

BOQ MLR Fact Sheet

The following is a fact sheet incorporating some important BOQ Management & Letting Rights (MLR) Lending guidelines.

Firstly, General Assumptions;

- The purchase includes an onsite Manager's residence, linked to the rights,
- The resident manager will live onsite,
- We can lend up to 70% of the purchase prices of the Business & Managers Unit.
- Ingoing Costs to purchase, are calculated at approx. 6% of the purchase price of the business & unit, i.e. you will need a minimum of 30% deposit + the ingoing costs.

Minimum Net Operating Profit;

BOQ MLR Policy requires a minimum Net Operating Profit confirmed by Accountants Verification Report (AVR) equal to or greater than \$125,000.

Prior Experience in the Industry;

(a) For borrowers seeking to purchase a Permanent Style complex;

Previous Management & Letting Rights experience is not a requirement.

(b) For borrowers seeking to purchase a Holiday Letting complex;

Have at least 3 years' experience in Australia of successfully managing either;

- A Management & Letting Rights business; **or;**
- A business in a similar hospitality industry (e.g. an accommodation hotel) **or;**

Business experience in a service related industry where experience and skills are deemed transferable and are assessed as sufficient to support the management of a complex of the size and nature proposed.

Loan Structures

A home loan for the purpose of assisting to buy the Managers Unit or refinance other home loans, can have a maximum term of up to 30 years,

A Business Term loan, with residential real estate security support, can have a loan up to 25 years.

The registered Body Corporate Operating Module will also determine loan structures,

- **Standard Module**

If the complex is in the Standard Module, the term of your Agreements need be 10 years (& if they have been recently topped up, we can look at a term of 9 years).

As a general rule, the business related loan term will match the remaining term on the Agreements in the Standard Module, however if you have additional residential security available, the term can be up to 25 years. Interest Only loans are not available.

- **Accommodation Module**

As a general rule, the business related loan term will match the remaining term on the Agreements or maximum of 15 years, however if you have additional residential security available, the term can be up to 25 years. Interest Only loans for up to 3 years will be considered.

Formal Valuations and Bank Due Diligences

As a minimum, all real estate needs to be valued.

- **Standard Module**

A formal valuation and MLR due diligence is required.

BOQ MLR Fact Sheet

- **Accommodation Module**

If the **commercial** lending exceeds *\$1M a formal valuation of the real estate and the business is required, as well as MLR solicitor's due diligence.

* For example, if the total borrowings are \$1,300,000 with the business Loan of \$900,000 and the home loan of \$400,000. The commercial (business) loan is \$900,000 in this instance, therefore only the real estate would be required to be formally valued.

Termination Clause (Gallery Vie)

No action required if the total loan amount does not exceed \$2M.

The above fact sheet was prepared as a guideline only and to set out some BOQ preferred policy settings, however as this is only a summary, we encourage you to discuss any specific queries you may have with us in further detail.

Tim O'Donnell – tim.odonnell@boq.com.au

Jocelyn Porter – jocelyn.porter@boq.com.au