

FREQUENTLY ASKED QUESTIONS

UNDERSTANDING YOUR STRATA LOAN

It's normal to have questions about something you are unfamiliar with. That's why we have created this helpful FAQ information sheet to give you the answers you are after.

How much can we borrow?

In most cases Lannock will lend 100% of the amount you require for what you want to do.

How do you work out what you will lend to us?

The calculation of how much we'll lend is dependent on a number of variables such as the number of lots in the corporation and the value of the lots. Please feel free to contact us and we can give you a breakdown of the maximum amount we can lend in your situation.

How is the interest rate set?

Lannock sets its own indicator lending rate, the Strata Reference Rate. You can get this rate at any time by contacting us. Our rates reflect economic and market conditions.

Why is the interest rate different from what I pay on my mortgage?

A mortgage is usually at a low rate because it's secured against your property. A credit card is usually at high rate. Our rates are in between and should be compared with a personal loan or commercial overdraft. Remember that the loan is unsecured.

What's the security?

Lannock's lending is "unsecured" – there is no security. Specifically, there are no mortgages, charges, liens or caveats. There is nothing that is registered on the title of the common property or any individual lot.

What are the hidden costs?

There are no hidden costs. you'll find all the loan terms and conditions clearly outlined in the loan contract.

Who is the borrower?

The owners corporation (body corporate, etc) is the borrower. We do not lend to individual owners, only to the corporation.

Do we have to give personal guarantees?

No. And Lannock does not ask for any personal financial information from owners.

Can some of us pay upfront?

No. The reason is because of the way levies to an OC or body corporate are structured in the legislation. There is no provision in strata law for one group of owners to pay one type of levy (for example, the entire amount upfront) and another group of owners to pay another levy (such as paying over time).

Can we repay the loan early? And what's the penalty if we do?

Yes, you can repay early. There are no penalties for early repayment, however, if you have an Advance at a fixed rate then break costs may apply for that Advance.

What happens if some people don't pay their levies?

It is up to each owner corporation to determine its policy with respect to levies in arrears. Talk to your strata manager or adviser about what the situation in your property is currently and what it should be.

What happens if the strata corporation goes bankrupt?

If the owner corporation doesn't make its payments to Lannock and we can't work out a suitable solution, then Lannock will apply to have a "compulsory manager" appointed. The compulsory manager has the powers that owners enjoy collectively in a general meeting.

FREQUENTLY ASKED QUESTIONS

UNDERSTANDING YOUR STRATA LOAN

What happens if a unit is sold? Does the loan levy go with the title to the new owner of the property?

In a word, yes. The loan to the strata corporation is serviced by levies from owners. The obligation to pay levies "runs with the land" and so it is the owner at the time the levy is due who is responsible to pay that levy.

Can the loan amount be extended if we need more?

Yes, as long as the increased amount has been approved by a general meeting.

What are your minimum and maximum loan terms?

Loan terms are currently anything up to 15 years.

Can we change the terms mid loan?

The term of the loan and any interest only period can be changed as you wish, as long as the changes comply with the decision of the general meeting.

Should GST be added to the loan repayments?

The good news is GST doesn't apply to interest or principal repayments on a loan. Talk to your strata manager or adviser regarding how GST applies to levies.

How long does the loan take to get approved?

Lannock will give you a response within 48 hours of receiving all relevant documents.

Can we get approval prior to the meeting?

Yes – in some cases this is helpful. Please feel free to contact us in advance of your upcoming meeting.

What documents do you require to approve the loan?

We ask for copies of various records of the corporation, such as a bank account statement, certificate of insurance, financial reports, etc. Usually your strata manager will handle this for you.

Will a Lannock representative come and talk to us?

Of course. We are only too happy to make ourselves available to answer any of your questions – if not in person then by video or phone link

How do we make drawings?

Lannock offers a "multi-drawdown facility". As and when the corporation needs the funds, the authorised person will send us an executed Drawdown Instruction with the relevant invoices. We'll then fund your bank account so that the corporation can pay the bills.

Get in touch today

Get in touch with us to find out why borrowing should be part of the funding mix in your strata corporation.

 1300 851 585

 strata@lannock.com.au

 www.lannock.com.au