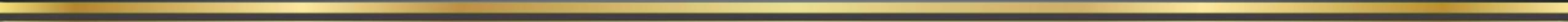




# STRUCTURING TECHNIQUES

ERA

REAL ESTATE



# 1. CASH OUT

**Objective:** Cash out, reset position and buy another unit with 75% loan

**When can we used this?**

- Both owners are borrowers. Cannot decouple
- Owners cannot refinance due to penalty

## 2. Equity Term Loan

**Objective:** Leverage on existing property to gain extra cash.

**When can we use this?**

- When one does not have much money but their existing property is fully or partially paid
- When owner currently makes profit in the house but does not wish to sell and wants to buy another property.
- 2 weeks application. 6 - 8 weeks to disburse.
- TDSR Evaluation Applies.
- Monthly installment by cash only

# 3. Maximizing Loan & Tenure

## Objective :

- Lower monthly installment. Increase possible loan amount for next property
- Based on last measures, age is up to 65 to secure 75% loan.
- How can we extend the Loan Tenure longer?

# 4. Pledge & Unpledged

## Objective:

- Get 75% loan when income is not enough
- When one has no income, still can get 75% loan

# 4. Pledged & Unpledged

Pledging	Un-Pledging
Fix Deposit	Cash Deposit Foreign Currency Shares Gold
Monthly Income Shortfall <b>x 48</b>	Monthly Income Shortfall <b>x 160</b>
Every <b>\$48k</b> Pledge increase month income by <b>\$1000</b>	Every <b>\$100k</b> (Unpledged) increase month income by <b>\$625</b>

# 5. Decoupling

**Objective:** Couple who do not want to sell their property but wish to own 2nd PTE Home without paying ABSD

## Strategy

- Talk to exiting owners to restructure
- Selling of shares (Decoupling)

# 5. Decoupling

## Look out for:

- **Stamp duty** based on 50% share bought over from Joint Tenancy
- **SSD** also based on 50% share (Joint Tenancy) or depend on share value (Tenancy in Common)
- **Time Line** between Decoupling and New Purchase
- **Cash Flow**

# 5. Decoupling

## 3 Properties to be included in the Count of Properties Owned

### 3.1 Count from Date of Contract or Agreement

The property is to be included in the count of properties owned by a person if there is already a Contract or Agreement to purchase the property even though the property has not been legally transferred to him yet. This would include the purchase of an uncompleted unit from the developer whereby the Sale & Purchase Agreement has been signed. Similarly, the property is to be excluded from the count of properties owned by a person if there is already a Contract or Agreement to sell his property<sup>3</sup>.

Source: Stamp Duty: Additional Buyer's Stamp Duty (ABSD) on Purchase of Residential Properties Revised Edition (11 Jan 13)

# 5. Decoupling

## 7 Purchase of Additional Partial Interest in the Same Property

- 7.1 Where the owner already owns a partial interest in a property, the ABSD rate applicable for the acquisition of additional interest in the same property will depend on the number of properties he already owns at the time of the acquisition.
- 7.2 Hence if a SC only owns a partial interest in one property, his acquisition of additional share in the same property would not be subject to ABSD. If he already owns partial interests in both property A and B, his acquisition of additional share in property A or B or both would be subject to ABSD rate of 7% as he owns 2 properties at the time of the acquisition of additional interest.
- 7.3 If a SPR only owns a partial interest in one property, his acquisition of additional interest in the same property would be subject to ABSD at 5%. If he already owns partial interests in both property A and B, his acquisition of additional share in property A or B or both would be subject to ABSD rate of 10% as he owns 2 properties at the time of the acquisition of additional interest.

# SELL 1, BUY MULTIPLE



**“ If you don't find a way to make money while you sleep, you will work until you die”**

**Warren Buffet**

