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Making the most of your assets

CONTRIBUTOR | IFISA JOINT VENTURES AND PROMOTED CONTENT | **KUFLINK NARINDER KHATTOARE** |

*Narinder Khattoare, chief executive of peer-to-peer property platform **Kuflink**, explains why it is so important to vet every borrower...*

IN THE WORLD of property-based **peer-to-peer lending**, the term 'asset security' has become shorthand for the sort of collateral that can essentially guarantee the lender's capital investment.

Yet recent events in the P2P landscape have shown that when it comes to asset security, there can be a huge gap between expectations and reality.

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Despite the fact that property is a much less volatile security than other assets, many investors can still be misled by eye-wateringly high rates. As Narinder Khattoare, chief executive of Kuflink, warns: “In a scenario where you’re earning, say 15 per cent per annum, you have to question what kind of interest the borrower is paying and the security in place for investors.”

This is why the P2P property platform is on a mission to clarify the true meaning of asset security, and what investors should look for when determining the security of a loan.

“What tends to happen is that borrowers want to borrow as much as possible against the asset by putting less of their own money against the loan,” explains Khattoare. “It all comes down to the expertise of the board of directors and the credit committees sanctioning these deals, and whether they have the right experience of assessing and agreeing opportunities.”

Kuflink’s vetting process begins with a trusted network of brokers, before moving through a strict process of due diligence that weeds out riskier loans.

In fact, Kuflink’s process is so strict, that Khattoare estimates around 70 per cent of loan applications are knocked back at this initial stage. Of the remaining 30 per cent, another 50 per cent or so will drop off later in the process.

Kuflink will always have a conversation with borrowers regarding their assets and liabilities, as well as detailing the exit date of the loan and any future needs.

“We then get a fully complete application brought into us supported by relevant documentation,” explains Khattoare. “That’s where you start to build a picture of the borrower profile. Our background checks will flag any adverse credit issues.

“Then we sit down with our credit team to assess the application, which then goes to a second credit committee and on to solicitors before any money is lent.”



This tough process combined with the platform's own promise to do "sensible lending" at "competitive rates" means that Kuflink stands apart from those lenders who lend too much against assets that do not stand up to scrutiny.

And it clearly works. Kuflink strives to ensure that borrowers have enough equity left in their portfolio to support an easy refinance, and as a result of this their investors have seen no losses to date.

"What we want to do is provide a facility that enables people to grow their portfolio or business, not lose the security assets," adds Khattoare. "That's what works for us as a business and it works for our investors."

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