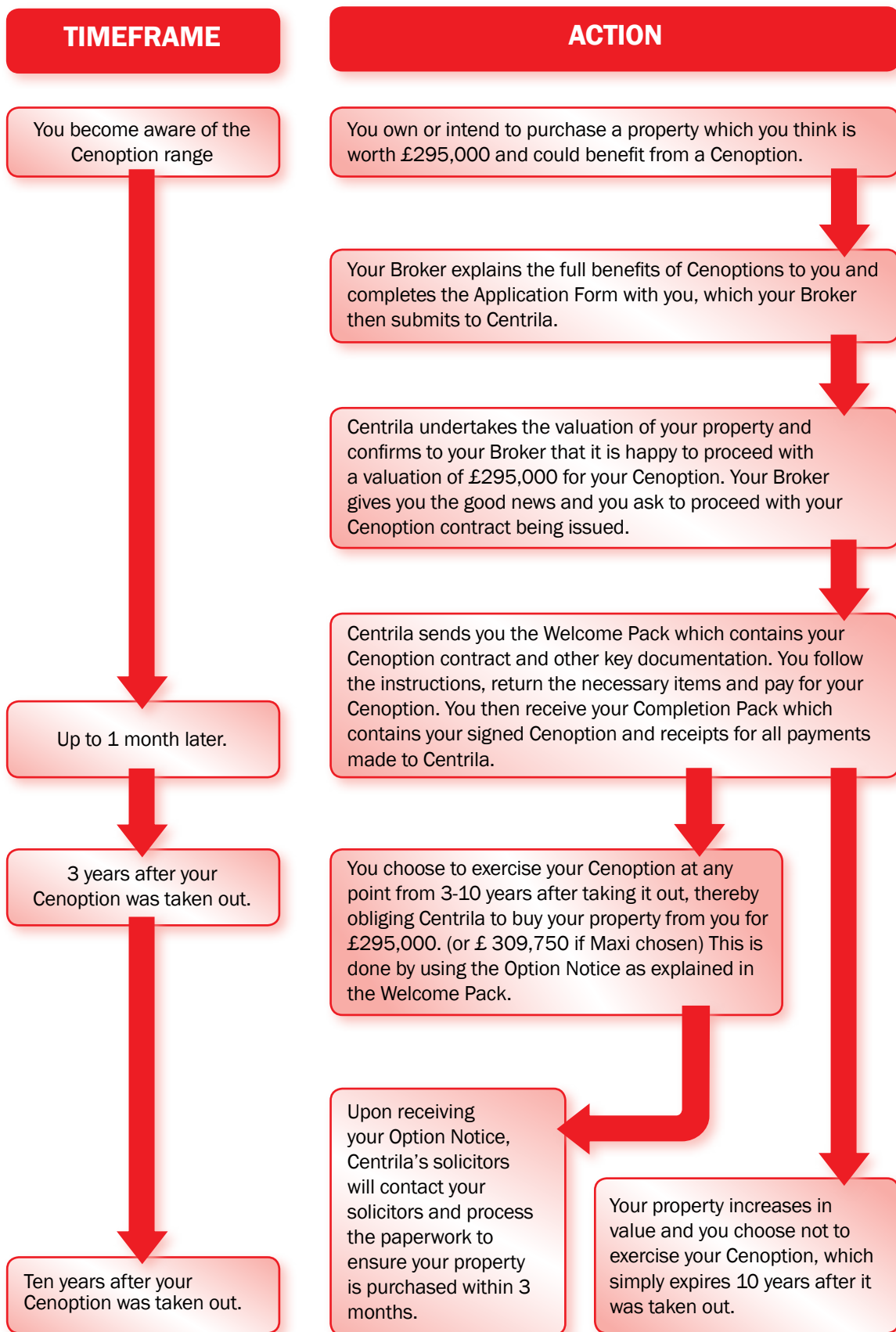
You bought a house four years ago for £220,000. During those four years you have invested money and time in improving the property resulting in a current value of £295,000.



Having purchased a Cenoption there are two scenarios should you wish to sell your house:

1. Since the purchase of your Cenoption there has been an increase in the value of your house and its value has risen to £330,000. This would allow you to sell it on the open market and realise a profit of £110,000 on your initial purchase. In these circumstances you would not benefit from exercising your Cenoption and would probably choose not to do so.
2. If on the other hand there has been a fall in property prices and your house is worth only £260,000 but sensibly you have taken the precaution of putting a Cenoption in place, you can sell your house to Centрила for £295,000 thereby keeping your profit intact. If you had chosen the Maxi product you could actually sell the property to Centрила for £309,750 – 5% more than the original market value!





THE CENOPTION PRODUCT RANGE

Centrila is delighted to be able to offer a range of four Cenoption products which have been designed to accommodate clients' differing needs and circumstances. All Cenoptions can be exercised at any point from 3-10 years from being taken out, are fully assignable, and all have the same underwriting criteria in terms of acceptable property types, no minimum or maximum property values and being available on new build and off plan properties. All stage payment Cenoptions are paid over a period of two years, with the initial payment paid when the Cenoption is granted.

Flexi Stage Premium (only available in Stage Payments)

This offers you great flexibility to choose how you manage your Cenoption. You can spread the cost of the product over 3 instalments, however at the end of the second year, you have the choice to either make the final stage payment – thereby completing all required payments – or alternatively to choose to cancel the contract and to receive a refund (including VAT paid) of the second stage payment made, meaning you would only have incurred the cost of the initial payment. If you are unsure about what may happen with property prices, this gives you the ability to benefit from the product's features today, while being able to reassess market conditions in two years time.

Maxi Stage Premium (only available in Stage Payments)

The Maxi product offers exactly the same flexible features as the Flexi product in terms of being able to opt for a refund in two years time, however, for a fraction more in cost, you are able to secure a future Purchase Price for your property at 5% over today's value. Accordingly, if Centrila agrees a value of £100,000 today, Centrila will agree to buy the property from you (should you exercise your Maxi Cenoption) for £105,000, thereby giving you a profit on the premiums paid together with having had the peace of mind and benefit of having safeguarded your property's equity – hence a win-win situation!

Standard Single Premium (only available as a Single Premium)

This is the cheapest Cenoption plan available, however as the premium is all paid upfront you do not have the flexibility of having a return of any of the premium should you decide in the future that you do not need to use the Cenoption. Nevertheless it still represents excellent value for the benefits it provides.

Standard Stage Premium (only available in Stage Payments)

This is very similar to the Single Premium Cenoption, but it costs slightly more as it allows you to spread the cost of the product over 3 instalments, with you being able to choose whether to make either the second or third payments depending on your personal circumstances and the state of the property market in the future. There is however no ability to opt for a refund of any premiums paid to date at any point.

CENOPTIONS – THE SCIENCE BEHIND THEM

Centrila relies upon wide ranging research into the housing market taking into consideration a host of different parameters. Regular in depth analysis of contemporary house price trends by period and geographical area, historical property trends, extensive and complex research carried out by actuarial professionals pertaining to the housing market and its own vision, knowledge and experience in this field collectively underpin Centrila's business strength and success.

Centrila is also able to seek ongoing advice from professionals that are well versed in all aspects of protecting property portfolios and house builders from fluctuations in property prices with strategies to offset these fluctuations such as the implementation of complex hedging mechanisms.



FIRMS THAT CENTRILA EMPLOYS TO COMPLEMENT ITS BUSINESS

Centrila recognises the importance of working with leading professional firms to bring continual added value to the product range and to ensure the highest level of service is always maintained. Details of the firms Centrila is working with are provided on the following pages, together with a brief explanation of how each company is involved with Centrila and why this is of great benefit to the product and ultimately to Centrila's clients.

BARCLAYS BANK

Centrila has engaged Barclays Bank to act as its bank for the deposit of clients' premiums and for the accrual of capital cash reserves. Barclays will therefore be providing the trust bank account in which the capital cash reserves will be held to reflect Centrila's total commitment to ensuring capital cash reserves can only be used for future obligations which the company may incur should clients exercise their Cenoptions. Through its extensive banking services and facilities, Barclays will also be retained to advise on providing the most suitable returns on monies held in the Trust account. Barclays multi-national banking platform also allows Centrila to benefit from its cutting edge technology, multi-currency facilities and bespoke banking solutions.



Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the Americas, Africa and Asia.

With over 300 years of history and expertise in banking, Barclays operates in more than 50 countries and employs approximately 155,000 people. Barclays moves, lends, invests and protects money for more than 48 million customers and clients worldwide.



Why is the money held in a trust account?

A well managed trust account, although not normally producing the same potential returns that may sometimes be achievable in some higher risk investment vehicles, is universally regarded as one of the most reliable and secure methods of managing and protecting large sums of capital. Centrila is committed to ensuring that the cash reserves being maintained benefit from this safe environment to provide total security in these uncertain financial times.

SANSONS CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

Centrila has retained the services of Sansons, a leading chartered accountancy firm based in the heart of Docklands, arguably the new financial centre of London. Sansons provides invaluable advice to Centrila on a host of different business issues, including the company's structure, how best to manage current and future tax liabilities and general best practice business advice.

Centrila has also mandated Sansons to provide regular independent audit functions and confirmation of the level of capital reserves held securely in Trust. This provides clients with peace of mind that Centrila is maintaining the required level of capital as per actuarial recommendations, and additional security in the knowledge that these cash reserves cannot be used except with the Trustees' express consent should a client exercise their Cenoption. Sansons' involvement is an invaluable addition to Centrila's business that complements the company's commitment to transparency and best business practice.



BPL SOLICITORS LIMITED

BPL solicitors has been selected as Centрила’s current conveyancing partner for a host of reasons. Having established itself with an enviable reputation within the legal profession, BPL solicitors is able to offer Centрила leading conveyancing services and has the in-house administrative and technological resources to be able to handle volume business while maintaining the highest of service levels. Should you choose to exercise your Cenoption on a UK property, Centрила will normally appoint BPL solicitors to act on its behalf, while of course you may choose any other solicitor to act for you.

In addition, BPL solicitors has formulated the UK Cenoption contract, offering its advice and input to ensure that the contract is concise, conforms to UK law and is easy to understand and use.

Extracts from www.bplaw.co.uk



‘Bpl solicitors limited is a specialist legal practice, focused on the residential property, commercial property and business market. We offer in-depth advice to our clients, given by professionals who are recognised specialists in their fields.’

‘We offer industry leading services for Property Developers, Mortgage Lenders, Financial Intermediaries, Architects, Relocation companies and Estate Agency chains.’

‘We recognise that we are representing your brand and adopt the highest standards to protect your business integrity and values.’

‘Our experience in the legal property industry makes us a natural choice for advice on a range of matters. We have developed a range of innovative niche products for clients including search providers, mortgage lenders, individual mortgage brokers and networks, estate agencies and professional property investors. We also provide discreet advice to other law firms on professional matters and maximising their business efficiency.’



FREQUENTLY ASKED QUESTIONS



How much does a Cenoption cost?

The cost of a Cenoption depends on whether you have selected the Standard, Flexi or Multi Cenoption, and whether single premium or stage payment method has been selected, with your Broker being able to confirm the exact costs at point of application. VAT is chargeable on all Cenoptions at the current applicable rate. Your Broker will explain in detail the various features and benefits of the Cenoption product range available, the different payment and flexible terms available and will help you to decide which Cenoption best suits your requirements.

Can the cost of a Cenoption be split across stage payments?

Yes – the Standard, Flexi and Maxi products all have the ability to be paid by stage payments which is an ideal solution if you wish to spread the cost of the premium or wish to see how property price trends develop without committing yourself fully to having to pay the full premium upfront.

The following stage payment schedule applies:

The first stage payment is payable at the point of your Cenoption being granted.

The second stage payment is payable on the first anniversary of your Cenoption being granted.

The third stage payment is payable on the second anniversary of your Cenoption being granted.

It is your responsibility to make sure that all stage payments to Centрила are made when required if you choose any stage payment route. Centрила will NOT send you reminders. If these payments are not made by the due date either by omission or you decide you do not wish to make either the second or third payment then your Cenoption contract will be deemed to cease on that date and will not be exercisable.

What is the valuation process?

Centрила will undertake its own valuation of the property. This is done by a combination of many methods which negate the need for an actual physical inspection. If you have any suitable comparable evidence or a recent survey of the property requiring a Cenoption, then these should be provided to your Broker at the point of application for Centрила's consideration. There is no cost involved in having your property valued by Centрила, allowing you to have your property's value confirmed before you have made any financial commitment.



Will a Cenoption affect my mortgage?

Any mortgage or other charge on the property will not affect the product or how it works. You are free to settle any charges against the property at any time before exercising your Cenoption, however upon exercising your option Centrila requires clean title and vacant possession of the property. As part of the standard conveyancing process, upon your Cenoption being exercised, any outstanding mortgages or charges secured on the property would normally be settled and cleared from the proceeds of sale when Centrila buys your property.

Can I assign my Cenoption?

Centrila appreciates that you may wish to move or perhaps sell your property and that flexibility can be of key importance. The Cenoption range therefore allows you to assign the benefit of the contract to any individual or corporate body of your choosing, including but not restricted to mortgage lenders, new owners or even beneficiaries within a will. It is important that Centrila is informed in writing of any assignment, with the process for this being explained in the Welcome Pack you will receive upon successfully applying for your Cenoption.

Is my property type suitable for a Cenoption?

All Cenoptions are available across most types of residential property, be they owner occupied or buy to let investments, as long as the property is registered at the Land Registry or is being purchased. A property split into multiple flats will be considered as long as the building only has one Freehold title. Leasehold properties require a minimum of 90 years or more remaining at the point of application, although exceptions to this can be considered within London. Commercial properties, including flats above shops where only one legal title exists, are currently not acceptable.

If I wish to exercise my Cenoption, how is this done and what are the timeframes involved?

The Welcome Pack you will receive upon successfully applying for a Cenoption contains full details regarding this. Within the contract you will be provided with an accompanying appendix document which is called the 'Option Notice'. This is a very simple form for you to complete and then send back to Centrila at any point after your option becomes exercisable, i.e. at any date from 3 to 10 years after having taken a Cenoption out. The return of the 'Option Notice' initiates the conveyancing process, with Centrila's solicitors contacting your nominated solicitors to complete the purchase of your property from you within 3 months of you exercising your option.



As the holder of a Cenoption, what are my obligations?

You should refer to your Cenoption contract for a full list of your obligations, but in general terms you are required to keep the property in a good condition, make any stage payments due if stage payment method has been selected, maintain any required insurances (especially buildings insurance) and not to make any structural alterations to the property without having first obtained written consent from Centrila, who will normally consent to these as long as they do not detract from the property's value.

How many Cenoptions can an individual hold?



Centrila relies on the value of each individual property rather than on the specific financial circumstances of the property's owner, and hence there is no restriction on the number of your properties that can benefit from a Cenoption. You could apply for a Cenoption on one single property, or multiple Cenoptions across your entire portfolio or a select group of properties within your portfolio.

How do I apply and how long does everything take?

You simply need to complete the straightforward application form which your Broker will go through with you. Any supporting evidence of the property's value such as a survey or comparables should also be provided at this stage as this may assist Centrila in reaching its valuation figure. Once the application form has been submitted, Centrila will usually provide a decision on the property value within 5 working days. From this point, the issuing of contracts and remaining administration required for your Cenoption to be put in place can normally be completed within two weeks.

If I exercise my Cenoption, am I liable for any fees?

You are only responsible for your own solicitor's costs and also for any statutory requirements such as the provision of a Home Information Pack. You will also benefit from not having to pay any estate agent's fees which can range from 1% to 3% on a typical sale.

Who can benefit from a Cenoption?

All Cenoptions can be taken out by an individual, partnership, limited company, trust or indeed any legal entity. However, at the point of exercising your Cenoption, your solicitor will need to be able to confirm you own the property and have the right to sell it to Centrila. Those who are currently bankrupt, or in the process of going through bankruptcy proceedings should not apply for any Cenoption as they will not be able to demonstrate ownership should they wish to exercise their option in the future.



Can I use any Cenoption with off-plan properties?

Yes – however there are a number of important facts you need to consider. You can only exercise your Cenoption within the allowable exercise period AFTER the off-plan property has been granted either a NHBC Certificate or a Zurich Building Guarantee. If the property will not have either of these please refer to your Broker to see if the property will be acceptable.

ADDITIONAL INFORMATION

This material is intended to provide a basic overview of the product, the benefits it has to offer and how you can take advantage of these. It is not a fully comprehensive or exhaustive description of every feature of Cenoptions. Full contractual details are detailed within your Cenoption contract.

This brochure and the information it contains must not be used in countries wherein its use may contravene that country's laws, regulations, practices or customs. It must not be used in the United States of America.



“Keeping your options open”



www.centri-la.com