New Financing Source for Shared Luxury Properties

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An innovative new lender is giving borrowers with excellent credit the opportunity to finance destination club and shared luxury property purchases.

Use for Anything

There are a variety of ways to fund membership in either a destination club, private residence club or luxury fractional home. In earlier articles we've covered fractional mortgages and financing options for destination clubs. We recently came across FirstAgain, an online consumer lender focusing exclusively on borrowers with excellent credit. The company offers a simple-interest, unsecured loan product called the AnythingLoan. A completely paperless loan from application through funding and loan servicing, the AnythingLoan features fixed-interest rates starting at 5.99 percent on loans ranging from $7,500 to $100,000. Rates vary by loan purpose, term and amount. Loans for destination club memberships and shared luxury properties feature interest rates currently starting as low as 7.49 percent.

"The basic idea behind the AnythingLoan was to give borrowers with excellent credit a hassle-free loan they could use to finance or refinance anything," said Todd Nelson, head of business development for FirstAgain. "The fact that the AnythingLoan is unsecured, low-interest and tailored specifically for borrowers with excellent credit has made it a nice fit within the fractional-interest space."

Fast Online Processing

The AnythingLoan is a 100 percent paperless loan. Credit applications are completed, submitted and reviewed online and applicants are emailed a decision on their application within minutes. Customers have the ability to sign their loan documents using their computer mouse. Approved applicants can go online to set up their loan for funding immediately and funds can be transferred into the applicant's bank account of choice as soon as the same day. There are no fees, down payment requirements or prepayment penalties.

Matthew Lauer of Corona del Mar, Calif. used the AnythingLoan to finance fractional ownership of a shared luxury property in Cabo San Lucas, Mexico. "It's a 3,000-square-foot beach house with four bedrooms, three baths and an Infinity pool," said Lauer. "We vacation down in Cabo all the time and we fell in love with this house when we saw it."

Though Lauer and his wife Andrea both bring home considerable incomes, the couple decided that financing their purchase made more sense than paying cash. "I was either going to find a personal loan that made sense or just pay cash," Lauer said. "We liked being able to maintain our liquid assets and still get the property we wanted. The rates were very competitive, right in line with mortgage rates."

Lauer was not only pleased with the 7.15 percent rate on his loan, but also with what he perceived as a customer friendly loan experience. "It was a very simple process," he said. "It took no more than maybe an hour of my time and the servicing has been seamless."

Background & Partnerships

FirstAgain was pioneered by the founders of PeopleFirst, which became the nation's largest online auto lender prior to its acquisition by Capital One in 2001. The company is backed by Merrill Lynch and Arsenal Capital Partners, has originated more than $100 million in loans and has a number of established partnerships within the luxury property market, including one with Ultimate Escapes. "FirstAgain has made sense for a number of our clients," said Gregg Amonette, senior vice president of business development for destination club Ultimate Escapes. "Our customers who do finance are looking for an option that is both affordable and convenient and so far FirstAgain has filled that need nicely."

According to Amonette, financing is often an attractive option for prospective customers, even those with substantial personal wealth. "A good financing option often appeals even to wealthy customers," said Amonette. "It allows them to maintain their financial liquidity and avoid having to sell assets from high-performance investment portfolios."

FirstAgain is available to borrowers at a time when access to home equity loans, which for years have been a primary source of fractional interest financing, is growing limited. The amount of home equity loans accessed by homeowners dropped by more than 17 percent from 2006 to 2007, according to statistics provided by Integrated Mortgage Finance. The trend can be expected to continue in 2008 as more and more lenders are both cutting back the availability of new home equity lines of credit and freezing existing ones.

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