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Commercial Update.



Welcome to our new-look Commercial Update.

Interest rates

For information on our current interest rates, please [see our Introducer website](#).

Commercial deal of the month: success despite complexity



We recently received a fantastic standalone application for a group involved in a complex structure of multiple entities. The application was for a unit trust looking to refinance a \$2 million facility. While the application was outside of ING DIRECT policy, we agreed to assess the application separate to the group entities given the strong asset position of the guarantors and the mismatch of ownership/directorships across multiple entities.

Overview of the deal

- Customer sought LVR of 75% and interest only on property in regional Australia
- Personal guarantees provided by unit holders - each had net worth \$5 million +
- Guarantors had directorships and shareholding in 9 other entities, with no appetite to provide financials for these
- Property was effectively owner occupied by a separate trading entity. Not all shareholders/directors were common
- Guarantee from tenant not offered, however financials provided. Business turnover

- of \$20 million and EBITDA of \$2 million per annum
- Formal lease agreement in place with 5 years to run.

What the broker did well

- Discussion paper provided to gauge ING DIRECT interest prior to lodgement. Clear guidance provided on ING DIRECT position.
- Broker's submission was clear on the loan structure, who the borrower was, guarantees available and the non-negotiable aspects of the application.

What was approved

- ING DIRECT matched interest rate of major bank and our low \$1,000 application fee was the real clincher.
- We agreed to proceed without financials from the 9 other entities after broker provided a corporate tree that summarised each entity's role and ownership.
- 75% LVR (5% above policy) with the guarantee of the tenant **or** P & I loan structure reducing LVR to 70% after 2 years without tenant guarantee.

Tips

- Use the 'scenario' process for complex deals or deals that are 'outside the box'.
- Be clear on what security the client wants to offer - including guarantees and general security agreements.
- Take a balanced approach to the transaction. We're happy to receive applications outside of our policy if guarantors are strong and main trading entity has good revenue.

Can we help?

If you have any questions about any of the information above, please contact your ING DIRECT representative for more information.

[Contact us](#)

To learn more



Visit introducer.ingdirect.com.au



Call 1300 656 226

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