FINANCE
Frequently asked question's

The Relocatable House Co.
Relocating houses, creating new homes.

How is finance for a relocatable different to normal lending?

Finance for a relocatable is not as straight forward as purchasing an existing property. Like construction lending, there are a number of different stages to a relocatable project so it is important to have a clear plan outlining the steps and costs along the way. The lenders tend to need a lot more information upfront and will often supply the funds in stages throughout the process.

How much will the bank lend?

For a relocatable home, the banks will generally lend 80% of the total project cost. This means that if you are not using an existing property as security, you will need to have at least a 20% deposit.

For those using equity in another property, you may be able to borrow 100% of the whole project cost and not have to put in any cash for a deposit.

How do I borrow for the property before it is on-site?

If you are lucky enough to have a property with some equity in it, it is as easy as topping up your existing loan to provide the funds.

For those who do not have another property that the bank can use, they may have to look at other financing options.

While many of the mainstream banks will not lend on the properties until they are connected on site, there are some non-bank lenders that are able to provide short term funding or funding secured against another security types.

Will non-bank lenders cost a lot more than the bank?

Non-bank or second tier lenders exist to help fill the gap that the traditional bigger banks cannot fill, therefore they are a great option when relocating a house. While they often have higher interest rates, the important thing to remember is that they are only a short term option.

The end strategy is to always end with a major lender so that you are on the best possible rates for the long run.

Example: A 2% interest rate difference may cost you $8,000 in interest each year (on a $400k loan), but over a 2 month project period it will only cost you $1,300 in return for a considerable equity gain.

How much will the loan repayments cost?

While relocating a house, there will often be a point where you have drawn down the new mortgage to pay for the work, but you are still paying rent, an existing mortgage, or do not yet have tenants in the property.

To try and keep these costs as low as possible, the banks are happy to keep the lending on interest only until the property is fully completed. This helps keep the costs down during the process.

For example, on a $400,000 loan the difference in repayments can be as much as $500 per month.

It is a good idea to use a loan repayment calculator to figure out what your repayments are likely to be on the new lending. You can find a good one here: https://become.nz/mortgage-calculator