Webinar – Build better business through Commercial Lending

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All right. We are just about two minutes past. Can I just get a okay if everyone can hear us?

Yeah. Perfect. Excellent. All right, we'll get started. Thank you everyone for joining us today. I'm Katie McNamara, Senior BDM here at MA Money, and I'm joined by the wonderful Corrie, one of our senior commercial credit managers. Over the next 30 minutes, we're going to explore how commercial lending supports business growth, an exciting promotion on our commercial product, and how we work together with BDMs and credit to achieve goals while managing risk effectively. Whether you're new to commercial lending or looking to explore a new lender in your toolkit, our aim today is to provide practical insights in how MA Money can assist you and your borrowers with solutions outside the major banks. If you have any questions throughout the webinar, feel free to submit them into the QA box at the bottom of your screen. We'll leave them to the end. Let me just turn that off. There we go. We'll leave them to the end of the session to answer as many as possible. And those looking for their CPD points, we'll send out an email at the end of the webinar, including the recording and details on how to claim these points.

Before we dive into commercial lending, I'll take a minute to introduce who we are. MA Money is one of Australia's fastest growing non-bank lenders with more than $7 billion of loans under management. We offer lending solutions across residential, commercial, SMSF, and even specialized lending like bridging, expat, and non-resident loans. These are designed to meet the diverse needs of all types of customers. We're also proud to be a part of the MA Financial Group, an ASX 300 listed company with over $15 billion in assets. Being part of such a strong organization gives us the expertise and long-term focus to continue investing our lending capabilities and support you and your customers.

What really sets us apart is our service. We pride ourselves on being responsive with processes to make your job easier to do business with us. A quick turnaround times and common sense approach to lending means we can give you the support you need to give the best outcomes for your customers. So how does it look like in practice? We aim to provide a 48-hour SLA to help you deliver outcomes quickly. We have a very simple alt doc policy for self-employed, which we're comfortable on an accountant's letter up to eight mil in commercial and 15 mil in residential. Behind every deal, you've got an experienced BDM with a direct access to a credit specialist to help workshop complex scenarios and exceptions prior to lodgment. Our cash out policy is on stated purpose only, so as long as it's logical and legal and fits the customer profile, we're good to go. To make the application process as smooth as possible, we don't have any manual forms. Everything, including commercial and SMSF, is via our AOL submission. Finally, our credit philosophy goes well beyond fitting a person into a box. We don't do CCR. We only see judgments, writs, and defaults on the credit report. We don't have a maximum DTI ratio, and instead look at the overall strength of the customer and their individual circumstances. This is probably one for you, Corrie. When you're assessing deals in the commercial space, what are the most important elements that brokers should be including each and every time? Oh, that's a great question.

So without boring you into the things that I really, really like, which is super vanilla transactions every time, day in, day out, I always promote best foot forward. There's two key things that we look at when we're assessing a deal is the security and the purpose, which kind of ultimately drive the entire transaction. If you've got a solid security, generally the rest is complimentary. The purpose is critical just to establish that it is in fact business purpose, business use. Unfortunately, we don't play around in the NCCP commercial space, so we have to make sure that it clearly defined as business purpose.

So where possible, if you could make sure that the notes have ample information about it, an elevator pitch, if you like, about why the transaction makes sense, regarding the security, LVR, and what the funds are going to be used for. Beautiful. And if in doubt, you've got BDMs who can help you, and we actually work quite closely with Corrie and his team to get those done before submission so that your job is much easier. Thank you for that.

Now moving on. The kind of customers that we help. So at MA, we work with a broad range of customers, particularly those whose circumstances may be a little bit more complex than what you'll see with the major banks. Our self-employed income policy is always one year for full doc financials. And if you're opting for that alt doc or low doc verification model, you only require a self-declaration and accountant's letter on our template for income. Cash out policy is utilized due to our flexibility and no maximum amount. Like I said before, if it's logical and legal, and in the resi space, if we are looking at business purpose, that's okay. This includes ATO debt as well.

For an example, if a borrower is seeking $100,000 equity release for working capital, which includes a payout of 55 for renovations and fit-out, it just needs to overall be for commercial use and commercial purpose. So you'd see that quite a bit in the commercial space for existing commercial borrowers or people looking for cash out to fund a different commercial. Correct. Yeah. Most of our commercial customers are self-employed business owners, so typically it's a fantastic product to be able to release a bit of equity from the security to buy raw materials, invest in new vehicles or, manufacturing equipment. So all business purpose and all Easily verified. Beautiful. And a lot of the time, I think people may use the term, say, working capital for cash out, but all those things that you've just mentioned, then it's more like an expansion of business. Correct. Yeah. So the example is very broad. Working capital fits a lot of boxes. So as long as it ties into the customer themselves and what they actually do, it makes sense, then we're always happy to accept the stated purpose. Beautiful. We also support customers who may have had previous credit impairment issues, including discharge bankruptcy. Outside of the self-employed space, we can also assist with PAYG who may not have a very long working history or if they need to utilize extra income, like bonus commission, that sort of thing, and overtime. In our resi space as well, we look at six and one unit under a residential policy, and we also assist with all different types of borrowing structures, including company and trust. Ultimately, our goal across the board is to provide solutions to customers who may not fit that standard policy. Corrie, in the commercial space, I know that what we would do would be very different from a major bank, but how do we approach looking at outside the box customers to make sure that we're giving them a bespoke solution for their financial needs? So pretty much all of the products that we offer

fits any real circumstance that a customer might have. Going back to we're predominantly business owners, self-employed people. So we have lease doc, which is a fantastic product just to release some equity from unencumbered property, for example. You can punch in the strength of the lease into the calculator. It'll spit out what the maximum equity release you can afford.

Old doc and lite doc give quick access to funding where tax returns might not be prepared yet. Very common in the self-employed space that people defer lodging tax returns to employ tax minimization or whatever strategy that their accountant has in play.

So self-certification or declaration plus accountant signed BAS or bank statements. And then full doc. We appreciate that there's fluctuations in business. We're only interested in seeing the current year's financials. We don't want to see historic. We're not going to do averaging and benchmarking. We'll take the snapshot, and we'll base our assessment on that. Beautiful. Very straightforward, right?

So as you can see, we've got a wide range of lending solutions across the resi market. When we expanded this offering into commercial around 12 months ago, we wanted to have more options for brokers to do more business with us in that commercial space and being able to offer clients across traditional lending, SMSF, and commercial. For us, there's no separate accreditation requirement for commercial, so if you've got a scenario or need assistance, you can reach out to your BDM who's very equipped to help you.

Let's get stuck into what we actually do with the commercial loan features. So this is our commercial loan. We do have a commercial and then a commercial SMSF policy. So imagine you've got a long-term business owner who's looking to purchase their commercial premises they're currently renting and operating from. With MA Money, they can look at lending up to $8 million with a set and forget loan term of 30 years, no annual reviews or rebound clauses. Another example, you may have a commercial property investor who's looking for funds to complete a new fit out on their property or invest back into their business like we discussed before, raw materials, looking to expand on their capital. We'll support that with unlimited cash out to the accepted LVR, provided it's for genuine business purpose. It's like we said, we don't mix coded with non-coded here. It has to be for traditional, genuine business purpose.

From a security perspective, we like to keep things very straightforward. So it's a personal guarantee only. We do require legal advice as capacity as a guarantor, but that means there's no general security agreement or a GSA, which is over the business assets that provides borrowers with more flexibility to continue operating and growing their business. Corrie, from your perspective, how are we making it easier for brokers to do business with us in the commercial space?

Super easy question. Even looking at the page over here, we can see we're telling you the loan size of up to $8 million, and that's aggregate exclusive to commercial. So if customers already have residential lending with MA, it won't impact the $8 million available to them in the commercial space. And right down at the bottom, personal guarantees, no GSAs. That's pretty much one of the biggest differentiators for us. We assess based on net profit, funds available to be distributed to the owner, ultimate controller of the trading business, or if they're sole trader, their personal income. So we're only looking at personal guarantees direct of the entity or the controls of the entity. We'll only be looking at the A&L for the individual. So we can take the net profit and assume all business debts have been taken care of. So we won't be taking the gross, getting the full A&L for the trading business. We're not servicing on that basis. We're going to take the bottom number and then just apply what the individual is obligated to cover. This all kind of funnels into our efficient SLA, which is how we maintain our 48 hours. Beautiful. And I think that's a big winner as well. Yeah. A lot of the time in our space, if you're looking at a commercial transaction, you could be looking at 10 days before it even gets picked up. 100%. It's wonderful to have that. If you get multiple HP loans that you have to take into consideration to get the balances and payouts at the rates. Yes. Make it very easy for them. Correct. Moving on to SMSF. So we will have a promotion we go through in the following few slides. Although this is excluded from the promotion, we are still seeing a lot of brokers who want to work with us in the commercial SMSF space. Probably the most common scenario that I see is a business owner who wants to purchase the property they're currently operating from With the changes to SMSF lending, we foresee an uplift in commercial SMSF transactions purely because it's going to be a viable option for people that want to continue investing in SMSF. So for us, our points of difference is that we can look at individual corporate trustees, and what really sets us apart is the ability to use future member contributions as part of our servicing assessment. Don't have liquidity requirements, statement of advice is not required either, and we don't have an asset test. So it really does simplify the process for our brokers and customers. Just like our broader offering, we aim to get a conditional in your inbox in 48 hours, so you're not left waiting for an outcome for your customers.

What we touched on before around income verification. So I think one of the strengths of our commercial product is that it's not a one-size-fits-all approach. We recognize that every business is different, could be on a different pathway, whether it's an established business or it's been operating for quite some time. If you've got investors who work outside and aren't self-employed, we've got a range of different documentation options to suit your clients' circumstances. People that have all their financial information available, full doc option for us is exactly what you'd expect. So one year financials, TAF tax return, and corresponding NOA. If they're PAYG, it's two payslips. We don't require the ATO payment summary, nothing like that. This option supports lending of up to 80%, loan size up to eight mil, depending on the LVR. I won't do an eight mil at 80%, but we can look at lower LVR up to 8 million. If your client doesn't have tax returns finalized, our alt doc product provides greater flexibility. So we can verify income using a self-declaration in addition to either two quarters of BAS or an accountant's letter. If you've got two quarters of BAS, but your four quarters of BAS is showing more strongly, perhaps they work in an industry where it's seasonal income or the full picture of four quarters is better presented, we accept either two or four is fine. This option is also available up to 80%, and then loan amounts up to six mil at 70% LVR. Clients that are looking at generally cashing out, like Rory mentioned before, on a lease doc with a strong commercial lease in place. We've got a few options for lease doc. So rather than just relying on looking at income outside of the tenancy, we only look at the income inside. So we take a kind of bottleneck look at it and say, "Well, this is the lease, this is the security." We also have an option for ones that don't have a minimum 24 months remaining. So a lot of our kind of roadblocks is if you've got a lease that may be long-term, but they've exercised their options and when they've got six months left, they're still negotiating. We've got an option to do that under near prime for lease doc as well. Our ICR is 1.2 times debt coverage with no buffer, and we can also offer 30-year loan terms on this as well. Finally, our light doc option, which is really straightforward, simple self-declaration for customers who may have limited financial documentation. Their accountant is on holidays. That's a very standard one that I receive. All we require for this is a declaration of financial status, no supporting income documents. So we can go up to 65% on this, and our max loan is 2 mil. But that one is really straightforward, is very quick turnaround time as well. Key takeaway from this is that we understand that customers could be in different parts of their business journey. We've got a range of income verification to support that and what their right solution is.

Next up, acceptable properties. So as part of our standard commercial policy, we've got a broad appetite for a mix of commercial assets. This includes properties in metro major regional locations, your standard retail shops, strata offices, industrial. Commercial vacant land is a good one at 65% on 2 mil and storage units. So storage units really is broadened to the fact that we will have no minimum square meterage for commercial. So if you've got a hole-in-the-wall cafe or you've got a small allied health provider that operates in an office building where it's only 40 squares, that's something that we can take under consideration. Anything sitting under 40 meters squared, always say reach out to your BDM to workshop it because a commercial asset in an office in, let's say, Hornsby or North Sydney may be looked at differently to a 50-meter square storage unit in the south of Sydney. But what we don't have much appetite for or any appetite, we're kind of not crash hot on development sites, rural or farming, hotels, pubs. In general, specialized securities. The general rule of thumb that I give my brokers is that if it cannot be utilized for any other purpose than what it currently is, then it's usually outside scope for us. You agree with that? 100%. I was literally-- Every time I see hotels and pubs, I can recall several scenarios that we look at. Because it's a very weird definition when you go to a hotel or a pub because most hotels aren't hotels, they're bars that used to be hotels, et cetera. We have to draw the line at where you have pumps and what are they called? The- Brew station situations Yeah, correct. That would fall into a pub. But where you get something that's maybe a bar, which doesn't have all of the infrastructure that a pub might have, and again, going back to it can have an alternate purpose. So a bar can be a restaurant, it can be a store. It has multiple other uses, which obviously expands the pool of purchasers, which kind of shifted out of that specialist and into our appetite again. Yeah. If in doubt, reach out to your BDM. We're always happy to help. Absolutely.

Just before we go into the real-world scenarios, I had a real-world scenario this morning, actually.

We started workshopping, it was four securities to secure a single overarching loan. It involved equity release and purchase.

Now, let's move on to some real scenarios of where we've been able to give a solution in the commercial space recently. Do you want to kick us off with this first one, Corrie? Sure thing.

Let me recall. Self-employed food manufacturer specializing in macro health foods. These are very popular.

So the uniqueness of this one was the current trading ABN was just outside of our benchmark for Prime. But behind the trading business, we have a sole trader ABN that has been

active for over seven years. So we have the overarching continuation of ABN, which pushes it back into our Prime product again.

High level details, commercial warehouse, love them, headquarters for the business in Sydney. Refinance cash out, pretty standard. Circa 7.5, looking at a 67% LVR, right, this one every day. The purpose, going back to our purpose for the cash out, so it was an expansion of the business.

So logistics,

acquiring contracts for distribution for two huge supermarkets.

It was a full doc application, which is fantastic.

And obviously, any equity that's been released and put back into the business is always going to be beneficial for us as well because the sponsor's actively expanding their trading business, which is going to remove any risk for us in the transaction. Perfect repayment record with the existing bank, super important for a refinance. It's one of the first benchmarks we look at when we're doing a refinance.

And obviously, they were getting frustrated with their current lender, I'm assuming it was a major, because of the ongoing annual reviews, which is not something that we care to put the customer through, so set and forget with MA Money. But yeah, this is a good example of the loan fitting the purpose and being very clear and transparent about everything. Beautiful. All right. Next up, we've got commercial owner-occupied purchase via corporate trustee, which is probably the most common one that I get in the commercial SMSF space. Why would you continue to pay rent if you can pay it back to an SMSF? Ba-ding, ba-boom. 100% asset protection. Right. Okay. Self-employed real estate agent. They were renting current premises, looking to purchase and remain as a business occupant. So we would not consider this at arm's length. We're obviously borrowing from the SMSF to the corporate trustee, or they're buying it that way, and then the lease is going to be at arm's length as well. We can accept this if they owned it in a separate name as well, if it was in corporate. So they already owned this and wanted to move it into their SMSF. We could look at this structure, too, because it's commercial. We don't do this when it's residential, though. This one was a great deal. 80%, rental income was 6%, so nothing too crazy. When we are looking at renting current premises, we do want to understand that the net market rent is not 3%, and we're going to be using a 6% yield. We want to always be matching it up and say, "Well, what is the market net rent?" It's actually within the SIS Act that it has to be that way, has to be at a market net rent for it to be acceptable. The registered lease would be on the title by the bare trustee. We had their recent financials to understand the business and the capacity to make the additional contributions. Even better that they're already renting this property, so it's just going to be switching over from one tap to the other where the money's going.

One important thing to note here as well, so the client's last 12 months contributions was only $15,000. How we look at additional contributions for self-employed is 10% of their net profit up before tax. So if they've made $15,000 and they've got a 300K tax return, we can accept up to 30K, capped at 30 or 32,500 now. It is. Did you get the calculator? Yeah. Sorry, yes. Sorry, my bad. 32,500 with an accountant's letter to support. We do have a template for that, so we can shoot that through to anyone that requires it, but it can be from the accountant or the financial planner that acts on behalf of the customer. So that's a fantastic way without having that historical evidence that we can say, well, going forward, that's going to be what the new concessional contributions will be. Mm-hmm. Yeah, no, and knowing, again, going back to most of our customers being self-employed, they're very bumpy with their contributions. They can do them quarterly, they can do them monthly, they can do one contribution for the entire year. One lump sum for the whole year, yeah. So yeah, it's been sometimes difficult getting that paperwork together I just wanted to add a quick note on the lease. Again, yeah, it is 100% in the act. So it's not a policy. We get a lot of questions around the lease and why we're adamant that it has to be within 10% of market rent, because sometimes values can be quite brutal. And obviously we get the valuation right at the end. So effectively we encourage this. So our assessors make sure that it is within the 10%, because in effect, the auditor will

find it in the financials at the end of the financial year. And there is a risk that they--

the worst risk is that they lose their compliance status and they lose the tax benefits. But I think for first time offenders, it just goes into a non-arms length income category. So any of the rental income then gets- Taxed ... brutally taxed. Brutally. So anything that we've based our servicing on is eroded quite dramatically. So it's just a mechanism to kind of save the members from themselves because it's very tempting to kind of put that money into the super fund. But there's this act to make sure that you can't- Yeah, penalize massively for it. Correct. They do like sending letters and spot checking.

Cool. Beautiful. So now we've got a commercial investment purchase. You want to run us through this one with our self-employed construction and dentist power couple? Ooh, I do actually remember this one. Pharmacy in Adelaide CBD. So self-employed, this is two different people, one in construction and one is a dentist.

Two very strange hats to wear at the same time.

But ultimately together they are property investors, as pretty much the

partnership I believe it was. So the pharmacy, in Adelaide was the security here. 4.8 mil purchase at 70%. Again, solid vanilla transaction on the surface of it. Purchase 70% LVR.

Customer needed alt doc, with an accountant's letter. Very straightforward. Multiple corporate entities, interesting structures, very convoluted structure with direct ship over 20 entities. We do see this a lot with people in the construction industry.

So our solution is that we won't go through every single one outside of requesting that the accountant confirms that they're trading, non-trading, hold debt or are able to meet their obligations. And then we can just put it in the file.

Again, we have security, very strong security and prime industrial retail location as most pharmacies are. They're generally the heart of most towns and villages.

And obviously coming from an individual in construction and a dentist who on the side is a property investor, very good net asset position between them, with a beautiful rent of 200K per annum. That was a good deal. It was a dream to rent.

So yeah, no, a fantastic story and it ticked all the boxes, particularly people in construction,

their tax returns can be quite laborious. So generally they are completed a bit later down the track, depending on how the accountant wants to deal with their taxation. So an alt doc solution is generally a perfect solution for someone in that industry. And the dentist, again, self-employed,

probably wanted to maximize their tax. And again, alt doc solution was perfect for them. Very straightforward, very easy to do. And finally we've got our lite doc self-employed architect. This is someone who has been around for a long time, so 10-year ABN, GST reflective as well. They wanted to refinance and cash out for purchase of a commercial premise. So perfect repayment history on the existing home loan when this lite doc-- so lite doc is not an alt doc for us. The lite doc product is that 65% self-declaration, that's it. So in this case, we needed it because the accountant was overseas, BAS wasn't ready, and they needed to settle on that new property urgently, which was commercial. So we've ticked the requirement of business use. Awesome. 900K cash out to assist with the purchase. So I get this question a lot in the commercial space and just generally is what is our cap on cash out? If we understand the customer has been looking for a commercial property, if they've got a contract, awesome, we won't control the funds. And the important thing to note here is that cash goes directly into their account or their redraw or their offset, fully available offset on commercial as well. So for this one being the fact that they're experienced 10 years doing what they do, refinancing cash out at sub 65%, is based in Central Coast with a general industrial zoning, happy to push on.

Anything you wanted to add to that one, my friend? Oh, the classic accountants, they love their holidays. Probably the most difficult part of an assessor's job is getting the accountant on the phone. We do encourage if you're going to do the alt doc, just give the accountant a courtesy heads up to expect a call. So we move very quickly, 48 hours. So once you hit that submit, within 24 hours, we'll be hunting down that accountant just to get a few answers on the phone. Nothing brutal, just yes and no's just to confirm that the content of the declaration is correct and as they remember it. Beautiful. I think my best when I was in credit was, I think it was a 60-second conversation. Yep. It was the fastest speaking accountant I've ever worked with. Busy people. Yeah. Do you want to finish us off with the commercial refi and ATO debt? This one's a goodie

ATO debts.

It means we're going to do a little bit more, not digging, but we just need to make sure that we dot our I's and cross our T's because they- Because there's a difference, right, between whether it's ATO debt from genuine, maybe mishap from the accountant, or if it's a business that's starting to fail. Correct. We better differentiate that. Correct. Yeah, we are looking for those early warning signs. The ultimate purpose or objective is obviously to bring the customer back to an even keel. Yeah. Draw a line under it so they can move on trading, as they previously were.

So PTY borrower under lease doc. So this is important.

Lease doc doesn't work in individual names. It's not designed for that. It ring-fences the corporate entity, pairs it with the security, and then it's just connected via the lease. We can't do that with an individual because the individual has their own individual liabilities, and we'll be forced to take that into consideration for the assessment. So keeping it super simple, super clean, PTY borrower, owner of the security,

and has a lease in place. If you tick all those boxes and we've reached the benchmarks, the only product that we actually assess on an ICR as well, so no HAM or anything like that. So as long as it hits that 1.2- 1.2 times ... I should know that. Anyway, so we had an industrial property in Perth. We financed plus ATO debt 200K. So that's the first thing we'll look at is, is 200K a lot? Yeah. What's the turnover- Correct ... of the business? Relative to turnover, is 200K a lot of money? I believe in this instance it wasn't, I believe from memory. I do see a lot of deals on a daily, but I always remember an ATO debt.

1.6 to 1 mil loan, 62%,

very manageable. So we had a lease with more than six months remaining. That's our minimum requirement.

Held in a corporate structure, no need to factor in personal expenses, 6.5% net yield, so very easy maths to be able to figure that out.

ATO debt was obviously related to the trading business, and again, the objective was to bring them back to square one. So bring them back to an even keel, draw a line under it, and move on. So the lease doc would only contain the security, the PTY, and the lease. And the customer can put that to one side and wash its own face, and then they've got their business that we get on with. Yeah. Beautiful.

So going back to how simple it is to lodge commercial with us, this is our checklist. So this is located at the end of the commercial rates and fees guide. So once you've digested all of the policy requirements, you can actually see, how do I get this deal lodged in? So we've also got guidance there for the near prime lease doc requirement. Our POYG policy is pretty much the same as what it is for resi. The key differences here is that if we're looking at business purpose cash out versus a personal cash out, lease doc requirements as well, everything, all the calculators that we have, it's like a one-stop shop. So you can open up the calculator and go to commercial, we have lease doc in there. It'll take out the fields that are non-relevant, which is awesome.

I think with that one, another important thing to notice, because a lot of our borrowers are self-employed, is that for our income verification for self-employed, we don't need company financials. So if you've got the tax return, the personal, and the NOA, we're good. We don't need the company financials. Anything else you want to add to that one, my friend? No, I'm a big fan of- Super straightforward, right? Yeah, these last couple pages on the product guide, policy on a page, and then a quick checklist. I always encourage anyone to just have a quick sift through the policy on a page, which just goes through our appetite. It's pretty much what we talked about today, just condensed into one A4 sheet. Nothing out of the ordinary, but it's a good reference point when you're writing a deal for submission. Perfect. I think broker notes is probably the first page you open. Word doc, we're working with it. Now, how do you get them in? So if you're already working with other commercial lenders such as Mortgageezy, Latrobe Financial, you'd know that you have to have a specific Gmail account set up. Go into AOL direct, log in, get accreditation for writing under commercial, and that will flow straight in. So your accreditation number that's linked to us through aggregator, that is used to then input into this system here, and then it flows straight through to Corrie and his team. Very straightforward, very easy. If you need assistance with that, reach out to your BDM, and they can guide you through the process as well.

How our credit process works. So I think probably the best part about when you have a commercial deal coming in is that you get the same person generally from start to finish. So if it needs to get referred up to Corrie for exceptions or there needs to be additional help in there, but your point of contact is always the same person, the same decision-maker. Other parts that make it a lot quicker and easier is that we've got digital loan documents where available. This is generally just for individuals because we've still got wet sign required on guarantee documents and ILA. Online valuations, so the exact same way that you would lodge a valuation request for residential through Cortality is the exact same way you'd lodge it through commercial as well. But like Corrie said, we do try and get a 24 to 48 hour once it's in, and then once you've got everything from the conditional quote, then we've got 24 to 48 formal approval. We do use panel solicitors for us, so whether it's FMS, per MSA? MSA. MSA- Dentons ... Dentons, FMS, or First Title they're calling themselves now. First Title. Yeah. They will act on behalf of us, but we've also got a really good settlement team that work as that intermediary between, which is great. I personally love working with you on my deals, so it's been a pleasure. Ah. It's nice to get positive feedback. Yeah. Just on that, I will say,

what I do find, I keep a very close eye on the dashboard. And so I generally monitor anything that's coming in, in pre-credit until it lands in the credit queue, so we know that we can action it accordingly. We have a team that does the initial vetting. They just sift through the files that have been,

what's the word? Transmitted. Lodged. Lodged by AOL, and they land into our bucket. And the guys do the initial trench. They'll run all the Equifax, they'll make sure everything's there. So once it hits the assessor's desk, they can just run through. Hopefully take it to any decision point. Hopefully we can go all the way to formal. Generally in commercial world, because the valuations take a little bit longer, it'll go to conditional. The CA is charged with making a decision on the day. As soon as you get a file, you need to make a decision. Ideally, we can address any MIR without having to send an email. We can encourage that there's always a phone call before an email. Or if you can't get in touch with them, try and make an arrangement for a follow-up. Because we know a lot of items can be addressed on the phone. So again, when you're hitting submit, maybe just expect a phone call within 24 hours. That's a big claim, but I generally like taking a break just to have a chat with you guys. But anyway- Yeah ... when the guys at the pre-credit give you a bit of a list, try to hit them all off in one. If there's any items that, for example, might not be readily available or in process, we know that leases can take a little bit longer just to get drafted up. Maybe it's a contract to sell that's not fully executed, you're waiting for the vendor's half. Just put a request in back to the team, maybe check copy of the BDM, and just say, "Hey, can you push it into the credit queue? This is all in hand. We're aware of it." All that means is that if it's not there by the time the assessment's there, it'll just be part of the MIR anyway. Perfect. But again,

our objective is to get it to that conditional, because then we can park it and then draw a line under it. Everybody knows what's required to move to that last piece. Perfect. Beautiful. In essence, it's not a lender where you're going to expect to sit in the queue for seven days. So you've got time to do this, time to do that. Get everything as fully packaged as you physically can, because we're going to be running very hard at the finish line to get the formal approval out. Correct. Just going back to first comment, best foot forward. Exactly.

So our BDM team has grown significantly over the last 12 months. We're all here to support you, understanding more about commercial and how you can grow more in this space. So if you know who your BDM is, fantastic, wonderful. If you don't, feel free to reach out to any of us here and we can allocate you who your BDM would be. Should also be in your CRM with your aggregator. But that closes us today. I really appreciate everyone for joining us. Have we got any questions in the QA, my good friend? That is a good question. Let me- Let's have a look ... find the Q&A.

It's not working. It is.

Ta-da. There we have it. Perfect.

Let's see if we've got any in there. I know that we've had Dave and Jack working behind the scenes for us throughout, so thank you both for that. Ah, cool. We have quite a few questions. Beautiful. All right. Let's do this. I'll read it out and we'll see who wants to answer it. Do you accept the owner-occupied plus commercial mixed-use property outside SMSF?

If yes, what product does this generally fit under?

I'm going to assume the owner-occupied plus commercial is referring to a- They're living in? ... residential owner oc mixed use. So retail space downstairs with a residence upstairs. That wouldn't be in our appetite, unfortunately. Because going back to where we don't have an NCCP flavored commercial product, which is what that would fall under. Being owner occupied and residential pushes it right over into requiring NCCP.

Mixed use properties are fantastic investment vehicles. You get the best of both worlds. You get the long-term stable commercial tenancy, and then you get the almost guaranteed residential tenancy. Unfortunately, we don't like to have an owner occupied element to it. Obviously it protects the borrower because obviously our ultimate exit is

possession of the property, and we don't want to put someone out of their- Out of their home ... home. Exactly. So unfortunately, no. But as an investment vehicle with that separate residential owner oc, we can definitely consider it under standard commercial. Beautiful.

Next question. Will MA look at car parks as acceptable security? I'll let you take that one. Car parks, if we're looking at, say, a Wilson parking, probably goes back to being specialized security. Can I turn a Wilson parking into a gym, or can I turn it into a café? Maybe a very retro, funky café. But if we're looking at- into a gym ... hardstand land, so if someone's parking their trucks, machinery on there, different story. Can do that any day of the week, 65% two mil. But for a specialized car park, we've got a few levels. That's outside scope for us. I just like looking at these kind of scenarios with, you put your valuer's hat on and think, well- What is going to be the highest and best use from a valuer's perspective? Are the improvements, i.e. whatever's on the land, going to add value to the land? Or is the valuer just going to come back and say, "The land is the value, therefore we will call it vacant land, and it'll fit into our 65%." So we do see a lot of those where-- Somebody told me the name of them.

See them a lot in scrapyards. They're like the domes. They look like airplane hangars. Yeah.

Someone will tell me what it is again. But basically, the valuer's determination was land value less demolition costs,

just to make it vacant land. So obviously, that was vacant land. That fits into the 65%. Correct. Beautiful. Obviously, we kind of call that out during scenario. We've seen a lot of these, so we can set the expectation for the customer. 65%, it'd probably be vacant land, and that's what it ended up being.

Does MA Money have a minimum size for storage units? I'll let you take that one. So, no minimum square meterage for us. However, we just need to understand where it is, what the use is. There's been a few kind of flags just on a exposure risk. There's been a few of those quite large micro office warehouse situations where you might have 300 units in the one big warehouse all sectioned into one. So there is no minimum, but I would say that if you're sub 40 meters squared, always workshop with your BDM. We are comfortable at 70% with these. But if unsure, refer to BDM. I think I speak to you twice a day on commercial at least, just to flick something past for appetite-wise. Very contactable, direct access is awesome. So lean on your BDM for those. But we can accept them, but if it's something very small, have a chat. Correct. We do see a lot of storage containers. They became a flavor of the month for commercial SMSF. Yeah. We don't mind them.

Obviously, we have a cap on our density. We don't like to hold too many in the same development. So most of the time we will say yes. We generally cap storage containers less than 50 square meters at 70%, but yeah, no, we're happy to take them on board. Beautiful.

Next question. For a purchase, can we use a rental appraisal to verify future rental income and use that for servicing? Unfortunately, that is a hard no, unfortunately.

We appreciate

more established commercial properties that have a history of tenancy exist. Unfortunately, we know for a fact that they're not as, I want to say, liquid as residential tenancies. So to get that tenant into a building, the

pool of people is significantly smaller. If you have a commercial property that's fit out for a takeaway, for example, has the kitchen and everything, your market's going to be reduced to people who are looking for that because nobody wants to have to rip out and refurbish to turn into something else. But once they are on board, they generally sign a five to 10-year lease, and then they have the options. So we'd prefer to have the lease in place if there is a reliance for servicing, because 12 months vacancy isn't a long time for a commercial asset, unfortunately. And that's the realities of it. So unfortunately, no, we wouldn't be able to take an appraisal.

We can use it as a strength to the transaction that in the future there is a potential for, but for the purposes of an assessment, we wouldn't rely on that, no.

I think this is the last question. I'll let you take this one. Okay. Do you ask for GSA from self-employed entities from which the guarantors derive income from, and the servicing of commercial property loan is supported for owner-occupied purposes? That is a very big question with a very easy answer. No. No GSAs. No GSAs. We're taking a guarantee over the customer as an individual, so anyone who's done a company borrower, trust borrower, they have to go and get their legal advice as capacity as guarantor. That is it. We're not interested in the assets inside their trading business or a non-trading business, whatever it is. No GSAs from us. Make it nice and easy for you. Nice and easy. But thank you everyone for staying. I know we went a little bit over time. I very much appreciate you sticking around. If you have any further questions, reach out to your MA Money BDM, we'd be glad to help you. As a reminder, we're going to be sending an email out to everyone tomorrow with the recording of today's webinar and your information for your CPD points. Happy Friday eve, everyone. Have a fabulous afternoon. Thank you.