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Queenslanders helping fellow Queenslanders! New land developer clients required an urgent refinance of their privately funded land development loan that had expired...

Our clients land development loan required three more months to receive the first lot of titles and realise the as-if-complete valuation amount.

However, due to weather conditions and delays with council the owners required a new loan to payout the existing lender and secure development finance to complete the remaining 2 land sites. Then, when the lots are titled, they will require construction finance for up to 90 new dwellings. They were in difficulty as the existing lender wasn't able to assist and the owner risked having the site go into default and worse!

Their urgent instructions were now to immediately secure a replacement lender to not only refinance the expired loan but to also have sufficient funds on a drawdown basis to complete the first 15 lots to titles then to fund the development of the next 15 lots and so on until there were 45 titled lots.

Location: North Queensland.

Circumstances: Panel valuers are difficult to secure because of the location, private lenders are difficult to secure due to the location and perceived saleability of the land and tropical weather causes delays to land subdivision projects.

Client contributions: Due to a last minute lower than expected land as-is and as-if-complete valuation, the owner provided additional security that was suitable for a loan secured by 2nd mortgage resulting in tranche 2 to assist with the refinance away from the expired lender.

What I did: I arranged a loan to refinance the expired loan including a month of interest, loan fees and cashout towards overdue contractor invoices and this was tranche 1. An additional loan to payout tranche 1, payout the bank of the additional security as the interest rate for 2nd mortgages was too high for the loan term required together with prepaid interest for several months till titles issued etc and loan fees and this was tranche 2. A valuation firm from Brisbane was engaged to fly up and value the 3 land sites together with a Sydney valuation firm to value the additional security offered.

Loans provided: $2.063m for tranche 1, $4.719m for tranche 2, $16.9m indicative for the construction of the first 15 duplexes producing 30 dwellings for resale in stage 1.

Outcome successful: The outgoing lender was repaid without the owners having their project appointed to receivers, the loan is enjoying prepaid interest, the titles are on track for issue late July, contractors continue to work on site and are in the final stages of completion.