

COMPLIANCE CHECKLIST – USER GUIDE

This guide will help clarify the expectations required for each of your files to ensure you are meeting your Compliance requirements. By following the guidelines below you will be protecting your clients, your business and yourselves.

Credit Guide provided to all applicant(s). If not through MyCRM then the email containing the Credit Guide needs to be attached to MyCRM

You must be providing your Credit Guide the moment that you begin the process which will involve providing advice to your clients. You have multiple options as to how this can be completed...

- You can have your clients sign the combined Credit Guide/Privacy Statement document, once signed ensure this is uploaded to MyCRM. If you choose this option then the next point about providing your Privacy Statement will already have been met.
- You can provide the Credit Guide document saved in 'My Documents' through MyCRM. Sending this document without the Privacy Statement will NOT need to be signed and returned, you only need show that it has been provided to your clients.

NOTE – If multiple applications are being submitted simultaneously for the same applicant(s) then evidence of 1 Credit Guide being provide is acceptable providing notes referring back to the application from where the Credit Guide was sent to the applicant(s). A new Credit Guide MUST be provided for every ensuing application regardless of how recently a Credit Guide was provided.

Also confirming that screenshots of the Credit Guide having been sent by an alternative system (eg Broker Engine) are unacceptable as the screenshots don't show the email address where the Credit Guide was sent as well as not showing a date when the Credit Guide was provided to the clients.

Privacy Statement accepted by all applicant(s) if a credit check has been saved on file. Electronic acceptance via MyCRM or a signed Credit Guide/Privacy Statement document is acceptable.

Your clients must accept the Privacy Statement in order for you to order a Credit Check on your clients which will assist in gaining a better understanding of their current and prior history. If no credit check is being obtained then no evidence of acceptance is required.



This can be completed in 1 of 2 ways...

- You can provide the combined Credit Guide/Privacy Statement document for your clients to sign. You can then upload the signed document to MyCRM.
- You can send the Privacy Statement via MyCRM for electronic acceptance. Once your clients have accepted the document you will receive notification via email that this has been completed. There will also be acknowledgement within MyCRM of the date this has been accepted.

NOTE – If you are sending the Privacy Consent via MyCRM for acceptance please also ensure you have provided the Credit Guide to your clients either through the Hello Pack in MyCRM or via email (if via email please upload a copy of the email confirming the Credit Guide was sent to MyCRM).

Fact Find completed via MyCRM or MQ Questionnaire completed and saved to ‘Documents’ and data updated in MyCRM (if not completed through the initial request, then sufficient notes to be left by broker from further discussions with applicants).

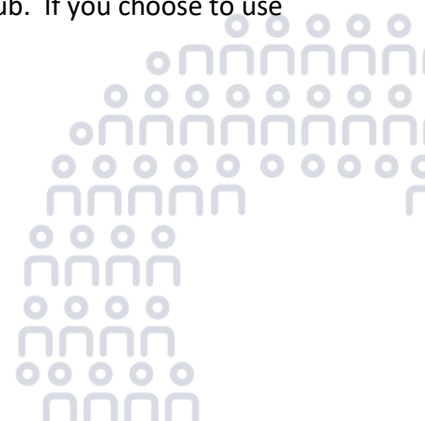
In order to gain your clients overall financial position you will need to provide evidence that this has been obtained. With the transition to MyCRM and the availability of the electronic Fact Find it gives you another option as to how you accumulate this information from your clients.

It is up to you as to whether you use the MyCRM Fact Find or continue using the MQ Client Questionnaire as long as reference to one of these are clearly recorded in MyCRM. If you proceed with the MyCRM Fact Find and not all sections have been completed by your clients please ensure notes are left in the application explaining what information has been provided after the fact.

Monthly Living Expenses (MLE) summary completed and updated in MyCRM (via MyCRM Fact Find or using the Living Expenses Excel sheet). If MLE in Apply Online (AOL) differs from Game Plan then has commentary been noted as to why? Evidence provided to MyCRM as to how living expenses have been verified?

You have multiple options for how you would like to confirm the living expenses for your clients...

- The MyCRM Fact Find can be sent to the clients for completion, once updated the data will automatically filter through to MyCRM for you to review.
- You can use the Monthly Living Expenses Excel spreadsheet contained in MyHub. If you choose to use the Excel sheet please ensure it is saved and uploaded to MyCRM.





Income supporting documents provided and saved to MyCRM.

You are required to provide all relevant documentation in order to verify your clients income to ensure their ability to service the proposed debt. Best practice would be to ask for documentation in order to verify ONLY the income you require and not for any additional income your clients might receive.

Eg. Sole applicant is PAYG employed and has a base income of \$85,000 pa. They also receive an annual bonus payments of \$7,000 as well as a travel allowance. After completing a servicing calculation you determine that only the base income of \$85,000 is required for servicing, as a result you would only need to request their 2 most recent payslips.

Please also refer to the document in MyHub which shows what documents are required based on the type of income you need to verify, you'll find this at **Libraries > Compliance Resources – MoneyQuest > NCCP, Responsible Lending, BID > Client Financial Evidence Requirements (Internal) – July 2021**

Salary account statements/transactions provided and saved to MyCRM.

Most lenders won't require you to provide a copy of these statements with your submitted application, however you are required to obtain no less than 3 months of transactions from your clients. Not only will they provide additional verification of income through salary credits but will also assist in completing a thorough analysis into your client's spending so your declared Monthly Living Expenses are as accurate as possible. You may also identify undisclosed liabilities which your clients overlooked when completing the Fact Find but best practice would include completing a Credit Check to assist with this.

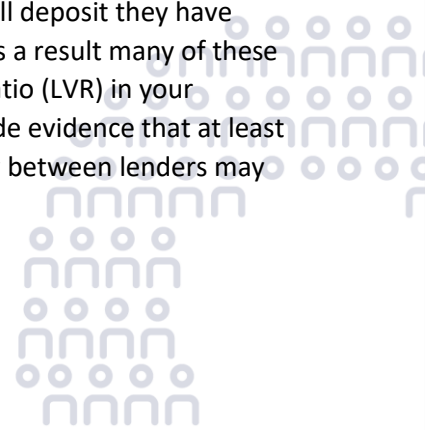
Further to this some clients will use their credit cards for their everyday transactions so if this is the case please ensure you are also obtaining the 3 most recent statements for all applicable credit card accounts which will be required to complete a full analysis into their living expenses.

Savings account statements/transactions provided and saved to MyCRM (for purchase applications only)

Applications involving first home buyers will often involve your clients only have a small deposit they have saved, usually in the order of between 5% and 10% of the proposed purchase price. As a result many of these applicants will be subject to Lenders Mortgage Insurance (LMI) as the Loan to Value Ratio (LVR) in your application will be greater than 80%. In these cases most lenders will ask you to provide evidence that at least 5% of the purchase price has been held in an account for no less than 3 months (policy between lenders may vary, please refer to The Matrix in MAX).

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You would need to save to MyCRM statements on all savings accounts which contain any funds which are going to be provided at settlement. These statements also need to cover a period of no less than 3 months dating back from the date they were generated by your clients. Eg You receive a statement from your clients on May 15, therefore at a minimum you would need to obtain transactions for the period Feb 15 to May 15. Most lenders require the end date of the transaction history to be no more than 30 days from the date you submit your application through AOL but please confirm this with the specific lender.

Liability account statements/transactions provided and saved to MyCRM (if applicable)

Even though some lenders are now using Comprehensive Credit Reporting (CCR) during their assessment of loan applications you are still required to obtain statements from your clients in relation to any liabilities they might have. As not all lenders use CCR you might be asked to provide these statements during the application process.

Other reasons to obtain these statements during your Fact Find are...

- Confirming exact loan details which will not appear on a Credit Check (eg loan balance, interest rate, monthly repayment)
- Confirming correct ownership of these liabilities
- Ability to confirm accurate Monthly Living Expenses if the applicants use their credit card as their primary transaction account

Please refer to the document noted in the 'Income Supporting Documents provided' section (**Libraries > Compliance Resources – MoneyQuest > NCCP, Responsible Lending, BID > Client Financial Evidence Requirements (Internal) – July 2021**) for the period you will need to ask for based on the type of liability.

NOTE – If there is evidence of a HECS/HELP debt please ensure the monthly commitment is captured based on the verified income for that applicant. Please also ensure the outstanding balance owing is also captured in MyCRM but given the nature of a HECS/HELP debt evidence of the outstanding balance is not required.

Evidence of any undisclosed liabilities not entered into Game Plan or Apply Online?

You must ensure that all ongoing liabilities after settlement are accounted for in the Game Plan and AOL. Confirmation of these can be found in the credit check you obtain after the Privacy Statement has been accepted by all clients. If there are any liabilities which will not exist after settlement please ensure that you obtain evidence that these liabilities have been paid off or closed, financial institutions will provide your clients with final statements or closure letters which will suffice. Please also leave a note in MyCRM detailing which liability has been closed and upload the supporting document to MyCRM.

Identification documents provided for all applicants/guarantors and saved to MyCRM – Passport, Drivers Licence and Medicare Card required (or sufficient alternatives based on lender requirements if these cannot be provided).

You must complete an identification of ALL clients you meet (incl guarantors) who are involved with the proposed loan application. Criteria for individual lenders will vary slightly but you will need to obtain the following identification documents...

- Drivers Licence
- Passport (can be expired for up to 2 years from the date you submit the application through AOL)
- Medicare Card

Not all lenders will require you to provide them with a copy of a Medicare Card, however this can help provide clarification whether your clients have any dependants you need to declare. A Medicare Card can also help meet Verification of Identity (VOI) requirements when both a Drivers Licence and Passport cannot be provided.

If your clients do not have all of these forms of identification please refer to the VOI policy for the specific lender you propose to submit your application with in order to obtain sufficient identification documents.

If you interview your clients/guarantors remotely (eg via Zoom) please ensure that you are capturing a screenshot of you and your clients in the same meeting, the screenshot will also capture the date and time which can confirm when you met with them. Again, not all lenders will expect you to provide this but best practice would dictate that you obtain this and have it saved to MyCRM.

Notes indicating applicant(s) have been interviewed in person, relevant box ticked in MyCRM (if interviewed remotely then a screenshot of the broker and all applicants from the video call to be saved to MyCRM).

Please ensure that sufficient notes are left describing how you identified your client(s). This note will include the following...

- Date and time of interview
- Venue of interview (eg office, home, café, remotely etc)

Tax File Numbers (TFN) removed from all documents (if applicable)

All documents which you obtain from your clients and contain a TFN must be redacted upon receipt. This includes all documents which you may receive but not save to MyCRM or send to your chosen lender.

Best Interests Duty notes captured in MyCRM?

- **Sufficient explanation as to the loan purpose?**
 - o Points that you will need to cover off here include...
 - Loan amount
 - Loan term
 - Repayment type (Principle & Interest or Interest Only)
 - Interest Rate type (Variable or Fixed)
 - Specific loan features (eg offset, redraw etc)
 - Other considerations (eg turn around times, cashback offers etc)
- **Reason why loan product has been chosen?**
 - o The justification for why the specific loan product has been chosen should be clearly noted and reflect the options which your clients declared through the Fact Find.
- **Reason why loan term reset to a term greater than the current loan term?**
 - o If the proposed loan term is longer than the existing loan term (for refinance applications) then an explanation as to why is required. This is to ensure your clients have been informed that they may be subject to paying a greater amount of interest over the life of the loan if the loan term is being extended. Most of the time a longer loan term is chosen to help reduce the monthly repayment but please ensure this is included in your notes
- **Notes if chosen lender not the cheapest option?**
 - o There are instances where you have opted for a lender who isn't offering the lowest interest rate, this can be due to several reasons (eg loan features, lender policy, turn around times etc). This is ok but please ensure you are leaving clear notes as to why the cheapest loan option wasn't selected.
- **Exit Strategy?**
 - o If your clients will reach their expected retirement age prior to the end of the proposed loan term then an explanation into their exit strategy upon retirement is required. It may not be a lender requirement but best practice would have you cover this off with your clients and sufficient notes around that discussion saved accordingly.
- **3 lenders chosen in product comparison? If not are there comments why there are less than 3 lenders?**
 - o Best practice dictates that options from no less than 3 separate lenders are provided to your clients for them to review before a final lender is chosen. If there are not 3 viable options to present to your client (eg specific lender policy based on the application) then you can use 1 or 2 options but please leave detailed commentary as to why 3 options aren't available.

Game Plan signed and uploaded to MyCRM or accepted electronically through MyCRM? Has the Game Plan been accepted either on the day or prior to the loan submission date in AOL?

The Game Plan will be provided to your clients to accept which contains information regarding their proposed home loan (see below for further details). This document can be accepted in 1 of 2 ways...

- Signed and returned for you to upload to MyCRM

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- Electronic acceptance from the Game Plan being issued through MyCRM. Once accepted the document will be automatically attached to the 'Documents' section with the date and time of acceptance.

The Game Plan must also be accepted either on the day or prior to the loan being submitted via Apply Online.

Game Plan (cont.)

- Lender/Loan Product/Loan Details match AOL?

- o These loan details must match the loan which is being submitted through AOL. If the following circumstances apply after the initial Game Plan has been provided...
 - The loan amount to be submitted through AOL is greater than the loan quoted in the Game Plan.
 - A new loan product has been chosen.
 - A new lender has been chosen.

...then a new Game Plan MUST be provided to your clients for acceptance prior to the application being submitted through AOL.

If the loan amount to be submitted through AOL is less than the loan quoted on the Game Plan (through the same lender and no changes made to the loan type/repayment type) then a note in MyCRM confirming the change will be sufficient. This note will need to include confirmation that you have discussed the difference with your clients and that they understand what has changed with the application submitted through AOL. Best practice would have you email your client with the updated loan details and a reply acknowledging that they accept these new terms and are happy to proceed, the reply email should then be uploaded to MyCRM as evidence of their acceptance.

- Income captured correctly

- o Ensure the figures included on the Game Plan reflect the income you have verified through the documents obtained from your client. The verified income amounts will also reflect on the lender's servicing calculator which you will have completed and saved to MyCRM.

- Liabilities captured correctly incl monthly commitment?

- o Ensure that all liabilities have been included as well as the correct monthly commitment. For term loans the monthly commitment can be found on the statements you have obtained, however for liabilities with a limit (eg credit cards, store cards) please calculate 3.8% of the maximum limit as the monthly commitment. This applies whether there is an outstanding balance on the credit/store card or not.

- Servicing calculations accurate?

- o Figures entered must match those from the lender's servicing calculator which also need to correspond with the supporting documents that have been provided.

- Commissions captured accurately?

- o Percentages of upfront and trail commissions being paid will carry through directly from MyCRM but please ensure these are accurate. It is acceptable for a higher percentage to be quoted.

All required lender application forms saved to MyCRM in their entirety and signed by all applicants?

All application forms which are required by the proposed lender must be completed, signed and uploaded to MyCRM. These include any additional documents including but not limited to...

- Verification of Identity forms
- Guarantor consent forms
- Forms relating directorship in a business
- Salary Sacrifice Declaration forms

As best practice please also upload to MyCRM documentation that your loan application is unconditionally approved. This not only shows that the loan in question has been approved but most lenders will also include the proposed loan details on the document, this can act as further clarification of the loan your clients are taking out.

Chosen lender's servicing calculator uploaded to MyCRM/ Data entered into the lender's servicing calculator are correct based on documentation provided?

Please ensure that the servicing calculator for the lender you are proceeding with has been uploaded to MyCRM and matches the data which will be submitted via AOL. Please also check that the correct version of the servicing calculator has been used as lenders will update these regularly.

All client information in Game Plan accurate based on documentation obtained? If not are there sufficient notes explaining any differences?

Sometimes new details can be discovered between when the Fact Find was completed and when AOL has been created and prepared for submission. In these cases best practice would be to update MyCRM with the new details to match AOL, however in the instance where MyCRM has not been updated please ensure commentary is left in Notes around the changes made in AOL. Eg your clients may have closed a credit card account in the time between completing the Fact Find and AOL being lodged, therefore the closed account will be omitted from AOL. In this case you would leave comments in Notes confirming the account has been closed as well as requesting a closure letter from your clients (which will be uploaded t