

Case Study

Background: The client is self employed and operates a Laundromat business. She wanted to acquire a lifestyle property in Mangawhai but the bank was not convinced about her ability to service (based on declared financials).

Our View: Apart from the property that she was buying in Mangawhai, she also offered two additional unencumbered properties- an apartment in Albany and another commercial unit in Albany. The fact that she had managed to pay off the debt against the two other properties was impressive and gave us a great degree of comfort.

Security Offered: A lifestyle property in Mangawhai, a apartment in Albany and a commercial unit in Albany.

Loan Amount: \$900,000

LVR: 65%

Loan Type: Interest only term Loan.

Loan Term: 12 Months.

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Extras:

- Although the client's interest per month was above \$9,000 she could only pay \$5,000. We agreed to capitalise part of the interest to allow her to complete the purchase.

Exit Strategy : Post settlement, the client has sold the residential apartment managed to reduce the overall LVR to about 50%. This has further reduced her monthly interest payments.

She has also made a few additional capital repayments and is hopeful of refinancing with a main stream Lender as the LVR has fallen and her serviceability would probably meet the bank's criteria.