



GLOBAL UPDATE

22 June 2010

Loans available in the \$2 - \$5 million range.!

Over the last year we've seen an improvement in the economy but no improvement in the ability to borrow money. This has been the subject of a number of my newsletters including the last GLOBAL VIEW – to read it [click here](#)

One area of finance that has been particularly hard to access is loans in the \$2 million to \$5 million range. Banks seem to be the sole source of these and their criteria are tough. There are few non-bank lenders, if any, who are willing or able to make loans of this magnitude.

Well – as hinted in my last GLOBAL VIEW – I've got access to a private lender who is interested in providing a **limited number** of loans in this range. The general criteria is loans the banks are reluctant, or unable, to do - often as a result of policy decisions. For example a particular proposal may fulfil the bank's criteria but any further loans may exceed their comfort zone for total lending to that borrower.

There are no strict rules as to what the lender will consider but the following are some guidelines.

- Mainly interested in loans with first mortgage security against commercial property assets which have an underlying cash flow that can support monthly interest payments.
- Minimum loan \$2 million.
- Term 1 - 3 years. May look at more depending on exit/repayment strategy.
- Interest only or P&I. Interest rate and fee charged will be according to risk profile.
- Generally maximum LVR 60%. Second mortgages may be considered if the first mortgage amount ahead of lender was acceptable and overall LVR was less than 70%. Not interested in small seconds.
- No development loans (although completion of an almost finished development with a clear repayment strategy may be considered).
- Bare land/subdivisions/sections and farm loans are unlikely to be of interest.

This is a great opportunity for borrowers seeking new loans or who are looking to refinance to reduce their exposure to their current lender.

If you have something you think might qualify give me a call. You can get me on mobile any time.

Cheers

JP



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