

Cash Out Policy

Equity release / cash out is defined as funds derived from proceeds of an approved loan going directly to the borrower/s regardless of the purpose disclosed with the application. Cash Out can only be provided for a worthwhile purpose, where all borrowers obtain a benefit from the transaction, and the purpose is legal.

It is important to note that **all Cash Out loans are required to provide evidence of the loan purpose for which the funds are to be used. AAA will ensure that the settlement proceeds are applied, so far as we are able to, for the purpose they were borrowed.**

AAA will determine if the loan purpose is suitable for Cash Out, but keep in mind that “*future investment purposes*” or “*investment*” are too general and not clear. The applicant should provide evidence of purpose for which the funds are to be used. For example: copies of invoices, financial plans, statements etc.

Credit Policy: Where a component of the loan is equity release or cash out purpose, we will disburse funds direct to borrower/s if the amount is lesser of 20% of property value or \$200,000. If the equity release or cash out amount exceeds these parameters, the funds will be held in the loan account and only released upon receipt of reasonable evidence for use.

Non-Resident: Cash out is limited to 75% of the lower of purchase price or valuation amount (if valuation with current market value is higher than purchase price and property was purchased >2 years ago, we will consider 75% of the current valuation when calculating LVR).

Examples

A	PURPOSE:	Purchase a property
	DOCUMENTATION:	Purchase Contract
	PROCESS AT SETTLEMENT:	1. Funds will only be disbursed to Vendor Solicitor Trust Account.
B	PURPOSE:	Equity release to purchase property but property not yet found
	DOCUMENTATION:	Letter from client to confirm purpose and estimated purchase price
	PROCESS AT SETTLEMENT:	1. Loan can settle but funds will be frozen in loan account pending COS and will only be disbursed to Vendor Solicitor Trust Account
C	PURPOSE:	Client had insufficient time to settle with finance and paid in cash but now wants to reimburse themselves
	DOCUMENTATION:	Title Deed and Settlement notice from solicitor to confirm when property purchase settled (must be within last 24 months)
	PROCESS AT SETTLEMENT:	1. Loan funds can be disbursed to clients chosen bank account or back to the offset account
D	PURPOSE:	Client is looking to borrow additional funds for landscaping, purchase new furniture and new appliances where the LVR is less than 20% or the cash out less than \$200k
	DOCUMENTATION:	Declaration from client for stated purpose
	PROCESS AT SETTLEMENT:	1. Loan funds can be disbursed to client's nominated bank account or remain in client's offset