

## Scenario Guidance Table

### Scenario

PAYG First Home Buyer (sub 80%)

### Documents collected by the broker

<b>Income documents</b>	Pay slips and Tax Portal print out
<b>Living expenses</b>	Budget tool and conversation with the customer
<b>Dependents</b>	Medicare card
<b>Liabilities</b>	Credit check

### Example of how to document

Erin and Tom are purchasing a townhouse in Camp Hill and have completed a budget using the ASIC MoneySmart tool.

Couple with no dependents on a combined salary of \$140,000 with only liability a CBA credit card of \$10K which is evident on the credit check.

Monthly living expenses declared as \$2,750 and a detailed discussion was held. The client was made aware of additional expenses which had to be factored in such as rates and body corporate fees (approx. \$800 per month) which increases monthly expenses to \$3,550.

The client is currently renting a property for \$2,800 per month as well as saving a minimum \$2K per month for their deposit.

New home loan repayment plus monthly living expenses are less than monthly net income.

## Scenario

Purchase of a new property

### Documents collected by the broker

<b>Income documents</b>	Pay slips and Tax Portal print out
<b>Living expenses</b>	Combination of internet banking and conversation during client interview
<b>Dependents</b>	Medicare card
<b>Liabilities</b>	Credit check

### Example of how to document

Kate and William have sold their current home and purchased a new property. Both are due to settle on the 24 January 2025. Their existing loan is with Macquarie and net sale proceeds will be \$480,000 to contribute to the new purchase.

Kate is a marketing specialist on \$95,000 and William works for Thales on \$120K base with overtime and allowances taking income to \$145K. William has provided income statements for the last two years due to OT and his YTD is consistent with previous years.

William and Kate have two dependent children in primary school and have confirmed they have no intention of private schooling in the future.

Kate has a monthly budget and had completed the monthly living expenses in the client centre. During our appointment, Kate logged into her internet banking and we clarified some of the expenses. Kate had overestimated the amount spent on recreation, noting this does fluctuate each month and is discretionary. However servicing is evident using the higher amount and Kate was comfortable to continue with the amounts used.

## Scenario

Purchase of an investment property (client has a current owner-occupied property) - existing client

## Documents collected by the broker

<b>Income documents</b>	Pay slips and existing client documentation
<b>Living expenses</b>	Combination of existing client documentation and discussion
<b>Dependents</b>	Existing client documentation
<b>Liabilities</b>	Credit check

## Example of how to document

Emma and Anthony are existing clients who I assisted 12 months ago with the refinance of their owner-occupied home in Seaford and have now purchased an investment property in Safety Beach. Both are PAYG employees and remain in the same jobs. They have one dependent child.

I provided Emma and Anthony with the prelim completed for their refinance. Living expenses were confirmed 12 months ago and verified against transaction accounts. Clients have confirmed by email that there has been no significant changes to the amounts and there are no foreseeable changes to their circumstances. Emma logged in to her internet banking and showed they have accumulated \$36K in offset account which confirms monthly discretionary funds of over \$3K per month.

Credit check confirms there are no other liabilities and verbally confirmed during the meeting that the client's do not have any BNPL accounts.

Clients have \$3K per month in discretionary income plus proposed rental which will cover the additional mortgage repayment for the investment property plus related property costs and therefore serviceability evident.

**Scenario**

Refinance (clear payment history)

**Documents collected by the broker**

<b>Income documents</b>	Pay slips and verbal income check
<b>Living expenses</b>	Current home loan statements
<b>Dependents</b>	Medicare card
<b>Liabilities</b>	Credit check

**Example of how to document**

Brian and Tim are seeking to refinance their existing mortgage and have declared monthly living expenses of \$3,500. Based upon the demonstrated ability to service their existing mortgage, it is evident the client's living expenses are reasonable and servicing is evident. The new loan with lender has a lower interest rate and the loan term applied for is 30 years which will further reduce monthly outgoings. Verbal income check completed and notes made.

## Scenario

Existing client

### Documents collected by the broker

<b>Income documents</b>	Pay slips and existing client documentation
<b>Living expenses</b>	Combination of existing client documentation and discussion
<b>Dependents</b>	Existing client documentation
<b>Liabilities</b>	Credit check

### Example of how to document

Hilda and David are existing clients who I have assisted in the past with both home and car finance. They are now seeking to refinance their owner occupied and consolidate the car finance.

I provided Hilda and David with the prelims completed in the past and we discussed this during our meeting. Total living expenses remain roughly the same noting increase in food / utilities with cost of living however their child is now 19 and no longer a dependent (now at university with own job).

Credit check confirms there are no other liabilities and verbally confirmed during the meeting that the client's do not have any BNPL accounts.

Based on consolidation of car finance, increase in income since last application and child no longer dependent, I am comfortable that monthly living expenses have not changed materially and serviceability remains evident.

**Scenario**

Refinance and debt consolidation (missed payment or adverse history)

**Documents collected by the broker**

<b>Income documents</b>	Pay slips and secondary verification method
<b>Living expenses</b>	Detailed conversation with the customer including budgeting existing debts vs new consolidated debt
<b>Dependents</b>	Medicare card
<b>Liabilities</b>	Credit check

**Example of how to document**

Clients are married with one dependent child earning combined gross income of \$150,000 and declared \$3,900 as their monthly living expenses and a detailed conversation was held during our meeting.

John is earning \$98,000 per annum: net monthly income	\$6,316
Jane is earning \$52,000 per annum: net monthly income	\$3,713
Combined net monthly income	\$10,029

Clients requires a refinance and debt consolidation of the following liabilities:

1. Mortgage with lender \$724,500 - monthly payment \$4,610
2. Toyota finance \$47,800 - monthly payment \$1,022
3. Pepper personal loan \$17,200 - monthly payment \$410
4. CBA Credit card balance \$23,500 - monthly payment \$250

5. Latitude credit card balance \$8,400 - monthly payment \$90

Total balance \$821,400 & total monthly payment \$6,422

Clients have multiple late fees on their credit cards and Pepper personal loan, though it is noted there is no significant arrears with payments being made each month, albeit late.

The consolidation of the debts into one monthly amount will assist the clients to manage their payments and reduce outgoings, providing a positive monthly net surplus as opposed to the deficit they currently have.

Proposed financial position:

- Net monthly income: \$10,029
- New loan repayment \$825,000 - \$5,133
- Monthly living expenses -\$3,900
- Monthly net surplus - \$976

As outlined, the consolidation of debts into one monthly amount will provide a positive net servicing position. The client/s are aware they may end up paying more interest by extending the short-term debt over a home loan term and wish to proceed as this will provide ease of one repayment and allow additional funds to be repaid into the loan and reduce overall interest.