



PROBLEMS WITH BANK MANAGER

Banks usually start to have problems with clients who write cheques without funds to cover them, go over agreed credit limits without authorisation, and fail to meet commercial bills as they roll over. Once this process starts the local manager has a relatively short time to put the situation right. Many of the funding products are at call and a bank can simply call a business loan and ask that they refinance.

If your customer needs to refinance, the bank that they approach will ask to see their merchant, trading and general accounts to review fees and charges. This will highlight over limit fees, cheque bounced fees, and reference fees etc and may limit their ability to move on.

APPLYING FOR A COMMERCIAL LOAN

Many banks insist on having tax returns etc when an applicant applies for a commercial loan. In a situation where a customer wants to raise funds against business premises to pay their tax liability this can lead to a “chicken and an egg” situation. Applying for a commercial “low doc” loan may provide the solution your customer needs.

BUYING A COMMERCIAL PROPERTY

To purchase a commercial property most banks will lend up to 70 % of the purchase price, this means having to find 30 % equity plus fees and charges, including stamp duty. Many individuals have no choice but offer up their residential home as additional security. If a client has a relatively strong cash flow the loan can be structured up to an LVR of 85 %.

INVENTORY FINANCE

For clients who have been in business for five years or more. Have annual sales over \$ 3 M and are not in the service or primary industries. Have a gross profit of 20 % or more and have a stock turnover of less than 120 days. A facility can be set up minimum amount is \$ 400 k the client then deposits 10 % of an invoice for stock with the financier and the financier then pays 100 % of the invoice amount directly to the supplier. Fees and charges increase the longer the term of the facility required.

PURCHASING A NEW BUSINESS

If your client is considering purchasing a new business call DWF Finance and we can establish how much a bank will lend against the business. Certain franchises are on the master list of franchises for banks and they may lend up to 70 % of the purchase price.

EXPANDING A BUSINESS OR RELEASING BUSINESS EQUITY

The banks have specialised lending policy for certain industry sectors such as: Accountancy practises, back packers, caravan parks, child care centres, churches, financial planning practises, medical practices, hotels/motels freehold, hotels/motels leasehold, licensed/sporting clubs, management rights, newsagencies, nursing homes, pharmacies, real estate agents, retirement villages, self storage operations, service stations and more.