



Case Study

Background: The client is a developer who wanted funds for business cash flow. He had unencumbered sections and he wanted to raise money against those for cash flow purposes. The client did not have financials and the bank was not willing to lend more than 50% against sections.

Our View: Although the client's financials was not up to the mark, he had managed to pay off all debt against the sections. Also, the sections were in a good subdivision in Cambridge and there was a large volume of transactions in that subdivision in the last 6 months.

Security Offered: 3 sections in a new subdivision in Cambridge.

Loan Amount: \$250,000

LVR: 67%

Loan Type: Interest only term Loan.

Loan Term: 12 Months.

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Extras:

- We increased our LVR to 67% as the sections were unencumbered which demonstrated that the client was in a solid and lowly geared financial position. (Normally, we would only lend up to 65% against sections)

Exit Strategy : The client also owns other sections in the subdivision that he is currently building upon. He might pay us off from the proceeds of those sales or may eventually build on the three sections that he provided as security for this facility. If he is not able to refinance in 12 months time, we would roll over the loan (provided interest payments were paid on time during the 12 months)