Profit Like the Banks

SECURED LENDERS HUB

A Brief Introduction to Funding Private Mortgages in Australia

We bring together Investors looking for exposure to “Credit” as part of their investment portfolio.

What are Private 1st Mortgage Secured Loans?

- A Loan made by a lender, secured by a Registered 1st Mortgage over the Borrowers and Guarantors Property.
- The Loan is a Private loan, because the funds come from Private sources such as Private individuals, companies, wealthy individuals or superannuation funds (Including Self Managed Superannuation Funds).

Why do people Fund Private Secured Loans as a method to grow their Wealth?

- Simple to understand
- Weekly or monthly Income stream
- No Entry costs when utilising our service
- You maintain Total Control of which loans that you fund (i.e. Decision making)
- Hassle Free, accruing profit 24 x 7, even while your sleeping and no mater where you are in the world.
- Backed by Property which can not disappear **(Capital Protection)**
- Investors looking to take control of their Investment Portfolio
- Investors who are overexposed in property or shares and seeking diversification
- Higher Returns when compared to other fixed income options. Currently, yields available in the market to you (the funder) are between 5% to 9% p.a. for first registered mortgages and 9% to 15%p.a. for second registered mortgages, depending on the profile of the borrower and loan parameters.
- Tangible – You can drive past the property, view the property on Google Earth and read the Valuation report we obtain to see what your money is being secured by. Unlike investing in the share market where you don't have proof of exactly where your money is going or what tangible Assets the company has backing your investment capital.

A common Question: ***If Australian Bank 2 Year Fixed rates on Home loans are now around 6% p.a., how can it be possible to earn a Net yield of 5% to 9% (1st RM) and 9% to 15% (2nd RM) from funding private mortgages?***

There are 5 main reasons that a borrower would be happy to pay a Private Lender a higher rate of return than what the banks would charge, including;

1) Speed of Approval and Settlement – Private loans can be conditionally approved within 24 hours of application and settle within 3 to 10 business days, compared to Banks taking 30 to 60 days to approve and settle a loan.

2) Flexibility – Private Lenders can take the time to understand each borrower's situation, weighing up the positives and negatives, including the circumstances regarding a borrower past and current position Vs the borrower's future position considering a borrowers stated business plans. Whereas banks use very rigid guidelines in their credit policies and matrix lending. If the application does not meet all the banks criteria, then the loan will not be approved. Borrowers are happy to pay extra for that flexibility offered by Private Lenders.

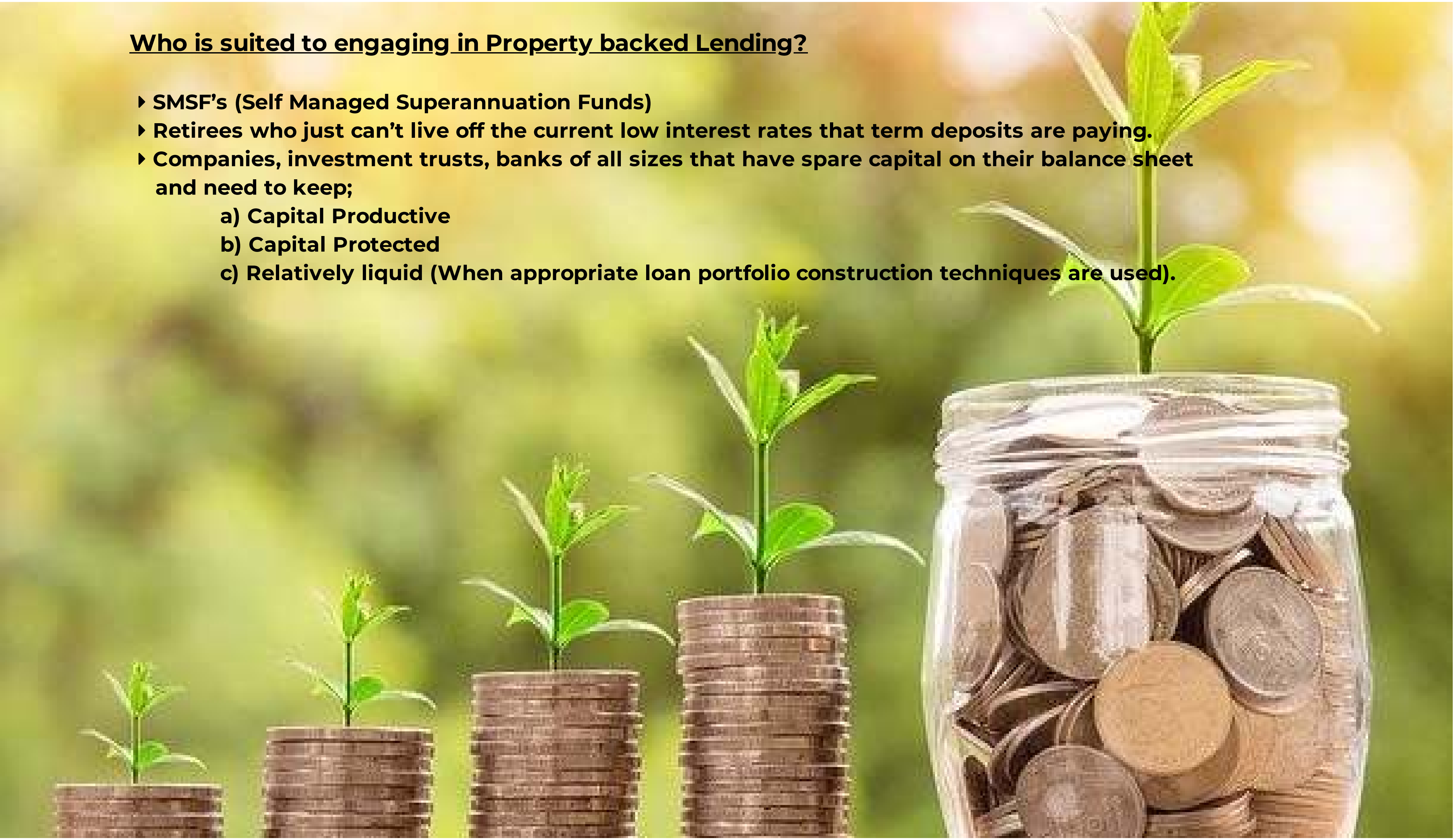
3) Simplicity – Application forms are much simpler and the amount of paper work is reduced in Private Mortgage lending. There are less people involved in each deal, which reduces the time frame to get approved.

4) Opportunity – If a borrower has the Opportunity to make a large profit out of a deal and get it done now, with certainty and without waiting, they are often happy to pay a higher rate for the prompt approval.

5) Certainty – Most brokers and experienced borrowers realise that these days, you can not rely on a bank approval until the deal has settled. By Private Lenders giving borrowers certainty of approval when they are limited for time enables you as the Private Lender to demand higher interest rates than what the banks charge.

Who is suited to engaging in Property backed Lending?

- **SMSF’s (Self Managed Superannuation Funds)**
- **Retirees who just can’t live off the current low interest rates that term deposits are paying.**
- **Companies, investment trusts, banks of all sizes that have spare capital on their balance sheet and need to keep;**
  - **a) Capital Productive**
  - **b) Capital Protected**
  - **c) Relatively liquid (When appropriate loan portfolio construction techniques are used).**



Who are the borrowers?

We will only present loan opportunities to you where the borrower is a Pty Ltd company.
The Borrowers are generally SME's, Professional Investors, Small to Medium Developers.

How do the borrowers pay interest?

The Borrowers are required to make regular interest payments directly into your bank account.

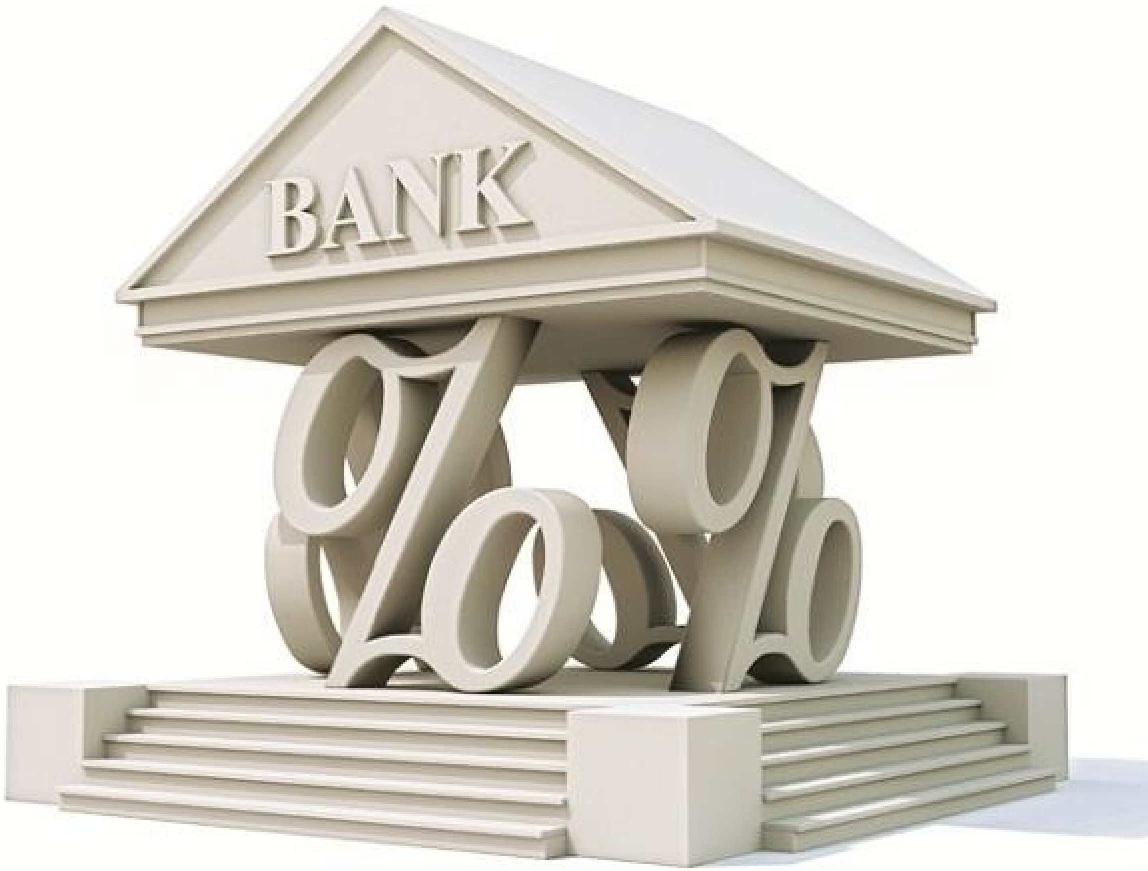
Who handles my Capital?

You and the Lawyer representing you.
After you have approved a loan, and the borrower has accepted the loan offer, you then transfer the Principal to the Lawyers trust account (i.e. The Lawyers who prepared the mortgage Documents). The Lawyers then settle the loan once they have obtained satisfactory security (Registered Mortgage) and hold the title deeds to the property, plus have other guarantee's, PPSR over the company etc.

Why choose us to help grow your wealth?

1) You make all the commercial decisions
2) You choose the loans that you want to fund from our platform
3) You stay in control as your name or preferred entity name is listed on the title as the mortgagee (if your part of a syndicated loan, then a Trustee Company is nominated to act as the "Lender of Record" and the funders are governed by a loan syndication agreement.
4) Leverage off our expertise and experience handling borrowers
5) 9+ Years experience Syndicating Private Mortgage Secured Loans with **$0 Losses of Lenders Principal Capital**
6) Over 10 Years experience in brokering Private Mortgage Secured Loans via large non-bank mortgage funds
7) Over 20 Years experience in Property Investing and analysing property fundamentals
8) We contribute a minimum of 5% towards funding each loan and sometimes up to a 50% Contribution. In some cases, we will pre-fund the entire loan, then share the deal around between our Private lender network. E.g. Say it's a $200K loan, once funded and borrower is paying on-time, we will then invite say 4 direct funders @$50,000 each to take over the deal. Our funds will then be used to pre-fund another deal.
9) We Source deals for you on a regular basis, so you can fund a variety of loans to have better diversification and capital liquidity. (Parcel Size, Parcel entry and exit timing, Geographic Area, Property Type, Loan Term, Borrower Industry).
10) Pre-Screening all applications and preparation of a Credit Proposal on each opportunity, so you only see the deals that have enough merit that we are also prepared to invest our hard earned capital also.
11) We take care of all the time consuming work, finding deals, screening out the rejects, so you get on with your life, earning income 24 x 7 , freeing up your time to work, rest and play.
12) We fund the costs of any litigation or debt recovery work in the event the loan becomes in default of payment of interest payments for a period of 90 Days or more. Conditions apply~ (See last page of this brochure).
13) We have access to finance industry databases and Tools to help with credit analysis, security property analysis
14) A Team of service providers at our disposal such as a Panel of Valuers, Lawyers with expertise in mortgage documentation and legal recovery work.

15) Experience with regulatory authority requirements, knowing which types of deals to fund and which to avoid to protect our lenders interest and steer clear of trouble.
16) Our Sister company which is a traditional Mortgage Brokerage service, can assist the borrowers refinance at the end of the loan term. Our insight into the larger lenders and non-bank lenders policies, enables our team to more easily refinance the debt, resulting in you getting your funds back sooner. This is a Win, Win, Win for all parties. (Refer to Case Study in the Annexures of the long version of this guide).



Summary

Expected Net Yield 5% to 9% p.a. on 1st RM , 9% to 15% on 2nd Ranking Mortgages (higher rates apply if loan falls into default)
Term of Loans 3 Months to 3 Years
Security Registered First ranking or second ranking Mortgage over Australian Property
Loan Amount Minimum $50,000 per borrower
(Contributions from Funders can be as low as $20,000 per funder for syndicated loans).
Entry Costs $0, just some of your time to read up on our Long version of this document, meet the law firm who produces mortgage documents and your time to read over each credit proposal that is of interest to you on the online portal.
Exit Costs $0
Interest Payments Weekly or Monthly depending on loan size. Most loans are Weekly.
Loan to Value Ratio* Maximum 70%, however most often less than 65%
Location of Property Australia wide
Types of Property Security Residential, Commercial, Industrial, Rural, Vacant Land and Construction
Loan Purposes Any worthwhile business or investment purpose
Risk Factors Refer to the detailed list of potential risk factors in our Long form Version of this guide.

Different Loan to Value ratio's limits apply for different property types. Refer to the Table in the Long form version of this Guide. e.g. Vacant land, Rural and Regional Properties will have lower LVR limit's applied than above.
Any Rate of returns (Yield) are targeted, meaning they are not guaranteed.

The range of 5% to 9% quoted above is the Expected Yield available in the market for loans funded during 2023.
This broad range does encompass a variety of borrower types with varying credit risk.
Each Credit proposal we issue to you for consideration of your approval will suggest a particular Target yield / rate offered to you as the lender that we feel fits the borrower's credit profile taking into consideration market conditions at the time and the loan terms being sought. In any instance where you may feel that the perceived risk of a particular loan warrants a higher rate, or if in fact your very keen to win the deal and bid a lower rate, your always welcome to give us your feedback of your proposal. It's ultimately your money, so you make the final decisions.
Due to the timely supply and demand of money to fund these loans, in the past we have written first mortgage loans as high as 30% p.a. on a NO DOC First mortgage 40% LVR basis.

The 5% to 9% p.a. yield range, is however a level at which a plentiful supply of higher quality borrowers exist in the market looking for their loans to be funded. Demanding Higher rates is possible at times, you will just need to keep in mind that expectations of higher rates will result in a smaller number of borrowers who are willing to accept such rates AND such loans tend to be higher risk and more susceptible to borrowers not meeting their obligations consistently. Your capital will still be secure, however the higher the rate, the more likely the borrower will have poor repayment history.
Funders who join our network and utilise our platform who demonstrate extensive experience or a high level of commercial acumen in funding private mortgages may also be invited to fund selected second mortgages with LVR's of less than 70% and target yields of 8% to 20% p.a. In some cases where LVR parameters are stretched to 80% on property, plus additional collateral such as Trucks, earthmoving equipment and other business use plant and equipment are available, yields of up to 36% have been achieved (Caveat / Second mortgage secured) and from time to time those yields could be achievable again where time of the essence situations arise. You can expect that where the yield exceeds 9% p.a., this often requires lenders who are available and can review and approve a credit proposal within 4 hours of receipt of our credit proposal and be ready to fund such deal within 48 Hours. Naturally this comes with experience. As your experience, confidence and faith in our methods grow, we can present you with such opportunities.

The information on the previous pages of this Brochure is introductory in nature. There is so much more information to read about in our detailed guide that is available as a separate 70 + Page Booklet / PDF document.
You should not attempt to lend any money based on the very limited information provided in this short form introductory guide.
This short form guide should only be used to decide if you are interested to learn more about funding Private Mortgages. If you would like to learn more, you can do so by having a thorough read of our book which does include other information such as;

- What are the risks of funding private 1st Mortgages?
- What to consider before funding private 1st Mortgages?
- Details on What type of Transactions Private Mortgage Lenders Fund?
- How do Private Mortgage Lenders Evaluate loan opportunities?
- How do we pre-screen applications prior to us providing you the Credit Proposal and Application?
- If the loan is approved and it does not settle, what happens?
- What happens if the borrower fails to pay the interest payments?
- Who pays the legal costs when the legal recovery process is triggered?
- What happens if the borrower refuses to pay the principal back at the end of the term?
- Upside in yields when borrower defaults
- Tips for constructing your private Mortgage Portfolio?
- What is a loan Syndicate
- Who prepares the Letter of Offer once the loan is approved
- Evaluating the Security Property

Instructing Solicitors to prepare Security Documents
Certification of Security documents
Settlement
Custody of Title Deeds and PEXA Codes
Servicing the Loan and Management
Discharge of the Loan
Reviewing the performance of your loan portfolio
How can I Start receiving applications / Credit Proposals to start approving loans ?
plus many other details that will help familiarise you with how we help in the process.

Disclaimer: This document is simply an Introductory Brochure to Funding Private Mortgages or Basic Short Form guide. The information contained herein does not constitute financial product advice and or an offer to invest or participate in funding Private mortgages.

We do not collect or handle any of your funds. We are NOT a managed investment scheme. We call ourselves a Lenders broker, introducing you to Credit Opportunities. During the term of the loan, we also act as an Administrative agent with our services governed by a loan syndication agreement. We give you access to our online platform which simplifies the whole process. Should you be a wholesale / sophisticated investor we provide you a Loan Scenario and subsequent Credit Proposal so that you have information about a specific loan. Such documents form a starting point of which to commence your own due diligence on any specific loan.
The information contained in this document has been prepared by Jason Baker of Secured Lenders Hub Pty Ltd A.C.N. 606 542 607 for general purposes only, while every care has been taken in regard to its accuracy, no warranty is given or implied. As with many investments, investing your money into mortgages can be a high risk. In the event you wish to participate acting as a lender to borrowers we introduce to you via our platform (or email etc), you will need to be a wholesale or sophisticated investor or utilizing funds from your SMSF (Self Managed Superannuation Fund).

~ If a borrower defaults as a result of not making any payments towards the required interest payments for a period of 90 Days, we will cover the legal and recovery costs billed only by professional lawyers that we nominate. Upon the discharge of the loan or sale of the property, we will receive our legal costs for the recovery work outlaid as first priority payment, then balance of proceeds shall be allocated to principal repayment and any outstanding interest that may be due to the lender or syndicate of lenders where there is more than one lender. This feature avoids you having to outlay these costs and puts the cashflow burden on us.
The reason for the 90 day period is that since the loan to value ratios are very conservative, our experience shows some leeway is necessary when dealing with borrowers. Not all borrowers business plans work out. If the borrower has not made any payments for 90 Days, we then immediately proceed through the loan enforcement process, unless special circumstances arise in which the members of the loan syndicate may vote that further leniency should be offered. e.g. If loan to value ratio is 30% and the borrower had their spouse pass away and is in short term financial mess, in such a case the syndicated lenders may vote to commence enforcement by serving initial default notices and or statement of claim, however then hold back at a certain point in the legal process and unofficially allow the loan payments to capitalise. Then 12 months after the unfortunate event, re-commence the process if the borrower has not started to make the required changes themselves to their financial situation. e.g. Sale of house, refinance or other strategy to resolve their new circumstances. There are various ways to manage different types of borrowers in different situations. We therefore suggest to start with the lowest risk loans, then as you get familiar and comfortable with various situations that arise, you can dabble in the higher yielding higher risk loans which will from time to time miss payments.