



# Case Study

Background: The client is an investor. He buys houses and makes additions/ alterations and rents out the premises on a “per room” basis primarily to students. He had already borrowed from the bank against some of his other properties and was unable to obtain funding for his latest purchase.

Our View: The client had good experience and good rental income. The property was in a good location and although there would be alterations done it would not be permanent. So, the property could easily be sold off as a standard house by removing the temporary alterations /additions. The client was also putting in more than \$100,000 of his own funds.

Security Offered: Standard residential house in Palmerston North city.

Loan Amount: \$213,050

LVR: 61%

Loan Type: Interest only term Loan.

Loan Term: 6 Months.



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Exit Strategy : Once he is able to complete the alterations and rent out the premises, he will look to refinance to a mainstream Lender on the basis of rental income. Otherwise he will put the property on the market as it will appeal to other investors looking for good rental income.