



# Lending restrictions present challenges and opportunities

When considering construction and development funding, the cheapest option is the main trading banks, however qualifying for bank funding is a lengthy and difficult process. So, when do you go to the bank?

This is an interesting question and one that many borrowers miscalculate, particularly around construction and development funding.

All trading banks in NZ have different thresholds in terms of minimum and maximum deal size for property development. It is important to understand this, particularly when dealing with projects under \$5m.

Several factors can eliminate possible lenders, leaving you with only a few options, providing lending criteria can be met and what those criteria are.

Many borrowers underestimate the importance of having a well-presented financial proposal and do not present core information which often results in a "NO." Once you get a "NO" it is almost impossible to revisit the same bank even with revised information.

At Property Finance we have many years of experience presenting financial proposals for development projects and knowing what information is required and who to present it to. It is vital to know which people to deal with in the bank's property finance units.

Recent changes to regulations implemented by the Reserve Bank of NZ to licensed Trading Banks makes the timing of your finance proposal another crucial factor.

As the banks place limits on these time frames, sourcing expert advice from the point of having sufficient information to gain credit approval, starting the project and meeting the related conditions precedent (including equity spend prior to draw down) can make all the difference to the success of your application.

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