

# OCEAN Bridging Loan NED (Nil End Debt)



## 80% Max LVR Residential,

UPDATED: 24 December 2022

The Ocean Bridging loan is a bridging loan for residential properties where there will be Nil End Debt (after the sale of a property) within a maximum 18 month period. This is suitable for full doc or Altdoc loans with servicing from the funded interest budget.

It is also suitable for mature age clients or senior citizens wishing to downsize, which is an acceptable exit strategy. This can include selling the current home to move into a retirement village.

<b>Description:</b>	A short-term loan (max. 18 months) to purchase a property, prior to the sale of their existing property.	<b>Application Fee:</b>	1.50% of total loan amount
<b>Loan Amount: Residential:</b>	Minimum: \$ 100,000 Maximum: \$2,000,000 (75% LVR) Maximum: \$1,500,000 (80% LVR)	<b>Valuation Fees (2):</b>	At Cost. As a guide only, assume approx. \$330 – properties to \$1m (metro) \$550 – properties to \$2m (metro)
<b>Loan to Value Ratio:</b>	80% maximum LVR including funded interest budget (3% allowed for selling costs). Max. 70% allowed on existing property unless it is under contract.	<b>Legal Fees:</b>	At Cost Approx. \$660 – Individual borrowers. Approx. \$1,100 – company / trust borrowers.
<b>Term:</b>	30 years maximum.	<b>Risk Fee:</b>	Nil
<b>Credit History:</b>	Unlimited up to \$1,000 2 Paid Defaults <12 months old.	<b>Settlement Fee:</b>	0.10% of loan amount – Individuals. 0.15% of loan amount – companies & trusts.
<b>Debt Consolidation:</b>	Not applicable.	<b>Title Insurance:</b>	Varies with loan size – allow min. \$360
<b>Loan Type:</b>	Altdoc or Full Doc allowed.	<b>Offset Account:</b>	Not Applicable.
<b>Purpose:</b>	Must include a purchase. No Cash Out or debt consolidation allowed.	<b>Monthly Fee:</b>	\$Nil
<b>Locations:</b>	Cat 1 & 2 locations only (as per QBE guidelines).	<b>Early Repayment Fee:</b>	Not applicable.
<b>Acceptable Securities:</b>	Residential property (excludes construction).	<b>Redraw:</b>	Not Available on Bridging Loans.
<b>Bridging Rate:</b>	The higher rate applies during the Bridging period, and changes to the Revert Rate after sale of the existing property.	<b>Upfront Commission:</b>	Paid on the Peak Debt (no clawback).
<b>Revert Rate:</b>	The revert rate does not apply in this instance as there will be no residual debt following the sale of the property.	<b>Commission:</b>	Upfront commission is paid on the Peak Debt Trail commission applies. No Clawback.
<b>Servicing:</b>	An interest budget is included in the approved loan amount that will cover repayments for the selected term of the Relocation / Bridging loan. No further assessment is required provided 100% of Net Sale proceeds are applied to the loan at settlement.	<b>Discharge Fees:</b>	\$450 plus funder's legal costs per discharge.
<b>Repayment type:</b>	Interest Only for the specified term (6 mths, 12 mths or 18 mths) paid in advance (as a funded interest budget). A term <6 mths may be considered if a signed contract exists for the existing property.  Nil repayments required during the Relocation period. Unearned interest is refunded to the client.		
<b>Relocation Loan with End Debt (ED):</b>	Please refer to the Fact Sheet titled "Ocean Emerald Bridging End Debt Fact Sheet" if a Relocation Loan with End Debt is required, as different rules apply.		
<b>Points of Difference:</b>	This is a bespoke bridging facility where the client can choose the bridging term (6m, 12m or 18m) according to their circumstances. Can be used to buy a property and avoid the stress and time pressures of contract deadlines. Allows time to freshen up the existing property with unrestricted access for tradesmen, real estate agents and potential buyers. It is also suitable for mature age clients or senior citizens wishing to downsize to another property or move to an Over 50's complex or retirement village. Pre-Approvals are available up to a maximum of 90 days.		

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## Target Market for this Product:

The features of this Product have been assessed as meeting the likely objectives, financial situation and needs of consumers who require a secured loan of between \$100,000 and \$2,000,000, repayable over a term of 6 to 18 months to finance the acquisition of residential property for the purpose of it being their principal place of residence or for investment purposes (or refinance other finance that has been provided for such a purpose):

1. The ability to borrow up to 80% of the value of the property
2. The flexibility of a variable rate
3. The option of principal and interest or interest only repayments

Whilst there may be fluctuations to variable interest rates, we have assessed this Product as being consistent with the likely objectives, financial situation and needs of consumers in the target market because it allows them to make unlimited additional repayments to reduce interest payable.

## Outside of the Target Market for this Product:

Consumers outside the target market are consumers that:

1. Require a loan to refinance or consolidate debt against a single security.
2. Wish to purchase an owner occupied or investment property without having another property that they intend to sell,
3. Have material adverse credit; and
4. Are seeking to borrow through a self-managed superannuation fund.
5. Require a 100% Offset account.
6. Requires a redraw facility during the Bridging period.

## Description of Product including Key Attributes

1. Variable interest rate.
2. Redraw is available on a variable interest rate.
3. Minimum loan amount \$100,000.
4. Maximum loan amount \$2,000,000.
5. Maximum loan term 30 years.
6. Maximum Loan to Valuation Ratio (LVR) is 80%.
7. Repayment options:
  - a. principal and interest for owner occupied
  - b. interest only for owner occupied to a maximum LVR of 80%; and
  - c. principal and interest and interest only for investment.
8. Repayment frequency for principal and interest repayments – weekly, fortnightly or monthly.
9. Repayment frequency for interest only – monthly.
10. Valuation fees are payable.

Note that exceptions may be made to the above on a case-by-case basis.