

# Fact Sheet(s) on Development & Construction Loans

EquityLenders.com.au is your intermediary with arrangements in place to provide you with loan offers from Australia's leading private lenders secured by **1st & 2nd Mortgages, Mezzanine Mortgages & Caveats** and offered to:



Property development loans from 1 & 2 dwellings to 50+ dwellings, drawdown construction loans for housing, commercial, industrial & retail. Land subdivision loans from 1 & 2 lots to several hundred lots across Australia



**What you need to consider before making a decision on which lender assists you with your loan requirements - Private development & construction lenders are not the same as bank & non-bank lenders!**

We offer loans from providers including: **Mortgage Managers, Direct Lenders & Combo Lenders**

**Mortgage Managers** manage funds on behalf of private individuals, SMSF Trustees, family offices and Managed Fund Providers. Their loans are tailored to individual situations. Their objective is to provide generous investor returns on a long-term basis

**Direct Lenders** operate Pooled Mortgage Funds on behalf of Mum & Dad investors and SMSF's wanting a regular income stream. Their objective is to provide investor returns on a short-term basis

**Combo Lenders** are Direct Lenders that administer their own funding lines and Mortgage Manage funds on behalf of private individuals. Their objective is to provide returns to their own funding line and their lenders on both a short-term and long-term basis



## Benefits of using a Mortgage Manager

Interest rates for 1st mortgages from 14.95% per annum and 2nd mortgages up to 24% pa

Loan terms to length of project

Construction loans to build new homes or take-over partially completed property under construction

Loan amounts are suitable for borrowers seeking smaller loans i.e from \$50,000

Mortgage Managers often hold licencing to offer NCCP loans for non-business purposes

Unused interest as a result of early loan repayment may be refunded



## Drawbacks of using a Mortgage Manager

Loan limits to \$3m maximum and always subject to availability of funds

Lvr's of up to 65% but mostly 60% of GRV net of GST

Often loans provided by Mortgage Managers will take 2 or 3 times longer to settle

Credit checks may be undertaken on the borrower(s) at mortgage managers discretion



## Benefits of using Direct Lenders

Loan limits to \$10m maximum

Lvr's of up to 70% of GRV net of GST and up to 55% for vacant land

Interest rates are similar to banks and non-bank lenders and lower than Mortgage Managers

Both 1st and 2nd mortgages are available and not restricted to 1st mortgages only

Credit checks may be undertaken however only looking at judgments and court writs to payout before funding



## Drawbacks of using Direct Lenders

May not lend in all states and territories of Australia

Reduction in Lvr's depending on location of properties

Must use only the lenders QS reports and cannot rely on user-supplied QS reports



## Benefits of using Combo Lenders

Interest rates are determined on a case-by-case basis to win the business

Fees are negotiable to win the business



## Drawbacks of using Combo Lenders

Additional fees for risk may apply, higher interest rates for risk may apply

Restriction on locations, restrictions on land area, restrictions on security type and restrictions on Lvr's

# Private Loan secured by Reg'd 1st Mortgage(s)

**EquityLenders**

Effective as at: 11/03/2019

## Lender: AC

<b>About this lender</b>	Is a <b>Combo Lender</b> providing their own funds and a Mortgage Manager offering funds from high net worth individuals, Managed Funds, Super Funds (SMSF's) and family offices
<b>Strengths of this lender</b>	Lower interest rates, decision-making time, settlement time, valuation time
<b>Weaknesses of this lender</b>	Low lvr's, no Code loans, loan term, min loan amounts, no ABN Holders or Individual's
<b>Interest Rate</b>	From 8.95% to 11.95% pa risk dependant
<b>Principal &amp; Interest?</b>	Not offered by lender
<b>Interest Payments</b>	Monthly in advance & capitalised into the loan within LVR guidelines
<b>Loan Term (Minimum)</b>	3-months
<b>Loan Term (Maximum)</b>	Length of construction
<b>Rollover Term(s)</b>	Not offered by lender. A new loan is provided subject to prevailing credit conditions
<b>Suitability</b>	Purchase, Refinance, Equity Release
<b>Max LVR Residential</b>	Up-to 70%
<b>Max LVR Commercial, Industrial &amp; Retail</b>	Up-to 70%
<b>Max LVR Vacant Land</b>	Up-to 55%
<b>Loan Amount(s) Residential &amp; Commercial</b>	\$250,000 - \$2,500,000 Residential & \$5,000,000 Commerical
<b>Acceptable Borrowers (Business)</b>	Company, Corporate Trustee, Family Trust
<b>Acceptable Borrowers (Personal Names NCCP)</b>	Lender does not have ACL for NCCP (Code) loans
<b>Loan Purpose (Business)</b>	Any worthwhile business or investment construction or development purpose
<b>Loan Purpose (NCCP)</b>	Lender does not have ACL for NCCP loans
<b>Eligible Security</b>	Residential and commercial property
<b>Rural Property and Land?</b>	No
<b>Eligible Locations: \$250,000 to \$5 million</b>	Sydney, Melbourne & Brisbane with rates from 8.95% - 11.95% p.a
<b>Construction</b>	Yes to 70% lvr of GRV net of GST
<b>Lender Fee</b>	From 2.2% of the loan amount and included in the loan amount
<b>Equity Lenders P/L Fee</b>	2.2% of the loan amount and included in the loan
<b>Lending Manager Fee</b>	Lender does not have a Lending Manager
<b>Commitment Fee</b>	Lender does not have a commitment fee
<b>Valuation Fee</b>	Lender will quote and fee is payable upfront to the lender
<b>Legal Fee</b>	From \$1,500 + GST + Disb up-to \$3,000 + GST + Disbs and included in the loan amount
<b>Valuations</b>	Full Valuation instructed by lender
<b>Joint and Several Guarantees</b>	All third-party security providers, all directors (particularly shareholder directors) of the borrowing entity, any corporate shareholder of the borrowing entity
<b>Indicative Letter of Offer</b>	No charging clause and No cancellation fees in the Indicative Letter of Offer
<b>Documentation</b>	Completed Equity Lenders application pack + rates notices + ID's

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# Private Loan secured by Reg'd 1st & 2nd Mortgage(s) **EquityLenders**

Effective as at: 11/03/2019

## Lender: CG

<b>About this lender</b>	Is a <b>Combo Lender</b> providing their own funds and a Mortgage Manager offering funds from high net worth individuals, Managed Funds, Super Funds (SMSF's) and family offices
<b>Strengths of this lender</b>	Low interest rates, long-term loans, NCCP licence for Code loans, unused interest refunded*
<b>Weaknesses of this lender</b>	Application-to-offer within 1 week, approval of loan to settlement timeframes i.e 3-4 weeks, may require credit checks on all borrowers, requires valuations in all cases
<b>Interest Rate (Resi)</b>	14.95% p.a to 24.00%
<b>Interest Rate (Comm'l)</b>	15.95% p.a to 24.00%
<b>Principal &amp; Interest</b>	Not available during construction
<b>Interest Payments</b>	Borrower can request a tailored repayment solution upon completion
<b>Loan Term (Minimum)</b>	NA
<b>Loan Term (Maximum)</b>	Term of construction project
<b>Rollover Term(s)</b>	Available subject to acceptable loan repayment history per request
<b>Suitability</b>	Purchase, Refinance, Equity Release, Construction
<b>Max LVR Residential</b>	Up-to 65% and lender decides if using forced-sale or market value of property/s
<b>Max LVR Commercial</b>	Up-to 65% and lender decides if using forced-sale or market value of property/s
<b>Max LVR Vacant Land</b>	Up-to 65% and lender decides if using forced-sale or market value of property/s
<b>Min Loan Amount</b>	\$250,000
<b>Max Loan Amount:</b>	Up-to \$3,000,000
<b>Acceptable Borrowers - Business</b>	Company, Corporate Trustee, Family Trust, Individual^ and ABN Holder with business bank account*   *ABN holders require an event-based exit strategy i.e property sale. ^ Requires documentary evidence of funds use. Expect lender to call
<b>Acceptable Borrowers - Personal Names (NCCP)</b>	Yes. e.g signed agency agreement confirming property is being marketed for sale upon completion
<b>Loan Purpose (Business)</b>	Any worthwhile business or investment purpose
<b>Loan Purpose (NCCP)</b>	Any worthwhile consumer or investment purpose
<b>Eligible Security</b>	Residential, Commercial, Industrial, Retail & Vacant Land
<b>Rural Property &amp; Land?</b>	Yes
<b>Eligible Locations</b>	Australia-wide including Capital Cities, Major Coastal Areas and Major Regional Areas
<b>Construction</b>	Yes to max \$3,000,000 with drawdowns to 65% lvr GRV net of GST including fees and interest
<b>Establishment Fee</b>	5.5% of the loan amount and included in the loan amount
<b>Equity Lenders P/L Fee</b>	2.2% of the loan amount and included in the loan amount
<b>Commitment Fee</b>	Lender does not have a commitment fee
<b>Valuation Fee</b>	Lender will quote and fee is payable upfront to the lender
<b>Legal Fee</b>	\$2,695 inc GST + Disbursements and included in the loan
<b>Construction Fee</b>	Allow \$6,000 inspection fees + QS Initial Report fee \$tba
<b>Valuations</b>	Full construction valuations at cost and ordered by lender
<b>Joint and Several Guarantees</b>	All third-party security providers, all directors (particularly shareholder directors) of the borrowing entity, any corporate shareholder of the borrowing entity
<b>Indicative Letter of Offer</b>	Accepted and returned letters may result in Lenders Solicitor placing Caveats on property/ies
<b>Documentation</b>	Completed Equity Lenders application pack + rates notices + ID's

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# Private Loan secured by Reg'd 1st & 2nd Mortgage(s) **EquityLenders**

Effective as at: 11/03/2019

## Lender: PM

<b>About this lender</b>	Is a <b>Direct Lender</b> using their own funds making in-house decisions
<b>Strengths of this lender</b>	Application-to-offer in 1-2 hours, interest rate low, unused interest refunded, approval of loan to settlement timeframes i.e 48-72 hours, construction and development loans. Offers coded loans
<b>Weaknesses of this lender</b>	Requires valuation(s), requires credit check(s), requires non-refundable assessment fee
<b>Interest Rate (Resi &amp; Comm) 1st RM</b>	From 12% to 15% per annum
<b>Interest Rate (Resi &amp; Comm) 2nd RM</b>	From 18% to 21% per annum
<b>Loan Management Fee</b>	None advised
<b>Mezzanine 2nd RM</b>	Yes, to 70% of GRV ex GST fully inclusive
<b>Interest Payments</b>	Monthly in advance & capitalised into the loan within LVR guidelines
<b>QS Report</b>	Required and ordered by the lender from the lender panel
<b>Loan Term (Maximum)</b>	Up-to 36-months
<b>Rollover Term(s)</b>	Available upon request
<b>Suitability</b>	Purchase, Refinance, Equity Release, Cashout
<b>Max LVR Residential</b>	Up-to 70% based on category location(s)
<b>Max LVR Vacant Land</b>	Up-to 70% based on category location(s)
<b>Min Loan Amount:</b>	\$100,000 Company, Corporate Trustee, ABN Name
<b>Min Loan Amount:</b>	\$200,000 for non-code (NCCP)
<b>Max Loan Amount:</b>	\$10,000,000
<b>Acceptable Borrowers</b>	Individuals, Partnerships, Companies, Trusts
<b>Acceptable Borrowers (Personal Names NCCP)</b>	Loans in personal names are available to max 62-day loan terms for any worthwhile purpose(s)
<b>Loan Purpose - Business</b>	Any worthwhile business or investment purpose
<b>Loan Purpose - Personal</b>	Any worthwhile consumer or investment purpose
<b>Eligible Security</b>	Residential, Commercial, Industrial, Retail & Vacant Land
<b>Rural Property &amp; Land?</b>	Yes, major locations considered
<b>Eligible Locations</b>	Australia-wide including Capital Cities, Major Coastal Areas and Major Regional Areas
<b>Construction (drawdowns)</b>	To 70% of GRV, ex GST inclusive of fees and capitalised interest
<b>Construction (Limits)</b>	Up-to 6 townhouses, villas or residences, no multilevel dwellings
<b>Lender Establishment Fee</b>	\$100,000 to \$500,000 = 3.5%+ GST   \$500,001 to \$1,000,000 = 3%+ GST
<b>Equity Lenders P/L Fee</b>	\$2,995 or 2.2% of the loan amount - whichever is the greater and is included in the loan
<b>Lending Manager Fee</b>	N/A
<b>Urgent Settlement Fee</b>	Not offered by lender
<b>Commitment Fee</b>	From \$770 to \$990 and payable after issue of Indicative Letter of Offer - non-refundable
<b>Valuation Fee</b>	From \$500 + GST. Lender will quote if val is required and fee is payable upfront to the lender
<b>Legal Fee</b>	At cost \$3,850 to \$5,850 incl disbursements and included in the loan. Depends on complexity
<b>Valuations</b>	Valuation not purchase price - Lender uses valuation to base LVR on
<b>Joint and Several Guarantees</b>	All third-party security providers, all directors (particularly shareholder directors) of the borrowing entity, any corporate shareholder of the borrowing entity
<b>Indicative Letter of Offer</b>	No charging clause and No cancellation fees in the Indicative Letter of Offer
<b>Documentation</b>	Completed Equity Lenders application pack + rates notices + ID's

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