



Broker Channel Framework

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1. Purpose of this Document

Purpose of this document is to set out Broker Channel framework (on a high level) including procedures, monitoring of Broker performance and reporting.

Brokers will take two forms. A Broker that operates under their own licence and those that operate as part of an Aggregator Group. Some Brokers can operate under both scenarios.

Within this document, when an Aggregator is referred to, it will mean an aggregator group or a Broker operating under their licence. When referring to a Broker, it will mean the individual Broker, whether operating under an aggregator group or under their own licence.

2. Table of Amendments

Date	Amendments
April 2016	Branding updates
June 2017	Minor Updates
6 December 2017	Annual Document Review. Comments around "start-up" removed from point 5 as they are no longer relevant Contact information updated to include BDM's

3. Document Review/Version Control

Date	Version	Document Updated by	Document Reviewed by	Date
2 Feb 2015	Draft 0.1	S Goeschl	R Maloney M Naguib S Swannell	March 2015
April 2016	Final 1.0	S Goeschl	R Maloney	June 2016
June 2017	Final 1.1	S Goeschl	R Maloney	June 2017
December 2017	Final 2.0	R Maloney	C Sedrak	December 2017

4. Document Signoff and Distribution

For Sign Off		Date
Sabine Goeschl	Lending Manager (LM)	
Stephen Swannell	Exec Manager Retail Banking	
Rob Maloney	Broker Manager (BM)	
Alex Lowy	Financial Controller	

Review		Date
Antar Chahine	Exec Manager Risk	
For Distribution		
Operations	Lending Operations Team	
Vikas Kapur	Contact Centre Manager	
Aik Leow	Manager audit	

5. Aggregator Selection and Accreditation

An Aggregator will be selected based that they meet QB criteria and where QB can meet their service and technological requirements. New Aggregators will only be on boarded where Lending Operations has the capacity to process expected volumes within SLAs and without impacting service to direct business and/or existing members.

5.1 Approval of Aggregator

Any new Aggregator must be approved by the QB ALCO Committee prior to contract being offered. The following criteria must be met for QB to consider accreditation:

Requirement	Validation
Contract with QB	Signed contract that sets out obligations, requirements and payment details (upfront, trail commissions and claw backs)
Attend product training	Training to be held by QB
Hold industry qualifications	Membership with MFAA and FBAA
Be licensed and registered	ASIC search
Sound financial position	ASIC and APRA searches
Proven track record in retail mortgage lending	Must be in industry for greater than 5 years and have a strong market presence (to demonstrate industry acceptance as a broker)
Indemnity insurance	Copy of Currency to be provided (minimum coverage \$2 million)
Sound industry reputation	Reference and referrals held

5.2 Steps to On-boarding an Aggregator

- a) Aggregator is sent an Introducer Accreditation form
- b) Form returned with supporting documents (Australian Credit Licence, P/I Insurance, COSL or FOS membership, MFAA or FBA membership)
- c) ABN search completed on Aggregator to confirm registration
- d) Search ASIC to confirm Australian Credit Licence is current
- e) If Aggregator is already approved by ALCO Committee, complete agreement & send to Aggregator for execution
- f) If Aggregator is not approved by ALCO Committee, submit for approval. When Approved, complete agreement & send to Aggregator for execution
- g) On return of executed agreement, Executive Manager Retail Banking to sign agreement & return copy to Aggregator for their records
- h) IT request to be submitted to add Aggregator details to Broker Register.
- i) Copy of Introducer Application to be sent to Finance Controller.

5.3 Broker Register

A Register of accredited Aggregators is held which contains Aggregator ID, Aggregator Name, ABN No, Credit Licence No, Upfront and trail commission % plus contact details (contact name, e-mail, address and phone numbers).

Under the Aggregator, is the individual Broker name contact details and status (i.e. active or inactive). Once IT has added the Aggregator to the Register, the individual Brokers are loaded under the Aggregator. Both Aggregator and Brokers are sent their QB "Broker code".

Only IT can create an Aggregator subject to the appropriate approvals and only the BM can add individual Brokers (bulk uploads can be done by IT subject to approval by BM).

6. Application Process

- Applications received from Brokers are to be fully assessed and information validated as required by Credit Policy. Reference is to be made to the following documents:
 - Credit Policy
 - Loan Assessment Guide
 - Areas of Responsibility
 - Workflows
 - Income Calculation Guide
 - PB Checklist
 - Procedures (scenarios 1-8)
 - Symtrix guide
- All applications are to be processed through Symtrix with approval/decline notices to be produced via Symtrix.
- Application must be approved by the appropriate DLA holder.
- Brokers are to be sent progress updates at:
 - Receipt of application
 - Initial Assessment outcome (pre-approval, conditional approval, defer or decline)
 - Ordering of valuation (if required)
 - Submission to Mortgage Insurer (if required)
 - Receipt of additional information
 - Return of valuation report
 - Approval by Mortgage Insurer
 - Full Approval
 - Solicitors Instructed
 - Settlement

Updates are to be sent via ApplyOnline if application was submitted via this method. The alternative is e-mail but only minimal information is to be sent by e-mail for security purposes i.e. application number, surname and status update.

7. Broker Contact

Brokers will be calling QB for a number of reasons such as progress reports, credit policy clarifications, scenarios, decision reviews, commission enquiries and product information. Brokers been instructed as follows:

- **Contact Centre**

Updates can be obtained by the Broker calling the dedicated line for Brokers (1300 380 767). Calls are recorded as per normal Contact Centre procedure and Brokers will be identified prior to answering any application sensitive details. Brokers can also enquire about scenarios or general procedures.

- **Broker Manager and Business Development Managers**

Brokers have access to discuss scenarios, challenge outcomes and request escalations. Broker is also able to send an e-mail to generic e-mail (brokers@quodosbank.com.au) asking for a call back by BM/BDM.

- **Commission Enquiries**

All commission enquiries are to be e-mailed to generic e-mail address or discussed with BM/BDM.

- **General QB product information**

Reference should be made to Broker website <https://www.quodosbank.com.au/broker>. This site does not contain application information but it does contain a brief description of QB, Contact Centre phone number, loan interest rates, forms, brochures and calculators.

8. Lending Operations Team Structure and SLA's.

Processing Broker submitted loan applications sits within Lending Operations. There are staff assigned within the Loan Support Team to complete data input and man Broker e-mail box. There are Credit Assessors assigned to processing Broker lodged applications on an "as needed" basis. Staff are rotated within Lending Operations as the Lending Manager or Assistant Manager sees fit to ensure appropriate cross training and mitigate Credit Assessor becoming "too close" to a Broker.

Exception reports will be reviewed by a Loans Support Officer not involved in Broker processing to ensure segregation of duties.

Resources are allocated depending on volume. The desired SLA's are to:

- have all data input and deal be ready to be assessed within 24 hours
- initial assessment is completed within SLA's which will vary depending on application volumes, brokers to be updated when change occurs
- full approval is issued within 5 from initial assessment (subject to any valuation hold ups and requests for further information)
- receipt of further information is actioned with SLA's which will vary depending on application volumes
- instruct panel solicitors within 24 hours of full approval

9. Monitoring Broker Performance

9.1. Application Quality

Quality of applications submitted by Brokers will be tracked via a feedback spreadsheet in the same manner Personal Banker quality is tracked. The Credit Assessor is to record date, application number, application name, Broker name, aggregator name, outcome of application (further information requested, approved, declined) and the issues encountered (e.g. incorrect serviceability calculations, missing documents, inappropriate structure).

BM and LM will use the Quality Tracking spreadsheet to identify ongoing quality issues and training opportunities.

Any applications with suspect information or documents are to be referred to Team Leader Credit and BM immediately. If there is any concern fraud has occurred, matter is to be reported Fraud Officer as well as suspending the Broker pending investigation.

9.2. Conversion Rates

Percentage of deals submitted that do not progress or are declined will be monitored by Management through reporting.

We expect that Brokers perform their own diligence on applications and that only quality applications are sent to QB for assessment and approval. In the event, that a broker has more declined/applications that did not progress, this suggests that applications were of poorer quality and this should prompt discussion between the BM and the Broker/aggregator.

Resources must be utilised as best as possible and time wasting Brokers will not remain on the panel. Reports extracted from Symtrix are available based on time periods and each status can be on an Aggregator level or drilled down to Broker level.

9.3. Monitoring Churn

Reports are available to monitor “loan life” and early pre-payments. Any trends identified are to be addressed. Examples:

- Broker channel as a whole or a particular Broker have/has unusually high incidences of lump sum payments shortly after settlement
- Broker channel as a whole or a particular Broker have/has an unusually high number of loans repaid immediately after clawback period expires (especially refinances)

9.4. Accounts in Arrears

Management will be monitoring the percentage of Broker accounts in arrears to percentage of direct applications in arrears. If the former is higher than the latter, in depth analysis is to be made:

- Is any one Broker worse than others
- is it an employment or geographical niche
- is arrears due loss of employment
- is it due to ability to service with no change income
- if a change in income, why (e.g. change of employer)

Trends are to be closely examined to ensure all details of the application and applicants are in order. Any suspect items are to be reported and Broker suspended pending investigation.

All arrears is to be handled by Credit Control under standard QB procedures. Loans that are constantly in arrears or written off are to be reported to Financial Controller & Executive Manager Risk & Board

10. Commissions

Commission will be paid monthly (upfront and trailer).

- Upfront is based on “new money” settlement amount (or approved amount if loan is being drawn down in instalments for construction) and is paid the month after settlement

- Trailer is calculated daily on the account balance, net of off set and paid in the following month.

Financial Controller and BM must sign off on commission reports/statements prior to payments being made.

Commission reports will be split into Aggregator and contain account numbers, balances, upfront and trailer commissions and must be reconciled by Finance/Lending Operations.

11. Exception Reporting

Reports are in place to identify any applications/accounts where:

- Broker Branch is selected in Symtrix but Aggregator, Broker, Trailer and Upfront commissions have not been captured
- Broker name in Symtrix does not match Broker name in Broker Register
- Settlement of a Broker Loan repays an existing loan (to ensure Broker is not paid upfront and determine if trailer is warranted)
- Broker name or commission % details are changed in Phoenix after settlement
- Increase is submitted by a Broker on a non-Broker account (to check upfront and trailer payments) (Note: in this scenario, increase should be processed as a separate loan so Broker is not paid trailer commission on the full loan)
- Trailer and Upfront commission % differ to information contained in the Broker Register

12. Portfolio Reporting and Risk limits

Reference should be made to QB Risk Appetite Statement for the desired Broker Channel portfolio limits.

Performance based on LVRs limits, with and without LMI and geographical spread will be monitored by executive management with comparisons made against direct business.