

Above-market
interest returns

safely secured
by mortgage(s) on
property with
your name on
the title!

Equity Lenders provides the borrowers
...you provide the funds!

Private Lender Guide

Lender's Brokers, Mortgage Originators & Mortgage Managers - May 2020

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Call 1300 859 075 | loans@equitylenders.com.au | equitylenders.com.au



Benefits of being a private lender

- Receive borrower interest on loans secured by 1st Mortgage from 6.95% pa & 2nd Mortgages from 14.95% pa
- Your funds are safely secured by registered mortgage(s) on Australian property incl residential, commercial & land
- It's your name on their mortgage as the lender
- You nominate how you wish to be paid your interest
- You approve what you will and won't lend on
- You approve who you will and won't lend to
- You approve where you will and won't lend at
- You tell us when you are and aren't ready to lend
- You approve how much you wish to lend on a property
- You approve how long you want your funds out on loan to any particular property owner



Assessment and packaging of loan applications typically within 48 hours, lender decisions and settlements typically within 5 business days



Regular deal-flow from our introducer network that includes Finance Brokers, Financial Advisers, Solicitors, Accountants + direct enquiries from the Googlers



Highly experienced Directors, Staff, Consultants and Contractors ensures all panel lenders continue to benefit from collective skills and knowledge



Who are Equity Lenders?

Equity Lenders is a 100% Australian-owned company with Directors that have a long involvement in the Australian home loan industry, having entered the market in 2000 as a Mortgage Manager and Originator to various funding programs.



EquityLenders

Equity Lenders Pty Ltd | ABN 76 630 816 330
P.O. Box 353 Mt Ommaney QLD 4074

Robert Kirk | MBA | C.dec

Director

0403 577 353 | 24/7

rkirk@equitylenders.com.au

WhatsApp: wa.me/614035773

linkedin.com/in/robert-kirk-60b76557

Skype: [live:loans_185](https://live.loans_185)

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Features of loans you will lend on

	1st reg'd Mortgage	2nd reg'd Mortgage
Loan Size	Min \$50k Max \$5m	Min \$50k Max \$2m
Loan Term	Min 3-mths Max 3-yrs	Min 3-mths Max 3-yrs
LVR's %	Resi 70 Com'l 60 Land 70	Resi 70 Com'l 60 Land 70
Features	<ul style="list-style-type: none">▪ Usually 5 business days for loan processing and settlements▪ No fees for quotes & offer letters▪ Caveat settlements if req'd	
Rates	fr 6.95% p.a	fr 14.95% p.a
Line Fee	0.10-0.20 pcm	0.10-0.20 pcm

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An example of a loan request

John and Margaret Smith own a home in an outer Brisbane suburb valued at \$400,000.

Have no debt on their home, are seeking \$100,000 in the hand and don't wish to make loan repayments due to their individual situation.

Clean credit, everything up to date but the bank said no to their request because they're self-employed as company directors.

They are intent on co-investing in a business with their son and have requested a 1-year loan term as they are selling the home and relocating to be closer to the grand kids interstate.

Equity Lenders contacts you because you are on the panel and presents you with a packaged loan request for \$100,000 + fees + 12-months of interest ie \$116,000

Interest rate of 6.95% per annum with interest prepaid for the term of the loan is approved by the panel lender and Indicative Letter of Offer is prepared and issued to John and Margaret by email.

You assist John and Margaret with a loan of ie \$116,000 and request a loan agreement be prepared with your name as the lender and 1st mortgagee.

Days before settlement occurs, a Partner at Bransgroves Lawyers contacts you to arrange the transfer of your loan funds to their trust account. Equity Lenders assists Bransgroves Lawyers and the lender to ensure settlement goes smoothly and last minute issues attended to.

Immediately following settlement, you'll receive into your account the requested 12 months of prepaid interest. Shortly after, a series of documents together with confirmation of the mortgage being registered will be emailed to you.

Post settlement requirements attended to by Equity Lenders if and as required.

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Our lending policy

Applications for loans secured by 1st and 2nd mortgages must clearly demonstrate a commercial financial benefit to property owners, guarantors & lenders

Equity Lenders are arrangers of non-code loans for Companies & Corporate Trustees of Family Trusts. ABN holders and Sole Traders are not considered

Acceptable locations include capital cities and the major coasts/regions of Brisbane, Sydney, Melbourne, Adelaide, ACT and Perth

Valuations are undertaken on any and all property offered as security. Equity Lenders will determine the type of valuation required

Loan decisions, approvals and resulting Indicate Letters of Offer are issued in-house to borrowers by Equity Lenders management on behalf of panel lenders

Security property includes residential homes, investment property, commercial property and vacant land

Borrower repayments are by direct credit to the lenders nominated account or prepaid for the term of the loan at time of settlement

Acceptable exit strategies include the sale of property, refinance to another lender with evidence of loan approval, inheritance with documentation and business cashflow

Loan agreements are prepared in Sydney by Bransgroves Lawyers and sent to the borrowers legal representative by email. An upfront deposit is required by borrowers prior to preparation

Loans arranged by Equity Lenders are suitable for property purchases, refinancing of loans, construction of property and releasing of property equity

Rollovers are available on request for expiring loans subject to lender approval

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Frequently asked questions - 1 of 3

Why are there differences in interest rates that are being offered?

For loans that are secured by a registered 1st mortgage, the risk to lenders is perceived to be low. For loans that are secured by registered 2nd mortgages, the risk to lenders is perceived to be higher resulting in a higher interest rate

How often will I receive the interest on my funds?

You choose how you want to receive Interest payments. Is payable monthly or prepaid for the loan term

Who are the borrowers that I will be lending to?

Borrowing is limited to new and established Companies and Corporate Trustees of Family Trusts. Funds are not made available to ABN holders, Individuals using personal names or Sole Traders

Which legal firm prepares the loan agreement and attends to settlement and discharge?

Bransgroves Lawyers in Sydney

When I become a lender on the panel, what is required of me?

Packaged loan applications will be presented to you for consideration. If you wish to lend, you simply confirm to Equity Lenders by email. One to two days prior to settlement, you are requested by Bransgroves Lawyers to transfer the funds to their trust account in preparation for settlement

How is the interest paid to me?

If you have chosen to have prepaid interest for the loan term, the total amount of interest is credited back to your bank account at or immediately after settlement has occurred. If its monthly, the first month of interest has been deducted from the borrower's loan and credited to you immediately after settlement has occurred. From then on, monthly interest payments are credited to your account by the borrower

Is lending to a Company or Corporate Trustee safe?

Before loan offers are issued, a lending Manager at Equity Lenders first discusses the loan requirements with the Director(s), then requests an application be completed by the Director(s), undertakes personal credit reports on all Directors with Equifax and Company credit reports on the business with Creditorwatch. Loans with acceptable credit scores together with generous equity are presented

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Frequently asked questions - 2 of 3

What happens if I have chosen to receive my interest payments month-by-month and the borrower is late or not made their payments for some time?

Borrowers make loan repayments directly to your bank account. Only you know when payments are not received. Equity Lenders will always contact borrowers to remedy the situation at no charge to lenders. Initial remedies include verbal and written warnings with default interest being applied to their loan while loan remains in arrears

Can I use my own Solicitor to look after my interests, prepare loan agreements, attend to settlements and anything else that I may require post settlement including arrears management, recovery action and discharge of the loan?

You can, however it is not advisable to use your legal firm unless they are highly specialised in mortgage lending especially when using private funding lines. Lenders wishing to use their own legal firms are welcome to do so and Equity Lenders management will seek their instructions on their processes, fees, timeframes and settlement requirements

If the borrower using my funds goes into default, what am I required to do about it?

Loan repayments continually not received triggers the next stage of remedial action and includes verbal and written warnings to the borrower by Equity Lenders or Bransgroves Lawyers, default interest (higher interest rate) being applied to the borrowers loan repayments while loan is in arrears, letters issued by Bransgroves Lawyers to the borrowers providing written notice that they are required to bring their loan up-to-date within a certain time-frame or risk repossession and repossession orders resulting in mortgagee in possession. You still receive interest from the borrower

What if I do not want my name or details on the borrower's mortgage and property title?

When using Bransgroves Lawyers to attend to settlement and post settlement requirements, lenders can opt to use a Bransgroves Lawyers contributory mortgage facility called Omicron Mortgages Pty Ltd. Omicron Mortgages will be the lender on record while you as the lender are registered in the background using a Bransgroves Lawyers Syndication Deed (with voting rights) and still with 1st mortgage or 2nd mortgage ranking security as applicable

Frequently asked questions - 3 of 3

What is the role of Equity Lenders?

A Lender's Broker who arranges private mortgages on behalf of private lenders (you), also known as a Mortgage Originator & Manager. Typically, Equity Lenders receives loan applications from Borrower's Brokers who represents the interests of the borrower. When a suitable application arrives, Equity Lenders will perform preliminary due diligence and then contact Panel Lenders ie you in order to gauge interest. Once Equity Lenders is satisfied there is tentative, non-binding, in principle agreement from you to fund the loan, subject to valuation and due diligence, Equity Lenders will then issue an Indicative Letter of Offer to the borrower. The borrower then signs the Indicative Letter of Offer and returns it to Equity Lenders along with any upfront fees. Upon receipt Equity Lenders then instructs the valuer and obtains the valuation. Equity Lenders submits the loan proposal to you by email. The email typically attaches the signed letter of offer and the valuation. Equity Lenders attach Equifax (personal credit) reports, Creditorwatch (Company credit) reports and Core Logic (property) reports including any observations. After completing whatever due diligence you may wish to perform (including inspecting the security) you will then call or...

continued

...email Equity Lenders and indicate you are ready to instruct solicitors. Equity Lenders will then email Bransgroves Lawyers advising that you have instructed Equity Lenders to proceed with a loan agreement. The email attaches the signed Indicative Letter of Offer. Bransgroves Lawyers will then prepare security documents on your behalf and certify title etc. When you accept the certification, you then transfer the loan principal or contribution to the principal, to Bransgroves Lawyers Trust Account and Bransgroves Lawyers settle the loan on PEXA (the Australia-wide electronic conveyancing platform)

What happens if I require my money back before the loan term expires?

Under the terms of the loan agreement between lender and borrower, you aren't able to request return of funds sooner than the loan term expiry date. If you chose the lender on record to be Omicron Mortgages, then it is a simple matter of requesting Equity Lenders to replace you as the lender on the Omicron Mortgages Syndication Deed. Equity Lenders will then seek a lender to replace your funds with their funds

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Ready to join the lender panel?

Becoming a private lender is easy. Print and complete only this page, then scan and email page to loans@equitylenders.com.au

First name: _____ Surname: _____

First name: _____ Surname: _____

Name of your Company & ACN: _____

Name of SMSF/Family Trust & ACN: _____

Mobile: _____ Email: _____

Mobile: _____ Email: _____

Postal Address: _____

Details of your solicitor if not using **Bransgroves Lawyers** for settlements:

Are **Equity Lenders** to manage your loan (at borrowers cost)? **Yes / No**

Special Requirements?: _____

The following is important:

- Your funds will only be requested by **Bransgroves Lawyers** when they confirm settlement is ready to proceed and not before
- You are not obligated to proceed with settlement if you change your mind -- and that includes on the day of settlement too

Dated: _____ day of _____ 2020

Signature _____ Signature _____

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