



Vault
MORTGAGE CORPORATION



Vault - *the right combination*



■ Our Vision

Setting a new standard in delivering
superior financial services
through our commitment
to customer service.

Disclaimer

This information is subject to change by Vault Mortgage Corporation Pty Ltd ABN 17 120 182 765 and its Lender(s) at their discretion. No responsibility is assumed by Vault Mortgage Corporation Pty Ltd or its employees to any other person for any loss or damage (whether caused by negligence or not) arising from the use of the information and advice contained herein.



■ Contents

Page 2	Mission Statement About Us
Page 3	Our Team
Page 4	Our Service
Page 5	Our Commitment to Servicing Our Clients
Page 7	Our Product Offer
Page 11	Our Strategic Alliances
Page 12	Ethical Statement
Page 13	The 3 C's of Credit Lender's Mortgage Insurance Explained
Page 14	Case Studies
Page 15	Testimonials
Page 16	Frequently Asked Questions



■ Mission Statement

Vault Mortgage Corporation is an innovative mortgage manager with banking and financial markets knowledge.

We add value by structuring transactions to suit the requirements of individuals and businesses.

■ About Us

Vault Mortgage Corporation Pty Ltd ("Vault") was formed following the merger of two boutique mortgage broking businesses, Checkpoint Finance Group Pty Ltd and Luna Finance Pty Ltd.

Vault has been established with the intention of providing prompt and sound recommendations on property and business finance transactions.

■ Our Team

Vault is a team of dedicated consultants and personnel headed by its three directors; Simon Arraj, Louis Frade and Daniel Paci, who have combined property and finance related experience in excess of 45 years.



Simon Arraj
Director
Alliances

Simon has undertaken studies in Science (Mathematics) at the University of Sydney and a Master of Commerce (Finance) at the University of New South Wales.

Simon has been employed in the banking and mortgage industries for over 9 years and is a full member of the MFAA.

Prior to embarking on his own business, Simon worked in Corporate Banking for the Commonwealth Bank of Australia Limited (CBA) and a National Mortgage Manager.



Louis Frade
Director
Credit & Operations

Louis has worked in the banking and mortgage industry for over 29 years.

He held senior management positions in retail and commercial lending with major banks and was the Head of Credit for RAMS Home Loans, managing 18 credit staff and overseeing over \$5 billion in mortgages each year.

Louis heads Vault's credit and operations teams and is also a full member of the MFAA.



Daniel Paci
Director
Sales & Marketing

Daniel has been involved in the real estate business as a residential & commercial property developer and financier for 10 years.

Over this period, Daniel has developed many relationships in the real estate, accounting, law, and finance industries.

Daniel's clients include first home buyers, property investors, builders and developers. Daniel is a full member of the MFAA.




■ Our Service

We invest time in understanding a client's position.

This gives us the confidence to offer recommendations other lenders and brokers would not.

Our primary objective is to deliver the best products to suit a client's financial needs, whilst ensuring transactions are as smooth and as stress-free as possible.



■ **Our Commitment
to Servicing
Our Clients**

There are many good reasons
for choosing **Vault**.

■ **Our Unique Approach to Structuring Transactions.**

We seek to understand a client's complete financial position. Combined with our banking and finance knowledge, we are able to recommend and structure transactions with confidence.

■ **Our Mortgage Management.**

As a mortgage manager, we internally control the loan process to ensure applications are assessed and settled in a timely manner. Post settlement customer service is also provided by Vault.

■ **Our Ethics.**


We disclose all fees and charges and support the Mortgage & Finance Association of Australia (MFAA) values of ethics and compliance.

■ **Our Regular Contact.**

All our clients have ongoing needs. We make regular contact to inform them of changes in the market that may affect them.

■ **Our Professional Introductions.**

We can introduce clients to service professionals including accountants, solicitors, quantity surveyors, architects, engineers, town planners, real estate agents, financial planners, insurance brokers and valuers.



■ **Our Commitment
to Servicing
Our Clients**

“ Vault Mortgage
structure loan
transactions
intelligently ”

■ **Our Highly Trained Staff.**

Only staff with finance degree qualifications and/or extensive lending experience are employed by Vault. The company achieves a high standard by hiring only employees with a strong client focus and a track record of ethical behaviour.

■ **Our Lender Analysis.**

We understand lender policies and their internal structures, making it easier to structure loans successfully.

■ **Our Support Network.**

Our Head office is centrally located with full support from mobile loan consultants and customer service staff.

■ Our Product Offer

Vault

can facilitate
the following
types of
transactions:

Residential Property Finance ■

Business Finance ■

Commercial Property Finance ■

Construction & Development Finance ■



■ Residential Property Finance



- Standard Variable Rate Loans ■
- Fixed Interest Rate Loans ■
- Line of Credit Facility ■
- Offset Mortgages ■
- Professional Packages ■
- Low Documentation Loans ■
- Family Pledge Loans ■
- Construction Loans ■
- Bridging Loans ■
- Equity Release Mortgages ■
- No Deposit Loans ■
- Non-Conforming Loans ■
- Deposit Bonds ■

Residential mortgages have become a commodity with many lenders offering similar products and features.

Lenders often focus on the interest rate as the only important criteria for a good loan and simply 'tick the boxes'.

We examine loans from a much broader perspective, taking into account your unique financial circumstances.

More than a consultant, we take the time to build trust and structure a loan that's right for you.

■ Business Finance

Whether you're looking for cash flow assistance, funds to grow your business or finance for new equipment, Vault can offer a variety of attractive and flexible borrowing options to help meet your needs.

- Commercial Line of Credit
- Business Term Loans
- Fixed Rate Loans
- Commercial Overdrafts
- Bank Bill Facility
- Receivables Finance
- Equipment Finance

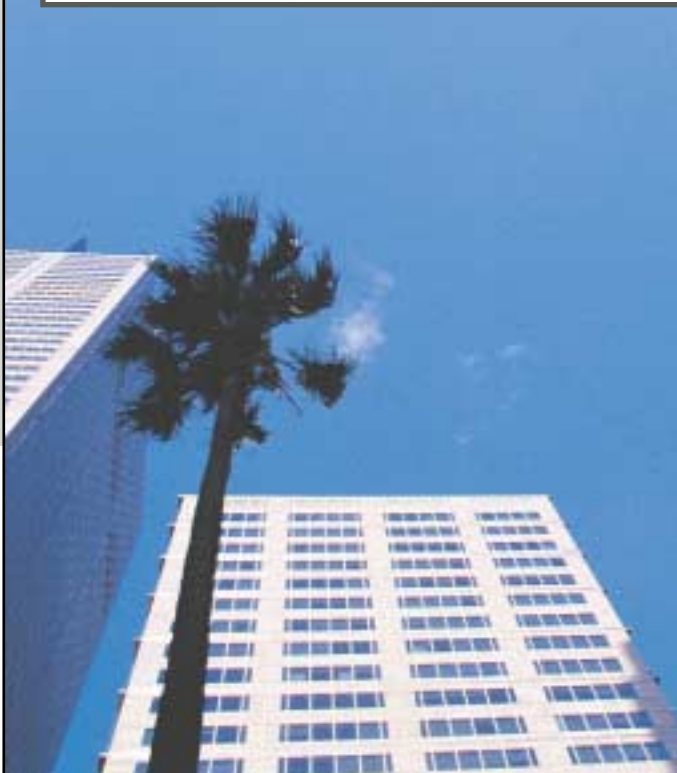


“ Vault Mortgage understand the dynamics of running and growing a business. ”

■ Commercial Property Finance

Commercial property finance solutions are available to both investors and owner-occupiers of commercial real estate.

- Commercial Variable Rate Loans
- Commercial Fixed Rate Loans
- Commercial Line of Credit Loans
- Commercial Interest Capitalised Loans
- Low Documentation Commercial Loans





■ Construction and Development Finance

We can arrange debt, mezzanine and equity finance for residential, commercial, retail and industrial projects throughout Australia.

In a changing market

Vault adds value by:

- Understanding the clients requirements.
- Assisting with project feasibility analysis.
- Preparing a credit paper and submission outlining the transaction details, risks and mitigants.
- Maximising lending ratios to allow a higher percentage of total project costs.
- Providing a diverse funding source.
- Negotiating the lowest interest margin and fees.
- Negotiating other terms and conditions .
- Negotiating sensible outcomes with valuers, quantity surveyors and other consultants.
- Assisting with the implementation of take-out finance post construction.



■ Our Strategic Alliances

Vault

is an accredited mortgage manager with a number of leading wholesale lenders.

These lenders raise funds in the capital markets via the issuance of bonds through a vehicle known as Securitisation.

Vault holds residential and commercial accreditations with 23 financial institutions.



■ Ethical Statement

The MFAA holds in high repute 'fostering high ethical standards'.

Vault supports this mandate by:

- **Transparency.**
Disclosing all fees and service expectations to our clients.
- **Considering Lenders Position.**
We will not put forward a proposal unless we believe it is equitable for a lender.

Vault is committed to the MFAA's objectives of:

- Fostering high ethical standards in the Australian mortgage industry.
- Promoting educational standards and professional development in the industry.
- Encouraging the availability of quality customer-focused mortgage services to the Australian public.

■ The 3 C's of Credit

Many lenders assess credit applications on the basis of the three (3) C's of Credit – **Character, Capacity and Collateral**:

1. Character

The single most important factor that influences a lender's decision. Factors considered include:

- Asset position relative to age
- Occupation and Industry
- Employment stability
- Stability of residence
- Track record
- Conduct of existing debts
- Loan purpose
- Borrower integrity

2. Capacity

A borrower's capacity to meet repayments on the loan can be determined in the following ways:

- Available income
- Deposit balances and savings history
- Equity or cash contribution

3. Collateral

Security is not necessarily the prime consideration in advancing credit.

The primary driver is the viability of the venture. Collateral is something for the lender to fall back on if the borrower's circumstances change where he/she can no longer meet the loan repayments.



■ Lenders Mortgage Insurance Explained

Lenders Mortgage Insurance (LMI) is an insurance policy that covers the lender in case of default. If the property sold does not cover the loan amount then the insurance company reimburses the lender and negotiates an agreement to repay the loan with the home owner.

When is LMI needed?

Most lenders require that you pay a one off LMI premium when the loan amount is over 80% of the property's value. Different criteria apply to low documentation loans.

How much does it cost?

Like anything relating to insurance – cost is related to risk – and will depend on two main factors:

1. Your Loan to Value Ratio (LVR), which is the percentage you borrow compared to the property value. The higher the LVR, the higher the premium.
2. The loan amount – the higher the loan amount, the higher the premium – because the premium is a percentage of the loan amount.



■ Case Studies

Using a residential loan to fund a commercial activity

A Sydney-based engineering company had been trading for two years. The business was very profitable boasting \$5m in turnover with a blue chip client list.

The directors of the company all agreed they wanted to grow the business, but were unsure how best to raise the \$1.5m finance to fund the expansion. Initially they approached a number of lenders but found they were not able to advise them how best to structure the finance.

Vault was referred to them by a business associate. During the first meeting, Vault outlined three paths the directors could take:

Refinancing a home loan

David and Rebecca wanted to refinance their residential loan. They were unsatisfied with their existing broker and lender citing these reasons:

- Poor and unreliable customer service.
- Mortgage facility not flexible and not suited to their needs.
- A non-competitive rate compared to other lenders offerings.

David and Rebecca were referred to Vault by their financial planner Andrew, who knew his client would be in good hands, as he had dealings with Vault previously and believed the company was ethical and service friendly.

Vault was able to assist David and Rebecca by:

- Accommodating them outside of business hours
- Providing a more suitable product
- Keeping them informed during each stage of the application process and providing post settlement customer service.

-
1. Equity finance.
 2. Debt finance.
 3. Subordinated debt.

Rather than focusing on selling, Vault used its knowledge of business banking to educate the directors. By the end of the session the partners agreed personal finance was the best route.

Each director agreed to raise \$1.5m by each investing \$250,000 against their real estate properties. This was the better alternative and limited the exposure of each director to their portion of the total \$1.5m.

Renegotiating a client's securities

James has been a business owner for 20 years. In addition to the \$4m loan held with his existing lender, he wanted to borrow an additional \$2m.

Despite a positive credit history and \$10m in securities, the lender refused to loan James the additional amount as this loan application was deemed a 'high portfolio risk'.

James was referred to Vault by his Solicitor. He asked Vault to refinance his existing \$4m loan with another funder that would lend him the additional \$2m.

During the first meeting Vault learned James was also planning to obtain additional finance again in six months to raise funds for property construction. Refinancing twice would double his exit and establishment fees unnecessarily.

Vault recommended the client remain with his current financier and held back refinancing until he obtained Development Application approval on the construction site.

In the meantime, to secure \$2m worth of investment funds, Vault renegotiated the security position of the client's current loan. By releasing this security, Vault was able to arrange the \$2m loan from another lender.



■ Testimonials

Lending Institution

"Vault's loan submissions are of a consistently high standard. They demonstrate initiative and skill in the way they structure and submit loan applications. They are well presented and clearly add value in the process".

Residential Client

"I met Daniel when I purchased my first investment property. I was referred to Daniel by my Accountant and was immediately impressed with his knowledge and level of service. Daniel was readily contactable and kept us informed at each stage of the loan process. I have referred many of my friends and family to Daniel and will continue to do so".

Business Client

"Simon assessed our current situation and identified the necessary steps to provide a solution tailored to our needs. Simon provided us with objective recommendations not only on the mortgage facilities available to us, but also on other issues that arose as a result of refinancing".

Alliance Partner

"In a crowded mortgage market, Simon clearly differentiates from his competitors with his knowledge and ability to manage high net worth clients and settle complex financial transactions".

■ Frequently Asked Questions

■ Is Vault a Mortgage Manager or Broker?

A mortgage broker sources loans from a panel of about 20 lenders. Clearly this does not represent every lender in the market, merely the ones on their books. A mortgage manager or non-bank lender sources wholesale funds through the capital markets, via the issuance of bonds. In turn, the wholesale lender authorises the mortgage manager to distribute and manage mortgages until they are discharged.

Vault is both a mortgage manager and broker.

■ What happens if Vault ceases to operate?

Vault is responsible for managing your loan. The wholesale lender appoints a Trustee to act in its interest. If Vault ceases to operate, the Trustee will appoint a replacement mortgage manager to ensure your loan is managed.

■ What is a Deposit Bond?

A deposit Bond is a financial guarantee issued by an insurance company/underwriter to the vendor. It acts as a substitute for the cash deposit paid between signing a contract and settlement of the property.

The Deposit Bond can be issued for all or part of the deposit amount required, up to 10% of the purchase price.

Acceptance of the Deposit Bond in lieu of a cash deposit is at the sole discretion of the vendor.

■ If I have a variable rate loan and I think interest rates are going to rise, can I change to a fixed rate?

Because our loans are so flexible, you can move from a variable rate Vault Home Loan to a fixed rate loan at any time. You will not be charged a fee to switch.

■ How does a Vault Home Loan differ from other loans?

A Vault Home Loan can be used as an all-in-one wealth management account, which can incorporate a line of credit. The line of credit portion of the facility operates like an overdraft but with a lower interest rate. There are no ongoing fees and unlimited transactions.

■ Can Vault provide loans for non-residents?

Yes. These loans are generally subject to different lending criteria.

■ Can I keep my day-to-day transactions separate from my investments?

Yes. A Vault Home Loan allows you to split your credit limit with up to four (4) accounts. You will receive statements for each, making tax time more manageable. There is no fee for splitting your accounts and you can review the allocation of your total limit at any time.

■ How often do you provide statements?

Generally every six (6) months. However, you can obtain an up-to-date statement via Internet Banking or by calling Customer Service on 1300 798 676.



■ Notes



Individual Finance Management

1300 798 676

Fax 1300 798 696



Web: www.vaultmortgage.com.au



Email: info@vaultmortgage.com.au