

This guide will assist with the types of information which could be included in the Client Needs Analysis / Fact Find under Needs and Objectives and Preliminary Assessment / Credit Proposal document under Broker Analysis and Why Our Recommendation Meets Your Best Interests.

Needs and Objectives (Fact Find / Client Needs Analysis)

Primary reasons for seeking credit / your needs and objectives

- Purpose of the loan (owner occupied / investment) and why
- Loan amount / loan term and why
- Any specific features / lenders / interest rate types / repayment types and why
- Any flexibility on the clients stated needs and objectives and why
- Savings held / retention of any savings and why
- Any personal circumstances that may affect the loan (including financial circumstances, employment, family status, etc)
- First home buyer

Immediate needs and objectives – Within the next 2 years (e.g. holiday, purchases, renovations, savings, protect the family, etc)

- What might the client(s) want to achieve and how this may affect the loan
- Overseas travel, start a family, upgrade or change property, investments

Longer term - 2 to 10 years (e.g. repay mortgage, buy a new car, education expenses, purchase investment property, retirement planning, etc)

- Reduce home loan as quick as possible and why
- Dependants – commence or finish schooling, childcare costs, affordability
- Retiring before end of requested loan term and how this may affect the loan
- Vehicle / recreational vehicle upgrade and potential timing

Broker Analysis (Analyse, Assessment and Applicant Education Comments)

Analysis

- Purpose of the loan – loan amount
- What are they hoping to achieve (short term and long term)
- Overview of client's situation (confirms understanding of client's situation)
- Ages of applicants (will exit strategy be required)
- Residential status (renting, boarding and history)
- Family status – ages of dependants
- Employment – type, income, stability and any changes to employment
- Assets and liabilities – any changes (credit cards being closed or paid out)
- Financial habits – savings held
- Financial awareness – loan terms, repayments, interest rates
- Credit history

Assessment

- Clients personal and financial position – employment stability
- Clients’ wants versus what they need
- Clients’ goals, objectives, priorities and preferences
- Specific requirements – lender, features, repayment type
- Lender policy / serviceability / borrowing capacity
- Security type / postcode restrictions
- Turnaround times / security property type

Applicant Education

- Financial understanding will drive the education needed
- Any mitigants – e.g. client(s) situation may limit what is available to them
- Client(s) wants versus what they need
- Loan types, loan features and how they work
- Repayment types / requirements
- Complex scenarios / security guarantor / exit strategy / foreseeable changes
- Applicable fees and charges
- Government schemes / promotional offers
- Cashback offers
- Refinance and extending out loan term – additional costs
- Professional packages
- Fixed rates and break costs
- Pre-approval requirements
- Seniors’ loans and how they work (if applicable)

Living Expenses Commentary

- How was the amount initially derived – completed by clients’ and discussions
- How was the amount verified to actual expenditure – 3 months statements
- Were there any adjustments made up or down – discussions held documented
- Were there any discussions around reducing living expenses – discussions held documented and are they realistic
- Were post settlement expenses considered – property costs, utilities, etc
- Reasons why living expenses may be low – self-employed, geographical location
- Other expenses post settlement – investment property agent costs, holiday rental may incur cleaning costs, etc

Recommendation (Why our Recommendation Meets your Best Interests)

Options presented and recommendation comments

- How the product is in the clients’ best interests
- Loan type, repayment type, interest rate type and why
- Specific lender request versus other cheaper options
- Alternative features options to what was requested and why (offset vs redraw)
- If the cheapest option is not recommended, why
- If turnaround times, geographical location, lender policy, borrowing capacity, loan amount available have played a part in the recommendation
- Fees and charges applicable / any fee waivers / professional packages
- Security guarantee / servicing guarantee (if applicable)
- Lender service / branch access
- Credit history if affecting recommendation
- Property size
- First home buyer scheme (if applicable)

Explanation for selecting interest only repayment (if applicable)

- Why interest only repayments and end of interest only period repayments
- If requested by client(s), why interest only repayments have not been recommended
- Discussion held that the loan balance will not reduce during the interest only period. As a result, when the interest only period expires, the client(s) may be required to service the debt with principal and interest repayments over a shorter loan term (which means the repayments will be higher)

Explanation for selecting fixed rate product (if applicable)

- Fixed rate period and why
- Expiry of fixed rate period
- Rate lock required or not
- Discussion held on the risks and benefits of fixed rates including the limitations around the ability to redraw, limits in additional repayments and the possibility of break costs for early termination of the fixed rate

Line of credit comments (if applicable)

- Why has the product been recommended
- How does this specific product meet the clients' requirements and objectives

Interest in advance comments (if applicable)

- Why has the product been recommended
- How does this specific product meet the clients' requirements and objectives