

BANKWEST SENATE ENQUIRY SUBMISSION.

SALTWATER DEVELOPMENTS P/L. SOUTH WEST ROCKS . NSW.

We were contacted by BANKWEST in February 2008 offering to provide a loan facility for \$ 2,750,000 on a residential subdivision proposal of approx. 400 lots with a five year time frame to gain the necessary approvals and some sales, with six separate lots already given approval and were for sale at that time, with four sales realised over the following three years.

WE accepted the loan facility with one year capitalisation of interest and then paying yearly interest upfront by putting it in a BANKWEST Business Bonus Account, which was done until MAY 2011.

When the Commonwealth Bank took over BANKWEST, we were advised by BANKWEST that they were getting out of any LANDBANKING loans and the loan facility was not going to be extended, but while we had the interest paid upfront , they could not force the issue, but set a new, unrealistic, time frame of six months, to achieve the Subdivision Approval and some sales to reduce the loan by at least 50%.

They also changed the format of the loan facility whereby ALL proceeds from sales would go to reducing the loan amount, leaving nothing for interest or for infrastructure to produce more lots for sale.

As the company has no other means of income , this caused all construction to cease, which obviously was the intention of the BANK to force us into difficulties maintaining a cash flow.

They then ordered a new VALUATION, only three months after the yearly scheduled valuation was commissioned by them which valued the property at \$ 8.8 million or \$ 21,000 per lot en-globo

WE asked why they needed a new one , with the reply being, “ The bank was not happy with the scheduled one” even

though the same valuer had done the three previous ones.

The new valuation was carried out by Colliers International who reduced the valuation by 50% to \$ 4.4 million or \$ 10,500 per lot en-globo and then the BANK deducted \$ 20,500 from the interest fund to pay for it, which was double the amount of the cost of the previous valuation, leaving a shortfall in the interest account and without funds from the last sale going towards interest payments, they subsequently achieved what they had planned, put us in default.

These same valuers, COLLIERS INTERNATIONAL of the Newcastle NSW. Branch valued the adjoining property with a similar circumstance as a proposed residential subdivision as ours, at \$ 24,000 per lot en-globo at the same time, but for a different BANK. (ING)

ALL OF THIS CAN BE PROVED AND IN WRITING.

There is little doubt that BANKWEST was following instructions from the COMMONWEALTH BANK to put us into a default situation so they could call in the loan facility , legally, by having this collusion with Colliers to lower the value which put us below the 40% L.V.R. that was part of the loan facility.

There has been several other valuations done since in the same locality that substantiates an en-globo value of approx \$ 20,000 per lot.

BANKWEST appointed Receivers and Managers in November 2011 after the up-front interest ran out, even though we had three sales proposals at that time which, due to the delays caused by these Receivers and Managers, are just now ready to settle on the contracts worth \$ 950,000 gross , three months later.

WE have asked for the BANK to review the situation , but have NOT received a reply.

The Receivers and Managers are trying to sell the rest of the property at a reduced price just to clear the BANK and earn their FEES, about \$ 100,000 per month, with no thought for us, which

will leave a Tax burden that we will have no chance of paying, with no more property to subdivide or sell if this forced sale proceeds at a GIVEAWAY price.

The Receivers and Managers have done nothing to earn their exorbitant fees , as we have arranged all sales so far, and they refuse to accept two offers of part of the subdivided property that is left which would clear ALL the loan amount and their fees to date. They appear to be deliberately slowing any transactions down, just so they can charge more fees.

IT IS UNCONSCIENCABLE OF THEM.

All we required was time to develop more lots to sell, without the costs of the burden created by these Receivers and Managers, which will eventually see the loan facility repaid in full and /or enhance the value of the property in the meantime while waiting for sales to be achieved in the current slow market

TO THE ADVANTAGE OF ALL.

We have attempted on numerous times to come to an amicable and mutually workable solution with the BANK and its agents, but all approaches have been rebuffed or ignored,

We find their approach highly irregular and disturbing, given that all loan amounts outstanding can be repaid in full over time, without the approach the bank has taken, causing undue hardship that could be avoided at NO cost to the BANK.

ROBERT LAUT

Director
SALTWATER DEVELOPMENTS P/L