

1st October 2011

Responsible Lending Disclosure Obligations

ASICLink

<http://www.asic.gov.au/asic/asic.nsf/byheadline/Responsible+lending+disclosure+obligations%3A+Overview+for+credit+licensees+and+representatives?openDocument>

Legislation commenced on the 2nd October 2011 which requires certain disclosure documents to be provided to borrowers at different stages throughout the credit process.

The following document templates are mentioned in this guide:

- **Credit Guide 1 required when not customer facing** – Attached
- **Credit Guide 2A required when customer facing manager through Mortgageport Management Item B** - Attached
- **Credit Guide 2B required when customer facing manager through credit representative** - Attached
- **Mortgageport Quote** -Not attached here as rarely needed
- **Proposal Disclosure Document** - Attached

What is Customer Facing?

The term customer facing is where we are providing credit assistance – this is where a member of the Mortgageport team is dealing directly with the borrower either face to face, by telephone or email.

We are not customer facing when the customer deals with an external mortgage broker and that broker completes the application and submits it to us as a lender.

NB: If a mortgage broker refers the customer to us and we complete the application with the borrower, ie the broker acts as a referrer and not as a broker, Mortgageport becomes customer facing.

When are documents provided?

There are a number of circumstances where the documentation required to be provided by Mortgageport varies, these are explained below.

MORTGAGE MANAGER - CUSTOMER FACING

Where Mortgageport is acting as a mortgage manager (not a mortgage broker using Mortgageport Origination Pty Limited) and is customer facing.

Under these circumstances we are required to provide:

- (a) **Credit Guide 2A when we are customer facing** (similar to the previously used Finance Broking Agreement) through Mortgageport Management and **Credit Guide 2B** when we are customer facing through MP Mortgages, Mortgageport Origination, Ziggybid, or Dream Run as credit representatives of Mortgageport.
- (b) **Quote** but only where we are charging a fee for arranging credit, which would be very rare. Please note the charging of an application fee or the charging of a loan establishment fee which is noted on the credit contract is NOT regarded as charging a fee for arranging credit and a quote is not required to be provided if these are the only types of fees applicable
- (c) **Product Disclosure Document** –this explains what commission we are receiving. This document should be sent to the borrower at the time we lodge the application.
NB We are not required to disclose what commissions we are entitled to receive in this document if we publish on our website the maximum amount a customer will pay for a managed product on our website (*due to an Exemption for Customer Facing Mortgage Managers*)
- (d) **Credit Guide 1** – although we are not required to provide this document where we are client facing we are required to provide it when we act as a Mortgage Manager and are NOT Customer facing, to simplify our procedures we have decided to provide this with our settlement letter in every instance.

MORTGAGE MANAGER - NON CUSTOMER FACING

Where Mortgageport is acting as a Mortgage Manager and has been provided with the application from a Mortgage Broker we are required to provide the borrower with a copy of **Credit Guide 1** at the time of settlement, because we assume that the Mortgage Broker would have provided the customer with required documentation as they are deemed to be customer facing. As mentioned above we will comply with this our part of our policy to issue this document with every settlement letter.

MORTGAGE BROKER (FAST) CUSTOMER FACING

Where Mortgageport is acting as a mortgage broker (not a mortgage manager) and introducing a loan to a bank we use the same disclosure documents as listed above for mortgage manager transactions, except that the Product Disclosure Document must disclose the commission we receive.

STEPS (TIME LINE) FOR A TYPICAL CUSTOMER FACING MANAGED LOAN

1. Talk to borrower about a potential loan to comply with responsible lending requirements
2. When ready to apply for a loan provide **Credit Guide 2A or 2B** to the borrower – this would typically be before but at the same time we complete the application form
3. **Provide Quote** (if we are charging fees) which would be rare. This must be handed over before submitting the loan application, must be signed by each borrower and dated. Each borrower must be given their own copy to keep.
4. Provide credit recommendation
5. Give to each borrower **Product Disclosure Document** at the time application is lodged
6. Provide a copy of **Credit Guide 1** with the 'welcome letter' after loan settlement

INTERNAL ACTION REQUIRED

1. Have this document checked by Gadens to confirm its accuracy and our understanding
– Completed 27th October 2011
2. Explain procedure to all staff and have them sign a letter confirming what their responsibilities are and add this to the training register
3. Our Standard Application Form needs to be amended to include Credit Guide 2 and should include our application fee refund policy (see attached application fee policy)
Glen – the Credit Guide is required to be provided to every borrower. It is not commercial for Mortgageport to be printing the multiple paged Application Form for each borrower. Rather, the Credit Guide should be provided separately as a standalone document.
4. Our computer generated settlement letter needs to have Credit Guide 1 added as a separate page
5. We need to publish the maximum cost of loans for Adelaide Bank and Advantedge on our website (we need to check with Gadens how we do this – eg: List all products with what we could call our standard variable rate, fixed rate etc or whether a disclosure somewhere on our website is acceptable.
Glen – instead of listing out the products, the web site should state “our interest rates vary from 5% to 8%”. The Mortgageport website can then set out the maximum cost of loans.



Mortgageport Management Pty Limited ACN 082 733 679

Level 7, 68 Alfred Street,

Milsons Point NSW 2061

ATTACHMENT 1 - CREDIT GUIDE 1

Welcome to Mortgageport. We are one of Australia's leading and longest operating mortgage managers. We provide specially designed finance for our customers. We are a member of the MFAA (Mortgage and Finance Association of Australia), Australia's peak industry body for the mortgage and finance industry.

We are licensed to arrange loans and leases under the National Consumer Credit Protection Act 2009 (**NCCP Act**). The NCCP Act regulates the activity of lending, leasing, and finance broking. Our Australian Credit Licence number is 386360.

We will be managing the loan you have taken out. You should contact us about your loan, including issues relating to repayments.

Our internal dispute resolution scheme

We hope you are satisfied with our services. If you have any complaints regarding our conduct you should notify us by contacting our Complaints Officer by:

- telephoning (02) 9466 8200
 - e-mailing info@mortgageport.com.au
 - writing to PO Box 51, Milsons Point NSW 1565
- or by speaking to any representative of our business who will refer you to the Complaints Officer, details of whom are shown above.

You should explain the details of your complaint as clearly as you can. You may do this verbally or in writing.

When we receive a complaint, we will attempt to resolve it promptly. We hope that in this way we will stop any unnecessary and inappropriate escalation of minor complaints.

Our external dispute resolution scheme

If we do not reach agreement on your complaint, you may refer the complaint to an ASIC Approved External Dispute Resolution (**EDR**) Scheme. Our external dispute resolution provider is COSL (Credit Ombudsman Services Limited) phone 1800 138 422, www.cosl.com.au. External dispute resolution is a free service established to provide you with an independent mechanism to resolve specific complaints.

You can request further details about our dispute resolution procedures and obtain details of our privacy policy.

Questions?

If you have any questions about this credit guide or anything else about our services, just ask at any time. We're here to help you.



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ATTACHMENT 2 - CREDIT GUIDE 2 A

Welcome to Mortgageport. We are one of Australia's leading and longest operating mortgage managers. We provide specially designed finance for our customers.

We are licensed to arrange loans and leases under the National Consumer Credit Protection Act 2009 (**NCCP Act**). The NCCP Act regulates the activity of lending, leasing, and finance broking. Our Australian Credit Licence number is 386360.

Services we provide

We market the Mortgageport range of loans which are structured and managed by us. We can also arrange loans with other lenders. We will help you to choose a loan which is suitable for your purposes.

Our panel lenders

Adelaide Bank	Commonwealth Bank/Colonial	ING Bank
Advantedge	Heritage Building Society	Macquarie Mortgages
AMP Banking	NAB	St George Bank/Bank SA
ANZ Banking Group Limited	Homeside Lending (Lender is National Australia Bank)	Suncorp
Bankwest		Westpac Bank
Citibank	IMB	

We will need information from you

Under the NCCP Act, we are obliged to ensure that any loan or principal increase to a loan we help you to obtain is not unsuitable for you. To decide this, we may need to ask you some questions in order to assess whether the loan is not unsuitable. The law requires us to:

- make reasonable inquiries about your requirements and objectives;

- make reasonable inquiries about your financial situation;
- take reasonable steps to verify that financial situation.

Credit will be unsuitable if at the time of the assessment, it is likely that at the time the credit is provided:

- you could not pay or could only pay with substantial hardship;
- the credit will not meet your requirements and objectives.
- For example, if you can only repay by selling your principal place of residence, it is presumed that the loan will cause substantial hardship unless the contrary is proved. For this reason we must ask you to provide a significant amount of information. It is therefore very important that the information you provide us is accurate.
- We must provide you with a copy of our preliminary credit assessment of your application if you ask within 7 years of when we assist you. We are only required to give you a copy of the credit assessment if we give you credit assistance.
- If we arrange a loan for you to purchase or refinance real estate, remember you must make your own enquiries about the value of the real estate and its potential for future growth. Although we may obtain a valuation, that is for our own use and you should not rely on it.

Fees payable by you

We usually do not charge you for our services because we are paid commission by the financier. However, you may need to pay the financier's application fee, valuation fees, and other fees.

Commissions received by us

We may receive commissions or management fees from the lenders who provide finance for you as our customers. These are not fees payable by you. You may obtain from us information about a reasonable estimate of those commissions and how the commission is worked out.

We may have a volume bonus arrangement in place with **lenders** under which those financiers may pay us additional commission depending on the total volume of business we arrange with them.

Commissions payable by us

We source referrals from a broad range of sources. For example, we may pay fees to call centre companies, real estate agents, accountants, or lawyers for referring you to us. These referral fees are generally small amounts and accord with usual business practice. These are not fees payable by you. You may, on request, obtain a reasonable estimate of those commissions and how the commission is worked out.

Our internal dispute resolution scheme

O:\Procedures\Disclosure Procedures.Docx

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You can obtain further details about our dispute resolution procedures and obtain details of our privacy policy on request.

Things you should know

We don't make any promises about the value of any property you finance with us or its future prospects. You should always rely on your own enquiries.

We don't provide legal or financial advice. It is important you understand your legal obligations under the loan, and the financial consequences. If you have any doubts, you should obtain independent legal and financial advice before you enter any loan contract.

Questions?

If you have any questions about this credit guide or anything else about our services, just ask at any time. We're here to help you.

ATTACHMENT 3 –CREDIT GUIDE 2B

[INSERT CREDIT REPRESENTATIVE’S NAME AND ACN]

[INSERT ADDRESS]

Phone: 02 9466 8200 E-mail: info@dreamrun.com.au

Credit Representative Number XXX

CREDIT GUIDE

Thank you for contacting **[INSERT CREDIT REP NAME]**!

[INSERT CREDIT REP NAME] is a credit representative of Mortgageport Management Pty Limited ACN 082 733 679 Australian Credit Licence number is 386360. Mortgageport Management structures, markets and manages the Mortgageport range of loans and also arranges loans from third party funders.

As a credit representative, we are authorised to arrange loans and leases under the National Consumer Credit Protection Act 2009. The NCCP Act regulates the activity of lending, leasing, and finance broking.

We will need information from you

Under the NCCP Act, we are obliged to ensure that any loan or principal increase to a loan we help you to obtain is not unsuitable for you. To decide this, we may need to ask you some questions in order to assess whether the loan is not unsuitable. The law requires us to:

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Fees payable by you

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Commissions received by us

We may receive commissions or management fees from the lenders who provide finance for you as our customers. These fees may be shared between Mortgageport and the credit representative. These are not fees payable by you. You may obtain from us information about a reasonable estimate of those commissions and how the commission is worked out.

We have a volume bonus arrangement in place with under which those financiers may pay us additional commission depending on the total volume of business we arrange with them.

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We source referrals from a broad range of sources. For example, we may pay fees to call centre companies, real estate agents, accountants, or lawyers for referring you to us. These referral fees are generally small amounts and accord with usual business practice. These are not fees payable by you. You may, on request, obtain a reasonable estimate of those commissions and how the commission is worked out.

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E-mail: info@mortgageport.com.au

Australian Credit Licence Number 386360

ATTACHMENT 4 -Proposal Disclosure Document

This document provides information on commissions we receive if you proceed with this proposal for finance.

Key information

Customer(s) full name(s) (you)	
Customer Address	
Customer Phone and e-mail	Phone: Email:
Proposed finance Interest rates and repayments may change if the lender changes its interest rate.	Lender: Finance amount: \$..... Interest rate/s: (a)% Variable / Fixed foryrs (b)% Variable / Fixed foryrs Term:years Total Monthly Repayments: \$..... (rounded up) Other features required (if applicable) (a) (b) (c)
Fees payable by you to us. <i>These fees are</i>	(a) We do not charge you for your services because we are

payable by you. <i>(delete one option)</i>	paid commission or management fees by the financier or (b) You should refer to the 'Quote' dated .../.../.....we gave you for details of these fees.
Commission is payable for	Assisting you to obtain finance
Commission payable by	The lender named above
Commission payable to	Us
Reasonable estimate of commission	<p>[INSERT NUMBER BETWEEN 0.44% AND 1.43%]% of the amount of credit limit shortly after the finance is provided. We estimate this to be \$XX.</p> <p>[INSERT NUMBER UP TO 0.55%]% per annum of your amount owing from time to time payable monthly. We estimate the largest monthly payment to be \$XX.</p> <p>(a) We may receive additional commissions from volume bonuses which are referred to in our credit guide. The amount of those additional commissions cannot be determined at the date of this document.</p> <p>(b) Some or all of the commission received by the Licensee may be paid to the credit representative. From time to time we receive benefits in the form of conferences and training sessions provided by the licensee, financiers, or others. The value of these benefits cannot be ascertained.</p>