

VACANT DEVELOPMENT LAND LOANS

(OFTEN SECURED BY ONE OR MORE MORTGAGES AND FIXED AND FLOATING CHARGES OVER ONE OR MORE COMPANIES)

Situation (Actual)

Client's Broker contacted Robert at Equity Lenders advising of his situation (July 2018)

- A large vacant block of land in a Perth suburb suitable for subdivision into 65 lots was put under contract for \$1.1m with a sworn valuation of \$1.4m as provided by the Broker. Contract was between Brokers Client and the Receiver
- Seeking 65% of the valuation amount instead of contract price
- Desired loan term to be a minimum of 6-months with prepaid interest and loan fees
- Client is staging the subdivision into 3 parcels and intends to construct 65 house and land packages including apartments
- Client is an established property developer and is always on the lookout for favourable opportunities
- Required a low monthly interest rate based on 1st mortgage security and didn't want to use additional securities for this loan

Solution

Robert secured a private lender on the terms the Broker's Client was seeking

- An Equity Lenders panel lender was able to assist using the Broker-provided valuation and without the need to order and pay for a new valuation
- A 1st mortgage loan for \$910k was approved and letter of offer issued to the Broker within 24 hours
- Loan term of 6-months was provided as requested
- All the interest and fees were included in the loan as requested
- The required LVR of 65% was achieved
- The lender agreed to base their 65% LVR on the higher valuation amount instead of the lower contract purchase price
- Lender only took the land being purchased as security for their loan. No other property was required
- Interest rate for vacant land without DA was approved at lenders traditional interest rates

Outcome (for this particular Client)

Loan term 6-months with a penalty-free extension period at same interest rate ✓ BYO Valuation accepted ✓
Introducer Paid ✓ Immediate Decision ✓ LVR based on Valuation and not on Contract price ✓