Webinar – Alt Doc 101

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Hi, everyone. Thank you so much for joining us. We will start the presentation in a couple of minutes. We'll just let everyone join

in, and we'll get started.

Thank you so much for everyone that's joined us today. For those that don't know me, my name's Sarin. I am one of the New South Wales BDMs here at MA Money, and today we also have David Clarke, who is our credit development manager. Welcome, David. Thank you for that wonderful introduction, Sarin. You're welcome. Good to have you. So today, we are both going to start talking about alt doc and give you some handy tips, tricks, and how MA Money actually looks into customers that have provided alternate documentations for income. We will also be going through some important information about how to utilize a BAS calculator and going through some scenarios as well today. For those that wanted to ask us some questions, feel free to reach out using the chat function. Please input some information or your question in the chat function, and we will get to that at the end of the presentation. And just a reminder for those that have registered today and are online today, you will receive your CPD points along with a copy of the presentation recording after the presentation in about 24 or 48 hours after we do our preso. So welcome aboard. Thank you for joining, and we'll start our presentation now. Awesome. So just a little bit about MA Money. So we are one of Australia's fastest growing non-bank lenders. We do have over six billion of loans under management, and we do offer a wide variety of loan options as well. We will go through some of the products that we have at MA Money as well, but mainly focus on alt doc during the presentation too. We are part of the wider MA Financial Group, and for those that don't know who MA Financial is, they are an ASX-listed 300 company with diverse financial services, with about $15 billion worth in assets. And they do have a strong focus on credit and lending as well. So for those customers that are a bit unsure of where we receive our funding from, you could always refer back to the MA Financial Group website, and they will see our logo on there as well. We are also known for our responsive service and our streamlined process as well, giving brokers the flexibility and support that they need and providing diverse

outcomes for customers.

Okay. So a little bit about what we're famous for. So we're quite famous for our credit process, which includes a 48-hour SLA to a conditional approval. We're also famous for our alt doc policy, which includes one form of verification in terms of income. We have an experienced team of BDMs backed by our scenario specialist, David Clarke, and we also do allow for unlimited cash out up to the maximum LVR for the product selected as well. For those that use Quickly, we're consistently ranked at the top of some of the lenders. And what I always suggest to some of my brokers as well as, obviously, the wider community is download a copy of our servicing calculator from our website as well and just ensure that it is reflective of what Quickly mentions in their calculator too. Last but not least, my absolute favorite, we use beyond pure metrics for our servicing, which basically means that we don't have comprehensive credit reporting. We don't have credit scoring or DTI requirements for assessment. Okay, Dave, did you want to go through some of the customers that we see? Yeah, sure. So customers we're looking at on the alt doc. So basically, we see self-employed, either full doc or alt doc, using residential or commercial property equity for cash out, including business purposes, which a lot of other lenders don't do. We can look at people that have credit impairments, so including those that are discharge bankrupt. POIG customers with short-term employment is something we're happy to look at as well. And we can look to use 100% of bonuses or commission, so obviously no shading. We also can look at multiple employments as well. So if someone with POIG that has two, three jobs or even a self-employed person has a second POIG job as well. So, securities are residential, commercial, rural residential, vacant land, multiple dwellings on title, so we can actually go up to six dwellings on one title, which is very rare. And our borrowing types include individual borrowers, companies, trusts, and family unit trusts like that as well. Yeah. So, a lot of different options there for structures, security types, and borrowers. Awesome. Cool. So moving on to some of the product ranges that we have at MA Money. So as you can see on the screen, we do have residential lending for prime up to 15 million. We allow for up to three million under our near-prime product. We also have full doc options up to 90% LVR. Just bear in mind that the maximum loan amount in that space is limited to a million dollars as well. Moving to the right of the screen, we do have vacant land product. This product is purely a no callback product. It is capped at a maximum loan amount of five million. We do allow for cash out in this space as well, and the land must only solely be used as vacant land. Unfortunately, if there's any DAs on there for construction or subdivision, perhaps, that is something that we don't tend to like. But if you do have any questions or queries or are unsure, reach out to your local BDM and have a discussion with them. To give you a range of the LVRs we can do in that space, for Category 1 locations, we can consider 75% LVR, and for Category 2 locations for vacant land, we can consider 70%.Moving to the right of the screen, we do have our bridging product. As you can see, we can go up to $5 million as a peak debt and 80% LVR. We have flexibility on having end debt or no end debt. So, if you do have a scenario that has no end debt, give us a call, and we can run through that with you. We allow terms from six to 12 months with capitalized interest, and there is no callback on that product as well. Moving down to the screen, we've got expat and non-resident loans here at MA Money as well. The niche that we have in the market for this product is we can consider 100% of the net income used for servicing once it's converted to Australian dollars. For self-employed, we do require full doc, which means we do need tax returns, or for PAYG, we can simply use payslips. We do allow for cash out as well, up to the maximum LVR for both of these products, too. Moving along to SMSF, we have residential and commercial products available at MA Money. We do have a niche in the market where we don't require any liquidity or net asset testing, and you can consider future contributions as well. Just reach out, again, to us so we can explain that further for you. And if you do have any scenarios in that space, give us a call and have a chat. We also include corporate or individual trustees as well. Moving along to our last product here, which is commercial. So, we have loans up to $8 million available in the commercial space. For prime full doc, we do allow that up to 65%. In terms of the maximum loan amount at 80%, it is capped at 2.5 mil. We're looking for light industrial, retail, and office spaces. There's no callbacks on that product, and we do have a range of products available, such as full doc, alt doc, light doc, and lease doc options. Okay, so getting into alt doc. So, what is alt doc short for? It's short for alternative documentation. It's actually designed for self-employed applicants that cannot meet traditional one or two year tax returns, and they aren't able to provide notice of assessments. Dave, can you give us some examples of what type of documents we can use in this space? Of course. So, evidence of income that can be provided for a self-declaration. With the self-declaration, should I say. Business bank statements, BAS, or an accountant's letter. Awesome. So, there's three options that we can consider in this space for an alternate documentation that can be provided. And what would you say is the most common one that we see a lot of? The accountant's letter. I would say 80% to 85% of loans that come through as an alt doc will always have an accountant's letter. Awesome. Okay, cool. So, let's take a look at utilizing the alt doc method in terms of the documentation provided by a customer, and let's look into some of the things that we, as a lender, also look into. So, when we're looking at the income declared, we're actually looking at the turnover minus the running or business costs. So, there's a small example just there on the screen for you. So, if the turnover for a business is $1 million per annum, and the expenses are $800,000, then the net profit or income declared after the costs is $200,000. And in terms of some of the things that we look for in an alt doc or, say, for example, alternate documentation or low doc, what are some of the things that credit look for in terms of maybe some information that the broker could provide as well to provide extra comfort or the credit assessor asking further questions? That's a great question. So, the way I've always put this is, it's a low documentation loan, but it's not a low information loan. So, when a broker does their notes and they're doing their lending summary or application summary, call it what you will, the best thing is substantial notes about the income, because obviously we're not getting tax returns, there's no payslips for your self-employed borrowers. So, you just want to have credit have comfort with the income piece. So, if you submit a loan and you say they are self-employed and they're a director, and that's sort of it, you leave yourself wide open for a bunch of questions from credit, and it may make your file deferred, which can push back the assessment time and the approval time. So, I'll always say the detailed notes about what they do. So, if they're a mechanic, do they have a shop front? Do they contract to someone? How long have they been in business? Are they online? Back in the day, you used to see if they were in the yellow pages and things like that. So, it's always, can you find it? Does it make sense? So,

again, where are they trading? How long have they been trading for? Do they have staff? Do they have a website? What do they do to generate business? And do they own the business premises? So, all of those sort of information up front will just make life so much easier for yourself and the credit person assessing the loan, because, again, it just gives them that much more comfort that this is the income being declared, and I'm so happy to support it based on XYZ because of the broker's notes. Yeah. Awesome. So, I guess a key factor that comes with alt doc lending is information about the customer themselves that the broker can provide through broker notes- Mm-hmm ... as well as any other, I guess, variations or variances that they have in the business as well to help, I guess, the assessor come to a decision and make it make sense, right? Yeah. So, again, does it make sense is my favorite thing. So, if you're in a Cat 3 location and you're a mechanic and you're declaring $1 million in net profit per year, that's probably going to raise questions. Yeah. But if you're in Sydney and you are in Frenchs Forest or something like that, and you do have some sort of mechanic business, auto detailing business, and you have a higher income, then that would probably make sense based on the population and the income for those sort of areas. So, just something to think about. Awesome. Thanks, Dave.Cool. So, moving on to the next slide. So, what does supporting information or the financial position look like? Or what type of documents that we're using, what do they actually look like for us? So, as you can see on the screen, we have the declaration of financial position that the customer actually completes. So, on the right of the screen, you can see here that, obviously, they'll need to include the loan details. They would need to include their full details and borrower's name, the financial position declared, so that's where they put in the dollar figure, and then obviously, that's where they sign and they date as well. There is a little QR code there as well for those that want to download a copy from our website. But essentially, we do require this form to be completed alongside an accountant's letter, BAS or business statements as well. Yeah. And we'll cover that next. But one thing I will say is it does say ABN/ACN. I would recommend noting the ABN 99.9% of the time. Yeah. Credit will do an ABN search. Easier to do an ABN search than ACN search. So, just for a quicker turnaround and quicker assessment time, I would recommend brokers put down the ABN. Awesome. That's a really good tip. I know. Thanks. Cool. So, what does the accountant's letter look like? So, as you can see on the screen, you've got an accountant's letter that's listed there. You can also see dot points one to eight as well. So, if the accountant does have any questions, there's actually some information there for the accountant to read through too, to make them feel a bit comfortable as well in what we're actually asking for. But a few things to remember with the accountant's letter. The accountant must be on the tax practitioner's board and, obviously, been the accountant for the customer for a minimum of 12 months. Their number needs to be verified through Google and third parties, as Dave mentioned as well. And we also have a recorded phone call that we complete through this process with the accountant that they have provided a form for. So, as you can see, there's a QR code there. You can download a copy and have a read for yourself as well. But is there anything that you would like to point out, Dave, in terms of the accountant's letter? So, just the last dot point there. So, a recorded call is completed with the accountant. Just so we're all aware, they would just cover off the dot points there and the income as well. So, they'll say, "How long have you acted for the person? What is the declared income? Did you sign the form?" It's essentially the three questions I'll ask, so that's all good. One question we do get asked a lot, so with our products, you can deal with someone who's been self-employed for less than six months, and the question's always been, if they've been employed for six months, how do they have an accountant for 12 months? Well, that is something you need to think about, but it could be your accountant for when you're PAYG and you've had them for 20 years as your accountant and then you've just become self-employed. So, that counts as them being your accountant for 12 months. Awesome. So, it's not saying they're your accountant for 12 months where you're self-employed. It's just they've been your accountant for longer than 12 months. So, that's always something to think about. But keep in mind, if you do have someone that comes to you and they've only been self-employed for six months, that means they haven't had an accountant for 12 months, it's not something we're going to be able to look at. But- Yeah, cool ... yeah, just something to look out for. Awesome. Because we get asked that a lot. Yeah, absolutely, and we get asked that a lot as well as BDMs too. So, something to definitely watch out for. And in the terms of the fact that we can't do an accountant's letter or the accountant is unwilling to sign the letter for the customer, we do have an option of business activity statements, which is BAS for short. And this is where we can look at the most recent six months lodged BAS. And basically, in terms of the BAS document that we receive, it's pretty simple, and we'll go through an example as well later on. Yeah. But we look at G1 minus 1B minus W1. As simple as that. And it gives you some information about the annualized figures on our calculator too, which makes things a lot easier as well. If seasonal, we can consider 12 months. It does say it is the most recent six months as a minimum. But there's some industries out there that are better off providing 12 months, so we can see the full picture. Mm-hmm. And, as mentioned on the screen as well, I guess, in terms of summer related businesses versus winter related, and we can also look at using director wages and add backs in that. Mm-hmm. Correct. Which is pretty good. Yeah. Yeah. I'll just jump in with one more thing. So, as the top point there, so six months lodged BAS, so lodged BAS from the ATO portal. So, if you don't know what that looks like, just reach out to your BDM, and they'll be able to assist you and confirm, because there are different variations of what the BAS looks like. But the lodged BAS is just one form and one copy and one sort of document that looks exactly like it does, but unlodged can look like seven different variations, so- Yeah ... just be very careful with that. Awesome. That's a really good tip as well. I guess a lot of customers will send you what they have, but it might not mean the ones that we need for assessment. Correct. So, yeah. Okay, and last but not least, we've got business bank statements. This is probably the hardest option. I would definitely put my hand up and say this is the hardest option, even for us as BDMs. I've had a couple of these come through, and they seem to be really tedious. Yes. So, in terms of business bank statements, it can be hard because sometimes personal transaction can come from these statements, too. So, you kind of are looking at the incomes coming in and coming out, but also expenses that might be personal. Mm. How does that look like for a credit assessor, for example? It's not an easy assessment, I'll tell you that, as a former credit assessor. So, there are times where you'll get the business bank statements from your client, and it will be50 pages and a few thousand transactions in six months, and you have to go debit less credit for every single one line by line. It takes hours- Yeah ... on hours, and I find a lot of the time it just doesn't work. So it is an option to have because there are people that do not have a BAS and cannot get an accountant set up. But bear in mind, it is very time-consuming and rarely works. Yeah. Fair. I'm being honest. Yeah, absolutely. And I think to be quite honest with you as well, is it's very rare to find business owners having separate accounts for the business income and obviously expenses going in. Usually, if it's a sole trader, you're probably seeing a lot of individual expenses coming through that as well. Correct you well. Yeah, it's very rare. But of course, yes, as David said, it is a third option. We do have this option available as well. If you do need any support or assistance in having a look at what that looks like and how you need to go line by line through the documents, reach out to us and we can definitely help you guys out, navigate through that.

Okay. So Alt Doc assessment guidelines. Dave, I'll hand this over to you because you would probably have more experience in having a look at some of these things and what the credit assessors do. But this is also something that we look at as well when we're asking you questions over the phone when you're having a conversation about a scenario. So yeah, Dave? Yeah, sure. So the first dot point is something I just touched on earlier. So what is the industry? What is the location? What is the business set up? So again, are you located in a cat one location? Are you a baker? Are you a mechanic? Are you a GP? All those sorts of things matter, and business set up as well. So again, if you're saying, "I am a high net worth earner," but credit can't find anything about the business and it doesn't make sense, then that's something they'll look at and something they'll question. So, same sort of thing, high net incomes, what is the asset position? So you're declaring a million dollars a year, your application form shows $0 in assets. You've got no super, no savings, no property. That's going to raise a lot of questions. Now, there are times where a lot of the income goes back to the business or the assets are held in a company name as well, or a business name as well. So, I have always recommended that brokers also declare company assets as well on the application form or even in the broker's notes to make it make sense because, again, if you're saying someone is declaring a million dollars a year and they have nothing in their asset position, that's a red flag for credit. So, that can obviously impact their assessment and the way they view the client itself, not just the income. Yeah. So always something to think about. So again, what I said before, does the income seem reasonable? Does it pass the pub test? For those who don't understand what the pub test is, it's when you're at the pub with a friend and they're telling a story, and everything that they're telling you is highly unlikely based on your knowledge of that person. So for credit, their knowledge is, "I've done 20, 30 loans for that industry or that suburb, and so this doesn't make sense to me because the last person who was in that same sort of industry in that same sort of area, they declared $30,000 less, $300,000 less," whatever it may be, is something they think about. So, I will tell a story of a former manager of mine who was assessing a loan one time for a donut franchise. Said borrower declared $700,000. Wow, that's a lot. I'll call it a Wendy's or a- For making donuts? ... donut king, whatever it is. Yeah. Again, it didn't pass the pub test, so we went and got BAS, and then the income was 120K- Yeah, wow ... from the BAS. Yeah. So it is different and can happen, and again, that one didn't pass the pub test. Yeah. Fair. Credit had to go ask for more income documents because it's very hard for a credit assessor to sign off on that income when they just don't agree with it or believe in it. Yeah. And the broker didn't do a great job in selling it. But also, again, that figure just seems highly unlikely for that industry. Yeah. I will say we have senior credit assessors here who have a lot of experience doing these Alt Doc loans, so they've seen everything. Yeah, sure. And they will know what makes sense and what doesn't make sense. Yeah. Absolutely. So, it is all about just making sure that you've done your checks and you're, I was going to say selling it well, but when you're doing your notes, your notes give credit comfort. If you were to read that yourself and you'd be like, "I'd be more than happy to lend to that person," that's what credit will receive from you as well. And then, yeah, so we need to see the loan purpose, if there's a benefit, or there always has to be a benefit, to your borrowers. Servicing, because again, you can't do a loan that doesn't service, and a strong exit strategy. I'll always say one of the biggest things credit love is a great exit strategy for someone. Yeah. Awesome. So if you're coming to someone and they're nearly at their retirement age, it's an owner-occupied property, and now they want to borrow up to 80%, what's the exit strategy going to look like? It's a very, very hard one. So, I always recommend discussing the exit strategy with your BDM. Yeah. Because they know what our appetite is or the other lenders you're dealing with as well. Just very, very good for the broker to understand what that business wants when it comes to an exit strategy from a borrower. Yeah. Awesome. And I think the key bit of information that you've mentioned throughout this session as well, and through this particular slide as well, is broker notes. Mm-hmm. Right? So, it's very important that we have as much information as possible provided upfront during the assessment process to be able to comfortably provide an outcome for a customer, right? Mm-hmm. And make it make sense, right? We just need to make sure that it does pass, as you mentioned, the pub test, right? So, I've had plenty of examples that have come across my desk as well, and one particular example is a hairdresser working out of home that's earning 350,000. Sometimes those things don't make sense, and it's like, okay, well, they don't have a shop front. What is their setup looking like? They don't have any employees. We need to look into those types of things because, as BDMs as well, we get a lot of scenarios that have come through. We see a lot of things, too. Mm-hmm. So, we can definitely help you and guide you in that process as well. So remember one thing, broker notes. Broker notes. Broker notes. Yeah. Cool.Okay, so moving on to some of the alt doc policy niches that we have. So we've mentioned a couple of these throughout the presentation as well. We can see, of course, that we can do cash out up to the maximum LVR for the actual product that we're looking at, and we don't actually require documentation. We just need broken notes. So again, broken notes.

So Dave, in terms of cash out purposes,

is there any feedback or points that you can point out in terms of cash out? Because a lot of the time, I get a phone call saying, "Hey, it's for investment purposes," but then it's so broad that I always ask further questions, and I believe that credit also look into these things too. So is there anything specific or any tips that you could give us, some of our brokers, in terms of how to structure that in their notes? Yeah. I would say broken notes obviously is the most important part. Yeah. So for something like that, we're not looking for an essay, just a line or two of what they're doing and does it make sense. Yeah. So your first time of someone investing in shares, if you just go investment, then credit are going to say, "What do you mean investment?" So, if you're then trying to take a million dollars out for shares, credit are going to be like, "They don't have any other assets and shares like that. How does that make sense?" So you could be like, "It is a first time investor based on a conversation with their accountant," because I'm assuming that's what the conversation was. Yeah. And then credit will have a lot more comfort in that and going, "Okay, that makes sense. Now you've been given some sort of financial guidance to do that." It's the same as if you're coming for cash out and you're getting 200K and you're saying it's to buy a property. Well, there's not many properties you can buy up to 200K. To 200K, yeah. Or if you're taking out a million dollars for a property and say, "Okay, this is a million dollars for a property, however, this will cover stamp duty, legal fees, agent's fees, and things like that." So, I would say property around maybe 800K, 700K, whatever it may be, and then the rest will cover XYZ. Yeah. And again, that's only two, three lines, but it just saves yourself a lot of time and it saves credit questioning the file- Yeah, absolutely ... any further than they need to. Yeah, absolutely. A lot of the time, I also see some examples where it's just got 80% LVR cash out. Mm-hmm. There's no information there so again, massive tip and point, broken notes. Yeah. Awesome. So moving on to point number two, we do have alt doc available for our $15 million loans as well under prime. So, this is something interesting that we've brought out, which is really, really exciting for us. We actually do accept accountants' letters, BAS or business statements for a loan amount that is 15 mil. Now, in that space, just remember it is up to 65% LVR, and we do see that loan amount reduced to 10 mil at 70%, and then 7.5 at 75%. If you do have any questions in regards to those particular loan amounts or how we do our assessment or the process, reach out to us and we will have a conversation. But it's pretty straightforward, just like all of our other loans that we have in that space too. Mm-hmm. Which is really good. Point number three, we don't have any LVR caps on company or trust borrowers. So this is quite interesting, because there's a lot of lenders out there that have withdrawn from trust borrowers as well. So we are still open for business. There's no actually caps or additional loadings just because they want to borrow in a company or a trust. So if you do have customers in that space that are looking for investment opportunities, you're more than welcome to reach out and submit loans under companies or trusts with MA Money. Point number four, we don't have any company debts factored into servicing either. So very interesting, again, when you are looking at servicing, some phone calls that I have is, "Serene, can you just double check for me? Do I need to add this? Can I use this? Can I exclude this?" Again, we're here as BDMs to support you throughout the entire process. If anything, we see a lot of this, so please reach out to us if you're unsure or uncomfortable. We can definitely confirm these details for you. But essentially, we don't use company debts in servicing. Mm-hmm. Number five, brokers' own loans. We do allow this. You're more than welcome to submit your own loan with MA Money, and yeah. For every product. Yeah, for every product. Even if you're expat, which is really cool. Yeah.

In terms of point number six, we do have 100% offset on all of the splits available. There are some products that don't offer offset, and that's your non-resident loan and your SMSF loans. So in terms of offset, we do have that availability for your customers as well. Point number seven, no minimum ABN requirements for company or trust borrowers. Would you like to elaborate? That is for the borrowing entity, not from where you're declaring your income from. So you can create a company tomorrow and purchase in that company the day after. That's what we're talking about when we say no minimum ABN requirement. Nice. So borrowing structure, not the entity where you're declaring your income from. 100%, because the entity you're borrowing income from, or sorry, declaring income from- Yeah ... is a minimum six months. Correct. So just remember, if you are looking at the borrower entity, we don't have minimum requirements. If you're looking at the income producing entity, minimum six months. Spot on. Awesome. And then last but not least, we do have valuation policies that allow for AVMs up to 75% and desktops for up to 80% for category one locations. Again, give us a call in regards to this one, too. And the only reason why I say that is because you might have a customer that's done non-structural renovations and it's, say, for example, 70% LVR. The AVM is actually a data focused response back for a valuation. It might be better off doing a short form valuation to include all of those non-structural renovations that they've done. So I've had a few come back where it hasn't captured the income-- Sorry, the upgrades that they've done in the security. So we've always suggested to do a short form. So give us a call if you're unsure. But in terms of those AVMs and desktops, we do have that policy in place, so you can use that.Okay. Now, having a look at our process, how do we actually get to 48 hours? So one thing to remember is all of our applications are done through Apply Online, and it's pretty much a seamless process from Apply Online to our CRM system. We do have a pre-credit team that does checks, of course, to make sure that all documents are provided. And one key factor, make sure you have broker notes included there to make sure it goes through smoothly. So in terms of the pre-credit team, they will check on all the documents that you've provided and make sure that all the documents are there. Now, it's really important to provide that all upfront, because if you don't, it will then come back to you, and it will take a further day. So making sure you have everything there, it will then go to a senior credit analyst who would do all the credit assessment and touch on any credit critical items. Correct? Yes. Amazing. Once we get there, we provide you with a true conditional approval with only some conditions. And that might be, for example- Evaluation report, outcome of credit inquiries. Yep. And you sort of hope that's it. Awesome. Yeah. In some cases, that is all it, which is great. In some cases, we might need an additional payslip or anything like that, but we're pretty comfortable providing a conditional approval, where there's no credit critical items essentially to move forward to a formal approval. Once a formal approval is provided, happy days, we move on to settlements. So, that's how we actually get to our 48-hour SLA for a conditional approval. I've had situations where it's gone from submission straight to formal approval. Mm. And that's purely based on how the broker has packaged the loan. So kudos to those brokers. Thank you. But one word of advice, make sure you have everything up front because it makes your life and our life easier as well. Awesome. So moving on to some real scenarios and solutions.

Okay. So having a look at this first scenario. This scenario is about a newly self-employed applicant with a recent default. So this applicant's been self-employed. They started a new business 24 months ago. They actually used private funding to purchase a home, and they used some business capital as well. Unfortunately, they missed repayments on a personal loan during the business startup phase, which resulted in a default. Now, the business is profitable. There's consistent income coming through. However, the default has been listed on the customer's credit file, but it has been repaid in full, and the conduct has since been stabilized as well.

So Dave, what solution were we able to provide this customer? We were able to provide them with a Near Prime + Alt Doc product, so, and using an accountant letter as well. Awesome. You've got to think about historically, a lot of banks wouldn't touch people that have defaults or any sort of repayment history issues, let alone then do their income based on just an accountant setup. Yeah. However, that is something we're able to do, and we do a lot of those, and we see a lot of those on a regular basis. Awesome. So obviously, with the flexibility of having Alt Doc as an option- Mm-hmm ... we could look at, an accountant's letter in this case, and on a Near Prime + product, which is amazing. Yeah. And, just the issue that they had makes sense. So it's not someone that's choosing not to pay loans because they can't be bothered. This is someone who's had a startup, and we all know that when people start businesses, they're not profitable immediately. Mm-hmm. So you can have issues, you can have your cash flow dropping because your,

I guess, invoices need to be paid. Correct. Stuff doesn't get delivered. Yeah. There's all sorts of things. We know rent's going up, at a huge rate. So all those sort of things can affect a business start-- like, that's just the startup phase. So we understand that, and we take that into consideration when making the decision whether or not we want to lend to this borrower. Yeah, absolutely. Again, someone that fits our policy perfectly. Yeah, fantastic. And also, just to mention as well, we're looking at reducing the private funding interest rate for the customer too, which is a bonus, right? Mm-hmm. So, defaults usually stay on the credit file for what? Five to seven years- Yep ... depending on what it is. So for this particular customer, they might actually have no other option but to come to a non-bank, and where we can obviously assist customers with defaults or late repayments, things like that, that comes in handy because they might need the funds right now or at the time that they've come to us. So helping this particular customer with the solution is awesome. And I guess in terms of when the default was listed, how much was the default for, these are all kind of important information to kind of know what your customer is going through, or if they have any issues at all as well. And to cover that off in your broker notes. Yay. How did they get in the situation, and how are they over it? We love to hear that upfront. Yeah, absolutely. I've seen a lot of the time, if that information's not covered off, then I can see clearly in emails from credit assessors to brokers asking that same question, too. So knowing your customer, I think, is really important. Mm. And covering everything that you know about the customer up front, is key as well. Yeah, I agree. Cool.Let's take a look at the second scenario. So, we're looking at a strong turnover using BAS to

verify the income. So, we've got a self-employed electrician, they've got a contracting business trading for three years. They employ one apprentice. The business is operating through a company structure. They're looking to refinance an existing debt and obtain some cash out to use to purchase vehicles and equipment. The latest tax returns did not reflect the current trading, so they're probably looking at using other alternatives. And with this particular scenario, we have used BAS in demonstrating the consistent income and showing their cash flows. So, in terms of the solution, we were able to provide a prime alt doc in this case. Mm-hmm. Which is good. Yeah. So, it looks like this particular scenario has used 12 months BAS to verify the income, not six months. Correct. And in terms of the director wages, we were able to add that back as well. Yeah, I do believe the BAS is on the next slide. Yeah. So, let's have a quick look.

We were able to do some cash out for this customer, too, which is awesome. So, let's take a look at this BAS. So, obviously, we can see it's quarterly. And this is available on our website as well- Correct ... which is great.

As mentioned, we look at G1, 1B, W1. So, we've had a look at the BAS statement. Yeah. We've incorporated the figures related to those acronyms. And having a look here, it looks like they've done quite a bit of sales. They've got some, obviously, GST on purchases and some wages, too. Having a look on the right side, looks like we've added back director wages, too. Correct, we have. So, half the wages got paid to the apprentice. Our applicant paid themselves the other half of the wages. Now, the good thing about adding back wages is we don't need any evidence of that. Just the broken note is fine. Ooh, that's cool. Mm. Very handy. Awesome. And just to give you guys an understanding as well, you can see at the bottom of the BAS details there, the total declared profit is 148,600. So, that means that the calculator's doing all the work for us. Correct. It's the easiest thing you'll ever use. So, that 148 is the net profit, so the turnover list expenses, and then also the wages. And then they've also then paid themselves the 48,000 on top of that as well in wages. Oh, awesome. So, if we include the director wages at the bottom of the calculator- Mm-hmm ... we can also see that on the calculator itself, where the customer is 100% shareholder, it's incorporated the 148,600 plus the wages that they've done. Correct. Or paid themselves, I should say. Yeah, so that means on their self-declaration, they can declare about $190 something thousand. Ah, amazing. Perfect. Easy peasy. That's awesome. Yeah. And there is a little QR code down there for the BAS calculator. Awesome.

Okay, our third scenario. So, we're looking at ATO debt consolidation for a medical professional. So, this particular borrower is self-employed physiotherapist operating through a discretionary trust with corporate trustee. They've opened a second clinic resulting in temporary cash flow pressures. They've accumulated ATO debts during the expansion period, which is understandable. The existing lender declined the refinance due to the tax debt, and the entity structure as well.

There's strong income, there's substantial equity, obviously, but there's an ATO debt, Dave. Mm. So, what was the solution that we had for this one? So, we can pay out ATO debt under our near prime product. So, we were able to do a $1.3 million near prime alt doc loan at 75% using an accountant letter to verify the income. Cool. So, key bits of information, self-employed physiotherapist operating through a discretionary trust. As well as that, I'm assuming we've had more information about the clinic and obviously the second expansion that was coming through. So, that's key bits of information for our credit assessor to kind of be like, "Yep, that makes sense." And of course, accepting the trust structure with the corporate trustee, which provides, yeah, the customer flexibility and a solution that they can now move on with us. So, doing an equity release in some of these situations as well can be possible. But just remember, if it is ATO debt, there is a limit of cash out that we can do, is there not? Yes, because we factor that in as the same as looking- Yeah ... at private debt refinances as well. Yeah, that's right. So, if you do have any questions in regards to that, reach out to us. We do have more information on our product guide as well, so please refer to our product guide, too. But yeah, reach out to us, have a conversation. And that ends our presentation. As you can see on the screen, we've got a amazing team at MA Money, in each corresponding state. Just to familiarize yourself, we have all our members up on the screen. Please reach out to your BDM if you haven't spoken to us before, and we'll be more than happy to assist you. And we do have some questions. We do. So, whilst we were doing this presentation, we did have Jack answering some questions in the chat. We always like for them to put up some of the unique ones we get or some of the reoccurring ones. So, we have four here. So, the first one being, what do you classify as self-employed? So, under the alt doc product, we classify self-employed as someone that is a 25% shareholder or greater. They have to have held the shares for a minimum timeframe as per product. So, for example, under prime 24 months, near prime 12Near Prime Plus and Special six months.

Yeah, so that's a solution we can do. Like I said, very rare that you can do it with someone that's been self-employed for six months. Yeah. So one of my favorite products that we have. And just to reiterate, a minimum shareholder of 25%. Correct. So if the customer has less than 25% shareholder, we can't go down the old doc method. Mm-hmm. We might have to go down the full doc method- Yes, you would ... with tax returns. So we can still consider, but of course, it would be a different type of documentation. Yeah. Cool. We have another one here. It says, "Client's missed three repayments, and Equifax shows a score of 325. Would MA Money consider?" Absolutely. Now, it depends what product you end up with. Three missed payments under a credit card look different to three missed payments under a mortgage. However, we do have a mortgage calculator on our website as well, and it's also actually built into our servicing calculator as well, which has multiple different calculators in there. So it's always best to do the mortgage risk calculator for mortgages that's on our website. For anything else, reach out to your BDMs and they'll be able to assist you. But definitely, again, we can look at people that have had missed repayments, defaults, low credit scores, because, again, we do not credit score. Yep. So happy to look at all those as a scenario. Again, reach out to your BDM. And just to add on to Dave, we also don't do comprehensive credit reporting. So in terms of what documentation would be required, for mortgages, six months' mortgage statements. For non-mortgage related, obviously, liabilities, it is three months. Mm-hmm. So, as Dave said, depending on what the late payments are for, and obviously if they're within 14 days, we can take a look at that for sure. We can even take a look at those that are just missed completely. Mm-hmm. Yeah. Yeah. So yeah, for sure, we can definitely find a solution. I think one of the things we see a lot is people going through divorces where the mortgage has not been paid at all, because obviously most solicitors have said, "Do not put your money into it because you may not get anything out of it." We see a lot of those, and we do a lot of refunds for that, and we approve the vast majority of them. So, again, if you have someone that's made no repayments at all, it's still a scenario we can look at. So again, reach out to your BDM. Next question, "When using BAS, is it industry shaded?" No. There's no shading for the BAS at all. It's just as per the calculator, so those simple figures of income, expenses, wages. That's it. Very simple, very good. Very good. Perfect calculator. Yes. Perfect method of assessing as far as I'm concerned. So yeah, no, nothing like that at all. It makes our life easier too, as BDMs, by the way. Of course. So The last one, "Can you lend based on lease or rental income only?" We can certainly look at a loan based on rental income only. We do have a rental yield of 6%, so that would have to be factored in. But we can take rental income from, obviously, standard residential property, investment property, granny flat, boarding houses as well. So, there's a range of ways we can get the rental income, and we can also then support it by tax returns, rental statements, bank statements. Let me see, anything else? That's it. Oh, yes, one more thing. Airbnb. Airbnb as well. Yeah. So we can do Airbnb's rental income as well. Yeah. But we need 12 months' worth, if I'm not mistaken. Six. If it's seasonal. Seasonal. Yes, seasonal, then 12 months, sorry. Yeah. And then we can do six- Correct ... if it's smaller. So yeah. Perfect. That's all the questions we have. Oh, fantastic. Cool. Well, thank you so much again for staying with us. We really appreciate your time. Thank you for joining us and for the questions. And if you do have any further questions following on from this presentation, please reach out to your local BDM. We'll be more than happy to assist you. As a reminder, the CPD points will be sent out to you within 24 to 48 hours after this, and we will also send through a recording of the presentation as well. From us- Thank you, Sarin Thank you. Thank you for joining us, everyone. Have a wonderful day. Take care. Bye. Bye.