

PRIVATE LENDING

HOLDINGS PTY LTD

Lenders Broker

Recently Settled

2nd Mortgage Construction Drawdown

Location: Brisbane Qld

Loan Amt: \$580k

LVR: 70%

Int Rate: 18.95%

Line Fee: 0%

Loan Term: 4 months

Client: Established Property Renovator

January 2024

We saved the day for our resi property renovator client. They were in a dire situation until we arranged a privately funded construction draw down loan secured by 2nd mortgage for their company...

Their property value was going to increase in value by over \$1.1m and we made sure a funding line was in place to assist the owners accomplish their objective. **The owners instructions were clear:** only refinance their RAMS loan if a 2nd mortgage was unavailable! The loan they required to complete the renovations was \$500k in the hand plus several months of holding interest and all loan fees.

Location: Brisbane suburb Queensland

Circumstances: The owners purchased the 2-storey property early in 2024, gutted most of it in preparation for renovation and were relying on the existing lender RAMS to vary their loan from purchase to renovation. As it turned out, RAMS was either unable or unwilling to vary their loan. The owners were now desperate to find a solution. The builder and their team were due to receive a scheduled progress payment, a number of consultants were about to require their payments, the kitchen was nearing completion and ready for final payment before onsite delivery. Despite the owners efforts with other lenders, they were unable to secure funding. There was insufficient existing equity and a new loan could only be based on end-value by accessing newly created equity.

Client contributions: Their available cash on hand was used to fund a number of deposits i.e kitchen manufacturer, to pay for demolition works, the removal of demolished items, pay the monthly loan repayments to RAMS.

What I did: Upon being contacted by the owners, I immediately arranged a privately funded construction draw down loan resulting in the owners having the funds to pay the builder, contractors, etc.

Loan provided: A new loan of \$500k net secured by a registered 2nd mortgage using the properties end-value and its new equity. The existing loan with RAMS was retained. The valuation was ordered to include both as-is and as-if-complete values, the loan included progressive draw downs with interest payable only on the prevailing balance, the loan was obtained from one of our long-term mortgage managers, retained interest meant no financials or accountant letter required.

Outcome successful: The owners were able to pay the builder, pay the consultants and contractors, pay the suppliers, pay the holding interest and pay the fees. They were also able to pay for the marketing package required by their real estate agency to achieve the highest price possible. They were able to obtain the higher property value of \$2.6m without interruption. From the owners by email to me on 17th December 2024: **“Thank you - all expectations exceeded!”**