

# Investor Security

This document summarises the 8 layers of Investor Security which is built into the Woodville Loan Note to protect Investor Capital.



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- ① Loans to Law firms are fixed and short term (6–9 months) where liability has already been established

Targeting smaller value carries much less risk, and few other litigation funders can process these cases on the required scale.

The average Loan Size is £1,000 – £5,000 depending on the claim type. This provides extra diversification across the Investor Capital.

In the event of an unsuccessful claim, this would not cause a delay repayments of investor capital, as it would only cause a delay for the one claim that is affected.

Woodville can absorb the cost as it would only amount to either £1,000 or £5,000.

**The anticipated default rate is less than 1% on all cases funded.**

- ② Woodville's Loan is secured on an ATE (After The Event) insurance policy

If a claim is lost or discontinued, the loan is repaid to Woodville from the insurance policy proceeds.

- ③ Loans are front loaded with interest

When extending loans to law firms, Woodville deducts interest up front from the principal amount lent, keeping this cash buffer on hand for the duration of the financing.

**This means that a loan made by Woodville cannot default for lack of payment of interest, but only at the end of the term for failure to pay the principal.**

See below how each claim type is funded.

**Road Traffic Accident (RTA)** – The Loan value is £1,000. £770 is paid out and £230 is retained for interest.

**Housing Disrepair (HDR)** – The Loan value is £3,000. £2,000 is paid out and £1,000 is retained for interest.

**Plevin** – The Loan value is £1,450. £1,000 is paid out and £450 is retained for interest.

**Car Finance (PCP)** – The Loan Value is £5,000, £3,213 is paid out and £1,788 is retained for interest.

- ④ Assignment rights over each case is held by Woodville to protect in the event of Solicitor going into liquidation

Woodville obtains a security interest in the litigation claims that it finances, meaning if a Law Firm ceases to trade part way through a claim, a new Law Firm can be elected to represent the claimant, and Woodville's Loan is paid by the overtaking law firm directly from the claim proceeds.

The ATE policy is also assigned to Woodville, so we can make a claim against the policy directly with the insurer.



#### 5 Funding is only provided to SRA Regulated Law Firms

All proceeds from Woodville's Loan Note programme are used to provide short term secured loans to a carefully vetted panel of SRA regulated Law firms in the UK ([https:// www.sra.org.uk/consumers/who-we-are/what-sra-about/](https://www.sra.org.uk/consumers/who-we-are/what-sra-about/)).

The SRA regulate all solicitors and most law firms in England and Wales. They protect and help the public by making sure when things go wrong, the SRA can help in the following ways.

- **Taking action in cases of serious misconduct** – The SRA can prosecute solicitors and firms at the independent Solicitors Disciplinary Tribunal (SDT). It can issue fines and suspend or even strike off solicitors.

- **Interventions** – The SRA can close down firms where there is a serious risk to their clients and the public. SRA fines–They can fine solicitors and firms and set limits on what work they can do.

- **Compensation fund** – A discretionary fund is managed by the SRA that can help return money to people who have lost it due to a dishonest solicitor.

#### 6 Claims are settled by well-capitalised Insurers

Even where a legal claim is successful, it is sometimes necessary to enforce the judgment to collect payment.

For claims of the type financed Woodville, the most likely reason for difficulties in enforcement is that the defendant is unable to pay the judgment due to lack of funds.

However, in most cases the defendant is insured so the judgment is settled by a well-capitalised insurance company, giving a very high chance of successful enforcement of any judgment.

Furthermore, the event of an unenforceable judgment, the ATE insurance policy should pay out to cover the litigation costs.

**98% of claims funded by Woodville are settled before trial.**

#### 7 Woodville take a charge over the borrowing law firm, with personal guarantees sought where possible

Woodville obtains personal guarantees from law firm partners to secure loans made by the Issuer to borrowers. In the event of misconduct by law firm borrowers, the Issuer may also be able to make a claim against the law firm's indemnity insurance, or The Law Society's Solicitors Indemnity Fund (SIF).

Strict and detailed underwriting is carried out on each Solicitor through whom Woodville offer the loan facility. Equally strict lending decisions are made based on Company history, turnover, and claim track record.



### 8 10% buffer zone for replacement of failed cases

Woodville use a "like for like" replacement system should a funded case fail for any reason.

If a law firm wants to run 100 cases, Woodville will fund 90 of the 100 cases, leaving 10 cases to be self-funded by the solicitor.

This means if one of Woodville's 90 funded cases fails for any reason, such as new evidence becomes available, or the claimant can no longer proceed with the claim, it can be replaced by one of the 10 cases which have been self-funded by the Law firm.

Woodville will select a case with the nearest attributes in terms of age and progress. Using a 'like for like' replacement would not then disrupt the remaining loan term.

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