

## Common BID Scenario Examples

### 2nd January 2021



#	TOPIC	REQUIREMENTS & OBJECTIVES	REASON WHY I SELECTED THIS PRODUCT
1.	Altdoc Loan	You have indicated to me that your circumstances do not currently fit with a Full Doc loan and have requested that I consider an Altdoc loan to enable you to purchase a property (or refinance).	<p>Altdoc loans are an option for clients whose circumstances do not fit a traditional Full Doc loan due to their specific circumstances at the time. Altdoc loans attract a higher rate due to the higher risk, and there are many variables for eligibility. I have considered a number of lenders &amp; products that offer a solution that meets your specific circumstances. From the products considered, Lender A has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Processing Times.</li> <li>b. Accountant's Declaration is acceptable to your Accountant.</li> <li>c. Exit Strategy consideration.</li> <li>d. Credit Report consideration.</li> <li>e. Loan Size.</li> <li>f. Loan to Value Ratio (LVR) required.</li> <li>g. Security offered is acceptable.</li> <li>h. Amount of Cash Out required is important.</li> <li>i. Your current Tax Returns are not yet available.</li> <li>j. Your historical Tax Returns do not reflect current trading conditions.</li> </ul>
2.	Assessment	<p>You have indicated to me that you have specific preferences regarding the assessment of your loan application, namely:</p> <ul style="list-style-type: none"> <li>a. Short finance date.</li> <li>b. Short settlement date.</li> <li>c. Quick processing so that we can make an offer with finance approved subject to acceptable security.</li> <li>d. The opportunity far exceeds the cost of finance with time of the essence.</li> </ul>	<p>I have considered a number of lenders &amp; products that offer a solution that meets your specific preferences. From the products considered, Lender A has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Processing Times.</li> <li>b. Want the application to be assessed by a human who can relate to our circumstances, not a computer using an algorithm.</li> <li>c. Wish to use our most recent Tax return, rather than historical returns.</li> </ul>
3.	Bridging \ Relocation Loan	You have indicated to me that you are seeking Bridging Finance but require longer than 6 months term to offer greater flexibility and remove the time pressure.	<p>I have considered a number of lenders &amp; products that offer a bridging solution. I have recommended the Purple Relocation Loan with Nil End Debt which offers a maximum 2-year term with interest prepaid for the first year. Should the property not sell within the first 12 months, the applicant has to meet the interest prepayment for the second year from their own resources. This product appears to be unique in the market as all other bridging loans are either 6 months (or 12 months for construction only).</p>

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4.	Credit Report	<p>You have indicated to me that you may have:</p> <ul style="list-style-type: none"> <li>a) A low credit score.</li> <li>b) Possible adverse reporting</li> <li>c) Multiple enquiries within a specific time frame</li> </ul> <p>and wish to find a lender that will give favourable consideration to your circumstances.</p>	<p>I have considered a number of lenders &amp; products that will consider your particular circumstances. Allstate Home Loans specialize in this part of the market and have multiple funders and products and they know the appetites, policies and potential roadblocks for each product.</p> <p>From the products considered, Product A has been selected as the most appropriate for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Lowest rates &amp; fees for the loan size, security and LVR required.</li> <li>b. Product policies cover the key circumstances that you require.</li> <li>c. Acceptable processing times.</li> <li>d. Pre-Approval is available.</li> </ul>
5.	Credit Scoring	<p>You have indicated to me that you have reservations regarding the Credit Scoring process used by the majority of lenders and would prefer to have your application assessed by a human instead of credit scoring.</p>	<p>I have considered a number of lenders &amp; products that do not Credit Score. I have further considered lenders that do not use CCR (Comprehensive Credit Reporting). From the products considered, Allstate Home Loans have multiple funders that do not credit score or use CCR.</p> <p>From the products considered, Product A has been selected as the most appropriate for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Lowest rates &amp; fees for the loan size, security and LVR required.</li> <li>b. Product policies cover the key circumstances that you require.</li> <li>c. Acceptable processing times.</li> <li>d. Pre-Approval is available.</li> </ul>
6.	Debt Consolidation	<p>You have indicated to me that you wish to consolidate multiple debts to regain control and lower your total monthly repayments and Blended Interest Rate.</p>	<p>I have considered a number of lenders &amp; products that offer a solution that meets your specific circumstances. From the products considered, Lender A has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Will consolidate more than 4 debts plus your mortgage.</li> <li>b. Will consolidate an ATO tax debt.</li> <li>c. Will consolidate business debts at residential rates.</li> <li>d. Will consolidate council arrears and bring the rates up to date.</li> <li>e. Will lower your total monthly repayments.</li> <li>f. Will provide a lower Blended Interest rate for the total borrowings.</li> </ul>

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8.	Discharged Bankrupts / Part IX	You have indicated to me that you are seeking a product that will allow your bankruptcy status to be considered.	<p>This is usually a Specialist product due to the higher risk involved. I have considered a number of lenders &amp; products that offer a solution that meets your specific circumstances.</p> <p>From the products considered, Lender A has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Lowest rates &amp; fees for the loan size, security and LVR required.</li> <li>b. Product policies cover the key circumstances that you require.</li> <li>c. Acceptable processing times.</li> <li>d. Pre-Approval is available.</li> </ul>
9.	Exit Strategy	You have indicated to me that you are seeking a product that will give favourable consideration to your proposed Exit Strategy and possibly a loan with a longer term.	<p>I have considered a number of lenders &amp; products that offer a solution that meets your specific circumstances.</p> <p>From the products considered, Lender A has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Will consider the value of your business as part of the Exit Strategy without requiring a Business Valuation.</li> <li>b. Will allow a longer term for the loan.</li> <li>c. Will allow superannuation to be used to extinguish debt.</li> </ul>
10.	Expats	You have indicated to me that you are an Australian Citizen and Expat living and working overseas.	<p>I have considered a number of lenders &amp; products that offer a solution that meets your specific circumstances.</p> <p>From the products considered, Lender A has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Higher loan amount is available requiring a lower deposit.</li> <li>b. Higher loan amount is available due to servicing policies.</li> <li>c. No monthly or annual fees.</li> <li>d. Higher percentage of overseas income allowed in servicing.</li> <li>e. Country and currency where income is sourced is acceptable to this lender.</li> </ul>

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### 2nd January 2021



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11.	Favourable Rate for Purpose.	You have indicated to me that you wish to offer your principal place of residence as security for a loan. You would like to use the equity for investment purposes and would prefer to have the lower owner-occupied home loan rate.	Most lenders use the Purpose Test (if majority of funds are used for investment purposes, then investment rates apply, regardless of the security offered). I have selected the Allstate Orange product because they use the Security Test (type of security determines the interest rate, not the Purpose).
12.	Higher LVR, No LMI.	You have indicated to me that you wish to borrow greater than 80% LVR, preferably without Lenders Mortgage Insurance (LMI) or Risk Fee.	LMI usually applies for loans >80%. I have considered a number of lenders & products that offer a solution that meets your specific circumstances. From the products considered, Allstate Orange 85 No LMI has been selected for the following reasons: <ul style="list-style-type: none"> <li>a. No LMI or Risk Fee</li> <li>b. No monthly or annual fees</li> <li>c. No Credit Scoring or CCR.</li> <li>d. Owner-Occupied (OO) or Investment (INV)</li> <li>e. Max. Loan of \$1.1million</li> <li>f. Purchase or refinance.</li> </ul>
13.	Late Mortgage Payments	You have indicated to me that you have late payments on your mortgage history and are seeking a lender that will consider these to avoid delaying an application.	I have considered a number of lenders & products that offer a solution that meets your specific circumstances. From the products considered, Allstate X product has been selected for the following reasons: <ul style="list-style-type: none"> <li>a. The loan is less than a week late.</li> <li>b. The loan is not a full month in arrears.</li> <li>c. The loan is not a full 2 months in arrears.</li> <li>d. The loan is 3 months or more in arrears.</li> </ul>
14.	Late Payments - Non-Mortgage	You have indicated to me that you have late payments on your: <ul style="list-style-type: none"> <li>i. credit cards</li> <li>ii. personal loans</li> <li>iii. business loans</li> </ul>	I have considered a number of lenders & products that offer a solution for your specific circumstances. From the products considered, Allstate X product has been selected for the following reasons: <ul style="list-style-type: none"> <li>a. The credit card history can be ignored.</li> <li>b. The personal loan history can be ignored.</li> <li>c. The personal credit history can be ignored due to the mortgage conduct.</li> </ul>
15.	Life Event/s	You have indicated to me that you have had lifetime events that caused you financial hardship, namely: <ul style="list-style-type: none"> <li>a. Lost your job.</li> <li>b. Accident</li> <li>c. Health Matters</li> <li>d. Divorce / relationship split.</li> </ul>	I have considered a number of lenders & products that offer a solution for your specific circumstances. From the products considered, Allstate Orange Lifestyle product has been selected for the following reasons: <ul style="list-style-type: none"> <li>a. The number of defaults within a specified time frame were directly related to a lifetime event and will be treated as a single event.</li> </ul>

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16.	Offset Account	You have indicated to me that you would like to consider an offset account with your mortgage.	<p>Most Offset accounts attract a monthly, annual or package fee which should be considered as opposed to free redraw facilities. It is generally considered that you need to maintain approximately \$5,000 average monthly balance to benefit from an offset account after fees. Approximately 80% of offset accounts have less than \$5,000 average monthly balance.</p> <p>I have considered a number of lenders &amp; products that offer a solution for your specific circumstances. From the products considered, Allstate Orange product (x) has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. The Orange Offset account is a limited transaction facility does not attract any fees.</li> </ul>
17.	Offset Account - Optional	You have indicated to me that you would like to consider an offset account with your mortgage..... but this is not a specific requirement.	<p>I have considered a number of lenders &amp; products that offer a solution for your specific circumstances. From the products considered, product (x) has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. This product does not offer an Offset account.</li> <li>b. This product does not offer an Offset account but does have free redraw facilities.</li> <li>c. You do not consider that you would benefit from an offset account due to the average monthly balance required to achieve a noticeable benefit.</li> <li>d. You prefer to keep your transactional account with another bank rather than where your mortgage is held.</li> </ul>
18.	Post Settlement Service	You have indicated to me that you want to have a lender that offers post settlement service that is based in Australia.	<p>I have considered a number of lenders &amp; products that offer a solution for your specific circumstances. From the products considered, product (x) has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Allstate Home Loans are a mortgage manager that provide Customer Service based in Brisbane for all their products. They do not outsource overseas.</li> </ul>

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19.	Pre-Approval	You have indicated to me that you wish to obtain a Pre-Approval to have the confidence to seek out a property to purchase.	<p>Most lenders do not provide pre-approvals due to the low conversion rate to settlement and the costs involved.</p> <p>I have considered a number of lenders &amp; products that offer a solution for your specific circumstances. From the products considered, product (x) has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Loan amount required.</li> <li>b. Loan to value ratio (LVR) required.</li> <li>c. No credit scoring required.</li> <li>d. Security location or type.</li> <li>e. Allstate have multiple funders that allow pre-approvals to assist clients to know their borrowing capacity.</li> </ul>
20.	Rates Arrears	You have indicated to me that you currently have rates arrears that you wish to clear to avoid the penalty interest charged by council.	<p>Council rates arrears are generally only considered by specialist lenders. I have considered a number of lenders &amp; products that offer a solution for your specific circumstances. From the products considered, product (x) has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. Allstate Purple products will allow rates arrears to be consolidated as a standard prime loan.</li> </ul>
22.	Specialist Loan	You have indicated to me that you currently have specific circumstances that will require a specialist loan.	<p>I have considered a number of lenders &amp; products that offer various solutions for your specific circumstances. From the products considered, Allstate X product has been selected for the following reasons:</p> <ul style="list-style-type: none"> <li>a. This product has an appetite for discharged bankrupts and offers better interest rates and has no monthly or annual fees.</li> <li>b. This product has a better policy for late or missed payments.</li> <li>c. Can consolidate multiple debts including tax debts and/or council rates.</li> <li>d. Unlimited Business debts can be consolidated at residential rates.</li> <li>e. Certain Paid or Unpaid defaults are ignored in determining the rates and fees.</li> <li>f. Altdoc construction is available.</li> <li>g. Construction of multiple properties is allowed.</li> </ul>

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23.	Structuring	<p>You have indicated to me that you wish to restructure your loan portfolio to achieve the following outcomes:</p> <ol style="list-style-type: none"> <li>Access equity in existing property for future use.</li> <li>Avoid cross-collateralisation of multiple securities.</li> <li>Purchase a new property at a higher LVR.</li> <li>Convert some loans to Interest Only to meet certain objectives.</li> </ol>	<p>I have considered a number of lenders &amp; products that offer various solutions for your specific circumstances. From the products considered, Allstate X product has been selected for the following reasons:</p> <ol style="list-style-type: none"> <li>An Interest Only loan is available.</li> <li>Cash out is available as requested.</li> <li>Equity release for future investment is available as requested.</li> <li>The loan will use a single security with no cross collateralisation.</li> <li>A lower monthly repayment will be achieved.</li> <li>Consolidation of certain debts (including tax debt) can be achieved using a single security whilst maintain acceptable interest rates on existing securities.</li> </ol>
24.	Tax Debt	<p>You have indicated to me that you have a Tax Debt that you wish to clear in order reduce the interest being paid and avoid the restrictions that apply to an arrangement with the ATO.</p>	<p>I have considered a number of lenders &amp; products that offer various solutions for your specific circumstances.</p> <p>From the products considered, Allstate X product has been selected for the following reasons:</p> <ol style="list-style-type: none"> <li>The lender will allow a partial reduction of the tax debt and an arrangement to repay the lower amount to the ATO.</li> <li>The lender requires complete extinction of the ATO debt from this refinance.</li> <li>A higher loan amount is available as a result of the servicing requirements.</li> <li>A higher loan amount is available as a result of the policy requirements.</li> <li>A longer loan term is available as a result of the policy requirements.</li> </ol>
25.	Visa	<p>You have indicated to me that you have a Visa with more than 12 months to run and wish to purchase a property or refinance an existing loan.</p>	<p>I have considered a number of lenders &amp; products that offer a solution for your specific circumstances. From the products considered, Allstate Purple product has been selected for the following reasons:</p> <ol style="list-style-type: none"> <li>The lender will accept your current Visa Number provided it has a minimum of 12 months to run from the date of settlement.</li> </ol>