

The Drive Housing Co-operative Ltd

Summer 2011
(1st June - 31st August)



Invitation to invest in loanstock

more information on the project at www.thedrive.coop

About loanstock

What is loanstock?

As an Industrial and Provident Society, we have the right to borrow money in the form of loanstock. In much the same way banks & building societies have fixed term deposits, and governments issue gilts, co-operatives issue loanstock for 5, 10 or 15 years. Individuals may lend up to £20,000 and in our case the minimum will be £200.

How it Works

To prove we are not a deposit-taking body (building societies are Industrial and Provident Societies) there will be an issue announcement open for a defined period during which people can apply for loanstock and pay the money by cheque or directly into our account. At the closing date, loanstock certificates will be issued.

On the anniversary of the issue closing date, interest will be paid to lenders at the rate they have requested, which will be 0% or 1% or 2% or 3% or 4%, by BACS payment to the account from which their money came, or a nominated account in their name. Interest will be paid each year until the final year of the loanstock when the interest and original investment will be repaid.

It's a stock, not a share.

Loanstock does not give the lender any rights over how The Drive Housing Co-operative Ltd conducts its business. We will ensure that our accounts are published on our website, and will be as visible as possible.

What's in it for you?

Interest. You will be able to select the interest rate you want to be paid from 0% to 4% per annum. Traditionally loanstock interest rates have been well below the market rate, but as the market rates have fallen, the differential has diminished. You can do better in the commercial sector, but you have to go hunting for it.

Ethics

We are a group of people committed to exploring and utilising sustainable ways of living in London. Hopefully this falls in your definition of an Ethical Investment.

What is the risk?

In plain English, this is an unsecured loan. It is not secured on the property, but money will be set aside from the rental income, to cover the interest and repay the loanstock at the end of its term.

What do we want the money for?

We have secured a mortgage and secondary loan for the purchase price, but on top of that there are other costs including stamp duty (£24,800), legal fees, fixing the roof, replacing some timbers around some windows, re-pointing, starting on redecorating, and equipping the kitchen.

Then there are sustainability measures we want to introduce: insulation, energy efficiency, and a food garden using permaculture principles. Exact measures are yet to be decided because, in line with permaculture principles we will Survey, Assess, Design and Implement over a period of time.

The longer the period of loanstock the better for us.

The Drive Housing Co-operative Ltd loanstock conditions

1. Interest

Interest shall be paid on the loanstock at the annual rate specified on the certificate.

2. Payment of interest

The interest shall be calculated on 31st August each year. Interest shall be credited to each lender and paid to their nominated account by BACS. In the case of loanstock repaid in full as described in 3(2) below, with outstanding interest to the date of repayment shall be added to the principal amount outstanding. Interest is paid gross and you are responsible for declaring it to tax authorities.

3. Repayment of loanstock

(1) The loanstock shall be repaid in full on closing date 31st August in the year selected (2016, 2021, 2026).

(2) The Drive Housing Co-operative Ltd. may at its discretion, accept applications for early repayment of loanstock subject to the following conditions:

(a) a written notice stating the amount requested to be repaid should be sent to the Secretary of the co-op together with the loanstock certificate

(b) repayment of loanstock will normally be made within the following periods of time after proper notice has been received

£200 to £1000 – two months

£1001 to £3000 – three months;

£3000 plus –four months

(c) The Drive Housing Co-operative Ltd shall always give priority to applications from persons who are not members of the Drive Housing Co-operative Ltd in repaying Loan Stock.

- (3) Where only part of the amount outstanding under a loanstock certificate is being repaid, the Drive Housing Co-operative Ltd shall issue to the lender a new loanstock certificate in respect of the principal amount outstanding to the Lender.

4. Repayment on Default

The Drive Housing Co-operative Ltd shall repay the Loan Stock in full immediately, if The Drive Housing Co-operative Ltd:

- (a) is in breach of these Conditions; or
- (b) is overdue on any payment by 21 days or more; or
- (c) passes a resolution for winding up or goes into liquidation or has an administrative receiver appointed over any of its assets or has an administration order made against it or an effective instrument of dissolution is made by the members of The Drive Housing Co-operative Ltd.

5. General

- (1) These Conditions shall not give the lender any rights to attend meetings or participate in any way in the management of The Drive Housing Co-operative Ltd, other than those they would have as a member or director of The Drive Housing Co-operative Ltd. if s/he has such status.
- (2) Loanstock may be transferred by the Lender with the consent of The Drive Housing Co-operative Ltd.

The Drive Housing Co-operative Ltd Loanstock

Application Form – Summer 2011

Issue of £55,000 Unsecured Loan Stock maturing (please circle) 2016 2021 2026

I/We (full name in BLOCK CAPITALS)

.....

of (address in BLOCK CAPITALS)

.....

.....

wish to apply for pounds of loanstock [loanstock is issued in units of £100, minimum subscription £200] from The Drive Housing Co-operative Ltd. at the following rate of interest – {please circle}

0% / 1% / 2% / 3% / 4%

I/We have read and accept the Conditions overleaf. A cheque payable to The Drive Housing Co-operative Ltd for £is enclosed with this form.

Signatures(s)

.....

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Date

Please send the form and cheque to: The Drive Housing Co-operative Ltd, 29 Coronation Court, Brewster Gardens, London W10 6AL