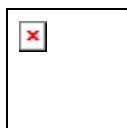


**MR. D.L. MANNING: GRANT OF A LOAN
(FIELD 1007, ST. JOHN)**

**Lodged au Greffe on 25th May 1999
by the Finance and Economics Committee**



STATES OF JERSEY

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PROPOSITION

THE STATES are asked to decide whether they are of opinion -

to refer to their Act dated 17th November 1998, in which they approved the granting of financial assistance to Mr. David Ronald Manning in order that he might construct a domestic dwelling on Field 1007, St. John, and -

- (a) to approve a loan of an amount not exceeding £200,000 with interest at four per cent per annum to Mr. David Ronald Manning to enable him to build a four-bedroomed house on Field 1007, the loan to be repayable in equal monthly instalments on or before the expiry of fifteen years from the date of completion of the works as certified by the architect, or on sale or transfer of the property from the owner to a third party;
- (b) to agree that the loan be secured on the proposed house, shed and Fields 1007 and 1009;
- (c) to apply simple interest at four per cent on capital advances up to the date of completion as certified by the architect;
- (d) to agree that a mortgage protection policy be in place prior to the loan being advanced;
- (e) that the work should be carried out to the satisfaction of the Planning and Environment Committee;
- (f) to agree that payment will be made directly to the contractor(s) on production of architect's certificates.

FINANCE AND ECONOMICS COMMITTEE

Report

The States will recall that, on 17th November 1998, they adopted paragraph (1) of a proposition prepared by Deputy Alan Breckon of St. Saviour to provide financial assistance to Mr. D.R. Manning to build a house on Field 1007, St. John. However, paragraph (2) of the proposition was not approved due to a lack of information and the Finance and Economics Committee was asked to consider the matter and report back to the States.

Mr. D.R. Manning is requesting a loan of £200,000 repayable over fifteen years, bearing interest at four per cent, to build a house on Field 1007. Mr. Manning will be 72 years of age on full repayment of the loan.

When Mr. Manning originally applied for planning permission in 1973 (which was granted in November 1996) it was for a four-bedroomed house. It was originally intended to accommodate Mr. Manning, his wife and their three children. Since then, two of his children have left home and one currently still resides at their rented property.

Mr. Manning, who trades as Fetch and Karrie, has moved his business from his rented facilities in Cannon Street to his shed in Field 1007. The shed was built in 1996, partly from personal savings and a lease agreement repayable over three years. The lease is due for completion in September 1999, when title for the shed will transfer to Mr. Manning.

The Finance and Economics Committee have had difficulty in confirming Mr. Manning's ability to repay and service the loan. Detailed business accounts were not available. However, based on cash flow statements prepared by Mr. Manning and the completion of a lease agreement the Committee is prepared to authorise the loan.

The Law Officers' Department have advised the Committee that -

- (i) there are no legal problems in granting a loan to Mr. Manning;
- (ii) the Committee should not enter into a loan agreement without a mortgage protection policy in place - it is a legal requirement under the Building Loans (Jersey) Law 1950, as amended;
- (iii) if Mr. Manning were to default in repayment, the Committee would be able to sue for the recovery of the outstanding balance, which may well lead to insolvency proceedings. If Mr. Manning were to die, then there would be a claim lodged with his executor in the usual way, subject to whatever arrangements may be in place for mortgage protection cover.

The loan will be secured on the proposed house, existing shed and Fields 1007 and 1009. The house and shed are covered by a corpus fundi arrangement. By securing the loan on these assets, the States are assured of repayment of *any* outstanding balance on the loan.