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Fact Sheet: Management Rights Borrowing

At Loan Wize we have many years experience in the Management Rights Industry, and recognise the Business Opportunities within that industry. Jon Colley has completed many transactions for Management Rights operators over the last 15 years both with ANZ and at his time with Holmans Lending.

Jon will work with you to structure a finance package which will support you in purchasing and running your Management Rights business effectively, and guide you with many of the pitfalls when buying and operating this type of business.

Our aim at Loan Wize is to support you in achieving your financial goals.

When we recommend a Lending institution, it is imperative that you also gain access to a Specialist in the Management Rights Industry. This is to ensure that the person that you will have the ongoing relationship with understands the complexities and unique requirements of operating a Management Rights Business.

It is also imperative that you gain access to a number of other specialists within the Bank to ensure that your other needs (other than lending) are covered. Merchant Facilities, for instance, can be the life blood of a Management Rights Business, and you need to know that you can contact someone 24 hours a day 7 days a week to ensure that you merchant facilities are in good working order.

At Loan Wize, we also understand that Many Resort operators are also looking for additional services such as Financial Planning and Investment Opportunities, and Asset Finance funding, and we can assist with these aspects as well through our network of Business Professionals.

How we can help:

Many people ask how much they borrow when looking at buying a Management Rights Business: There are a lot of variables to consider when assessing the borrowing power when buying a Management Rights Business, but ultimately it is as much about income as it is about Equity and Loan to Value ratios.

Most Banks have a standard **Loan to Value Ratio** they will consider on MLR Purchases and refinances, which is **approximately 55% to 65% of the MLR value and 80% of the residential property**, however **this always depends on Serviceability** of the Proposed Loans. The **Debt Service Ratio** is the key criteria for any lending proposal, and this is unique to all banks. This takes into account the actual proposed repayments over the maximum term of the loan, usually linked to the Management and Letting Agreement.

Some lenders will allow you to include external income from other sources such as continuing employment, whereas some will exclude this. Banks also rank previous business experience as a key criteria for Prospective purchasers as well.

It always pays to speak to a Professional that understands the different offerings and can guide you to the right lender with the policy that suits your individual requirements.

If you would like more Details on Management rights or would like to speak to Jon about your personal circumstances, please phone for an appointment.