



## REFERRAL PARTNER AGREEMENT

### Parties to the agreement:

Finni Mortgages ABN 19 640 633 727 of Level 13, 132 Arthur Street, North Sydney, NSW 2060 ("the broker")

And

You, ("the referrer").

The advent of the National Consumer Credit Protection Act 2009 (the Act) has required that we have a formal agreement in place to detail our obligations in respect to the conduct of referring customers. This letter is intended to explain those obligations and to record the terms of our arrangement which is as follows:

### You must:

- only engage in credit activities as a referrer incidentally to another business you are carrying on,
- not charge a fee to the consumer for the referral,
- only inform the consumer that we are able to arrange loans and leases but not specify any particular product, and not provide any recommendations or advice concerning loans or leases,
- inform the consumer of any commissions or other benefits you may receive,
- obtain the consent of the consumer to pass their name, contact details and a short description of the purpose for which the consumer may want the credit or lease, and
- pass the consumer's contact details to us within five business days of informing the consumer that we are able to arrange loans and leases but not any specified particular product.

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**We recommend that you advise customers about our services in a form similar to the following script:**

*"Our business has a referral arrangement with Finni Mortgages, would you mind if I passed your details to them, then they can contact you to offer their assistance for your finance requirements?"*

**And if the consumer responds affirmatively:**

*"I just need to let you know that Finni Mortgages and its mortgage brokers are licensed brokers and if your loan application is successful, that I will be paid a referral fee. Fees will be disclosed within the documentation provided to you by the broker.*

*Please be aware that you're under no obligation to use their services, so you can decline their assistance at that point if you want to."*

Finni Mortgages must disclose to the client all commissions and fees payable to it from any source and a brokerage referral fee involving you. If the client decides not to proceed with any recommendations, we will not make any further unsolicited contact with your client.

## **How we get paid**

Finni Mortgages receives two streams of income from the lenders, through our Aggregator, *Connective Lending Services*.

- An **Upfront Commission** ranges between 0.5% and 0.65% of the Limit (loan/s) established. It is paid at the end of the month after the loan has settled.
- A **Trailing Commission** is paid monthly, in arrears; it is a percentage of the outstanding balance of the loans we have written. Trailing Commissions vary amongst the lenders, generally between 0.15% and 0.25% of the outstanding balance (loan balance less offset account balance).

Sometimes, the lenders do not pay any trailing income in the first year. Most banks do not pay the monthly trail during any period where the client's loan may be in arrears of scheduled repayments.

Sometimes (but rarely) Finni Mortgages only receives 0.3% upfront and no trail when we need to use a certain lender.

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## Referrals to "broker"

Referrals can be accepted by any Connective broker within Finni Mortgages.

## Referral Fee payable

On completion of your referred client's new finance business by Finni Mortgages, we agree that Finni Mortgages will pay you as follows:

- A minimum of 15bps (basis points) of the value of the loan at settlement with the remainder commission from settlement retained by Finni Mortgages.
  - *15bps is equivalent to 0.15% or 0.0015 to the nearest decimal*
- Example: \$1,000,000 loan settled x 15bps = \$1,500
  - Referral Fee of \$1,500+GST payable to the referrer.

## Clawback Provision

A *Clawback* occurs when a loan is discharged from the bank in the first 2 years, meaning that the bank takes back the commission originally earned. Clawback rates are generally 100% in the first year and only 50% in the second year (some lenders do not initiate a clawback after 18 months of settlement).

Lenders are now re-instating 'utilisation clawbacks', where after a period of 6 or 2 months, we are clawed back on any amount extended that has not actually been used, whether it is in the loan available for redraw or in an offset account.

A Clawback being triggered means that Finni Mortgages and you, our Partner, must pay back the income originally earned on that loan, for the amount that is clawed back.

## Confidentiality Agreement

Finni Mortgages agrees to keep all information, records and documentation of a private and confidential nature in relation to a client which comes into possession of Finni Mortgages, not to disclose any such information except as required by law and generally to respect the confidential nature and integrity of the other party's relationship with the client.

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## Relationship

The relationship between Finni Mortgages and you created by this agreement is that of an independent contractor. Nothing in this agreement constitutes a party to the partner, agency or authorised representative of another party or for any purpose or creates any partnership, agency or relationship.

## Termination

This agreement may be terminated by either party on 14 days written notice to the other. Any termination is without prejudice to any existing rights, liabilities or obligations of the parties.

## Non-Exclusivity

Each party is free to enter into referral arrangements with other parties and to render similar services to other persons.

## Assignment & Notices

You cannot assign or transfer any of your rights, benefits or obligations under this agreement without the written consent of Finni Mortgages except the termination of this agreement.

Any notice or other communication in connection to this agreement must be in writing and be sent to the address set out of this letter and signed by the party making the communication or its authorised agent and is deemed to have been received by the addressee within five days.

## Amendment and Waiver

This agreement may not be amended, or any provision waived in whole or in part except in writing signed by the parties.

We thank you for your cooperation with the above.

**If you do not introduce business to us in accordance with the above, you will be in breach of the Act and liable to substantial fines. If you do not comply with the above and we continue to accept referrals from you, then we will be in breach of the Act.**

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We trust you will understand the rationale of these terms and that they are driven by the requirements of the Act. Please confirm your acceptance of the terms and conditions set out in this letter by signing below.

Thank you and we look forward to our continued relationship.



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Name: **Adam Stephenson**

**"the Broker"** on behalf of company: **Finni Mortgages Pty Ltd**

\_\_\_\_\_ Name:

**"the Referrer"**

Date: \_\_\_\_\_

Finni Mortgages Pty Ltd Credit Representative Number is 495346 under Connective Credit Services Australian Credit License (ACL) #389328

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