

# PRODUCT & POLICY GUIDE

Aurora Low Doc 80 Refinance

9<sup>th</sup> July 2010



*Where relationships matter*



Interest rate: 9.15% pa

## AURORA LOW DOC 80% REFINANCE LOAN FEATURES

FEATURES & PRODUCT PARAMETERS	
<b>Income Verification Requirements</b>	<ul style="list-style-type: none"> <li>• Completed signed and dated Declaration of Financial Status.</li> <li>• ABN for GST purposes is to be registered with the Australian Taxation Office for a minimum period of 6 months.</li> <li>• BAS Statements NOT required</li> <li>• 1 Month's Personal or 3 Months' Business Bank Statements required</li> </ul>
<b>Purchase –Deposit/Equity Requirements</b>	<ul style="list-style-type: none"> <li>• Property purchase Non Genuine equity - OK</li> </ul>
<b>Loans Purpose</b>	<ul style="list-style-type: none"> <li>• Refinance</li> <li>• Cash Out</li> <li>• Business or personal use ok</li> </ul>
<b>Inward Direct Credits</b>	<ul style="list-style-type: none"> <li>• Borrowers may make regular electronic repayments to their loan e.g. crediting salary payments, rental income, dividend payments etc.</li> </ul>
<b>Inward Portion Transfer</b>	<ul style="list-style-type: none"> <li>• Establish internal portion transfers, between loan portions (in a split loan) on a monthly, fortnightly or weekly cycle.</li> </ul>
<b>Inward Deposit Book Payment</b>	<ul style="list-style-type: none"> <li>• Make manual payments to a loan "over the counter" using a deposit book at Westpac Branches.</li> </ul>
<b>Inward BPay</b>	<ul style="list-style-type: none"> <li>• Borrowers may access their loan using the internet or telephone to make one-off principal reduction payments to their loan using their Bank's, Credit Union's or Building Society BPay system.</li> </ul>
<b>Outward Third Party Direct Debit</b>	<ul style="list-style-type: none"> <li>• Set up regular payments to be taken from their loan account by a Third Party Service Provider i.e. credit card provider, health insurer, local council etc.</li> </ul>
<b>Loan Access Card</b>	<ul style="list-style-type: none"> <li>• A debit card that enables borrowers to access the redraw available on their loan using EFTPOS or Automated Teller Machines (ATMs).</li> </ul>
<b>Loan Access System</b>	<ul style="list-style-type: none"> <li>• Borrowers may access their loan using the internet or telephone.</li> </ul>
<b>Dynamic Repayments</b>	<ul style="list-style-type: none"> <li>• Dynamic Repayments is a feature that allows for the amortisation of a loan on a monthly basis, based on the loan balance at the time. If activated on your loan, any additional payments made will be used to reduce the regular Principal &amp; Interest repayment amount, as opposed to reducing the amount of time to pay off the loan. Regardless of the frequency, the recalculation of the repayments will occur once a month on the Interest charge date.</li> </ul>
<b>Split Loan</b>	<ul style="list-style-type: none"> <li>• Where applicable, minimum loan portion is \$10,000.</li> </ul>

# AURORA LOW DOC 80% REFINANCE LENDING PRODUCT MATRIX

	LOW DOC	
	<b>PRODUCT PARAMETERS</b>	
ELIGIBILITY	Self Employed Applicants (clear credit only)	
LOAN PURPOSE	Any worthwhile Personal, Business or Investment purpose considered (Construction excluded)	
LOAN AMOUNT	From \$50,000 to \$500,000	
LOAN TERM	From 15 – 30 Years	
MAXIMUM LVR	80%	
INTEREST ONLY OPTION	N/A	
FIXED INTEREST OPTION	Not Available	
MINIMUM PORTION AMOUNT	\$10,000	
LINE OF CREDIT OPTION	Not Available	
NON RESIDENT LOAN	Not Available	
LENDERS CREDIT RISK FEE PAYABLE	Yes	
SUPPORTING DOCUMENTATION	Loan statements covering the last 6 months for any loan being refinanced. Latest statement for any other liability disclosed in loan application A & L	
INCOME VERIFICATION REQUIREMENTS	<ul style="list-style-type: none"> <li>• Completed signed and dated Declaration of Financial Status.</li> <li>• ABN for GST purposes is to be registered with the Australian Taxation Office for a minimum period of 6 months.</li> <li>• BAS Statements NOT required</li> <li>• Personal or Business Bank Account Statements NOT required</li> </ul>	
	<b>LVR PARAMETERS</b>	
MAXIMUM LOAN AMOUNT:	<i>Category 1 Location</i>	<i>Category 2 Location</i>
UP TO 80% LVR	\$500,000	\$0
	<b>LOAN FEATURES</b>	
REDRAW AVAILABLE	Yes	
SPLIT LOAN FACILITY	Yes	
DYNAMIC REPAYMENTS	Yes	
INWARD DIRECT DEBITS	Yes	
INWARD DIRECT CREDITS	Yes	
INTERNAL PORTION TRANSFER	Yes (if a split loan)	
INWARD DEPOSIT BOOK PAYMENTS	Yes	
INWARD BPAY	Yes	
OUTWARD THIRD PARTY DIRECT DEBIT	Yes	
REPAYMENT OPTIONS	Monthly	
LENDERS SETTLEMENT FEE	\$599.00	

# FEES & CHARGES

## CAPITALISATION OF FEES

Lenders Credit Risk Fee, Title Insurance Premium and Lenders Settlement Fee can be capitalised to the loan at settlement up to but not exceeding 65% LVR.

## LENDERS RISK FEE (PAYABLE AT SETTLEMENT)

	≤65%	70%	75%	80%	
LOW DOC	0%	0.25%	0.50%	0.75%	

## TITLE INSURANCE PREMIUM (PAYABLE AT SETTLEMENT) | PRIME & SPECIALIST LENDING

Loan/Policy Amount	Premium (Stamp Duty & GST Inclusive) – Based on 1 security property
\$1 – \$600,000	\$132.00
\$600,001 – \$1,000,000	\$238.00

## OTHER ESTABLISHMENT FEES

	Collins	
LENDERS APPLICATION/SETTLEMENT FEE	\$599.00 (payable at settlement)	NIL Application Fee – Settlement Fee Payable Only representing a reduction of \$700
VALUATION FEE	NIL	
LEGAL FEES	NIL	

## DEFERRED ESTABLISHMENT FEE

Payable when the loan is repaid in full and calculated on the total loan amount.

	YEAR 1	YEAR 2	YEAR 3
LOW DOC	3.0%	3.0%	2.0%

## DISCHARGE FEES (GST INCLUSIVE)

	LOW DOC LENDING
DISCHARGE ADMINISTRATION FEE	\$500.00 per security
DISCHARGE PREPARATION & ATTENDANCE FEE	\$275.00 per attendance

# PRODUCT PARAMETERS

## Borrowers

- Natural person/s (either PAYG, sole trader or partnership) who are Australian residents / citizens over 18 years of age.
- Proprietary companies limited by shares (registered with the Australian Securities & Investment Commission) and Trusts (Unit or Discretionary only) – restricted to a single entity Applicant (i.e. no multiple company or trust applications)
- Maximum number of shareholder directors per borrowing company or Trustee Company is 4, must hold at least 25% of issued capital (equity).

## Guarantees

Joint and several guarantees are required from:-

- All third party security providers.
- All directors (particularly shareholder directors) of the borrowing entity (including trustee company).
- Any corporate shareholder of the borrowing entity.

## Procedure and Documentation

Refer Collins Securities Low Doc Checklist at [www.collins-securities.com.au](http://www.collins-securities.com.au), select the Broker and follow the prompts in the secure area.

- Copies of all supporting documentation must be provided.

## Acceptable Security Properties

- Residential or rural residential properties up to 25 acres.
- Residential properties greater than 40 sqm (exclusive of balconies).
- Vacant residential land (encompassing kerbed and sealed road access and water, sewerage and power connections on the property or running immediately up to the property boundary allowing connection at minimal cost) in Category 1 type localities only. Permitted provided it forms collateral security only to a maximum 50% of total gross security value. The maximum LVR to be applied is 80% for residential allotments.

## Acceptable Property Locations

To view Collins Securities Low Doc Lending Acceptable Property Locations go to [www.collins-securities.com.au](http://www.collins-securities.com.au), select the Broker icon and follow the prompts in the secure area.

## Valuation Report

An independent valuation from an approved Collins Limited Low Doc Lending panel valuer must be obtained in respect of each security property. The valuation must be:

- No greater than 90 days old at the date of loan settlement.

## Maximum LVR

80%

## Audit Valuations

The following circumstances require an Audit Valuation, in addition to random selection, at Collins expense:

- Where the loan amount and security value (for any particular security) are \$750,000 or greater and the LVR exceeds 80%.
- Property value is  $\geq 2$  times the median value for the suburb.
- New Unit developments – lack of “arms length” comparable sales within and outside the subject complex (require a minimum of 2 outside the complex).

## Unacceptable Security Properties

- Income producing properties (other than residential investment property).

## Rural residential properties greater than 25 acres.

- Rural zoned or Commercial or mixed use properties having residential units above commercial shops.
- Leasehold properties (excluding ACT Crown Land).
- Residential properties less than 40 sqm (exclusive of balconies and parking).
- Flood prone areas / flood affected properties (less than 1:100 year flood is unacceptable).
- Areas affected by high tension powerlines or motorways.
- Properties adversely affected by mine subsidence or land slip.
- Contaminated or potentially contaminated sites.
- Unique or specialised properties.
- Properties with restrictive zoning or usage (i.e. National Heritage listing).
- Security located on an island without a sealed road connection to the mainland.
- Construction, development or partially completed dwellings.
- Residential improvement value is less than 10% of the value of the property.
- More than 2 residential dwellings on a single title.
- Ownership of more than 4 or 25% of residential units in any single development, whichever is the lower.
- Exhibition homes.
- Retirement villages.
- Studio and Serviced apartments.
- Owner builder, relocatable or kit homes, time share.
- Properties in poor condition.
- Properties with less than 3 comparable sales.
- Properties with an extended selling period.

## Cash Out Policy

Any loan or component of a loan that is to be used for anything other than for the purchase of a residential property or refinance/consolidation of a current mortgage/loan will be classified as cash out. If the majority of funds are being used to refinance a Non-Conforming or Solicitors/Private Funders loan, the maximum cash out portion cannot exceed 10% of the total loan amount. Maximum LVR for any loan with a cash out component is 80%.

- Low Doc
  - Maximum amount of cash out cannot exceed 25% of the total loan amount.
- This must be verified with supporting documentation prior to Unconditional Approval (i.e. relevant invoices/quotations, financial plans etc).
- Disbursements greater than 10% of the total loan amount that make up the cash out component, are to be made payable to the verified third party provider, not to the borrower/s.

## Unacceptable Sources of Equity

- Favourable purchase involving some form of government subsidy / equity scheme.
- Purchases involving vendor finance (apart from those listed above) due to the high risk of being exposed to inflated purchase price schemes.
- Cash backs included into the sale price by property developers, or any form of vendor assisted deposit from a developer or builder.
- Purchaser is renting the property from the Vendor, with the understanding that if the settlement is met by a certain date, the moneys paid in rent will be refunded to the purchaser.
- Bartercard/Trade Dollars

## Credit Reports

- Credit reports cannot be accessed without the Applicant(s) written consent.
- Individuals must sign and date a Collins Limited Privacy Statement & Acknowledgement form.
- A credit report must be obtained for:
  - Individual Applicant(s) - Consumer and Commercial enquiries;
  - Company and Company Trustee entities;

- Applicable Guarantors.

- Credit reports must be current at time of application and be no older than 21 days at submission.
- In Australia, the only approved credit reference agency is Veda Advantage.

## Redraw Conditions

- Internet and telephone redraws are free. Minimum redraw amount \$250, maximum is \$20,000 per day.
- Manual redraws attract a \$26 fee. Minimum redraw amount is \$100, maximum is the balance available.

## Additional Repayments

- Free additional payment facility on variable rate product (minimum \$250). No Deferred Establishment Fee applies for additional repayments provided loan is not fully discharged within the first 3 years.

## Split and Switch Loans

- There is a maximum of 6 split loan accounts. The minimum amount of a split loan is \$10,000.

## Further Advances

Available subject to normal lending criteria. A minimum of \$20,000 will apply. For further information go to [www.collins-securities.com.au](http://www.collins-securities.com.au), and refer to the Further Advance Fact Sheet located under 'Product Information'.

## Partial Discharge of Security

- Request to be in writing (signed by all Guarantors)
- Subject to a formal credit submission
- If the remaining security valuations are > 6 months old, revaluation is required.
- For securities being sold, Collins to receive sufficient sale proceeds to reduce the existing indebtedness to within original LVR. If the loan is in arrears then full proceeds to be received and applied to the debt.
- Remaining security location to be classified (i.e. if security has gone from a Category 1 to 2 LVR is to be reduced to Category 2 maximum; if the security has gone from a Category 2 to A1 original Category 2 LVR maximum applies).
- Subject to formal documentation requiring consent from all parties.

# CONTACT

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