



**Commercial Edge**

**COMMERCIAL EDGE**  
**Week 3 – Asset Finance**

# Week 3 Agenda

1. **Week 2 Recap**
2. **Asset Finance Overview**  
Presented by AFG
3. **Asset Finance: You & Your Customer**  
Presented by Westpac
4. **Asset Finance: Why Asset Finance**  
Presented by Flexi Commercial
4. **Quiz & Wrap Up**

To successfully complete this Commercial Edge training course, and receive your **9 CPD points**, you will need to attend your allocated sessions and complete a short quiz at the end of the 6 weeks.

## Week 2 - Recap

- Differences between commercial property owner occupied and commercial property investment
- Common questions to ask your customer
- SMSF
- AFG Commercial Products
- ING – Stand Alone Servicing
- Help is a phone call away



Commercial Edge

# Asset Finance Overview

- Why asset finance
- What types of products are out there
- How to structure this debt
- What questions to ask





# Purpose of funds is key...





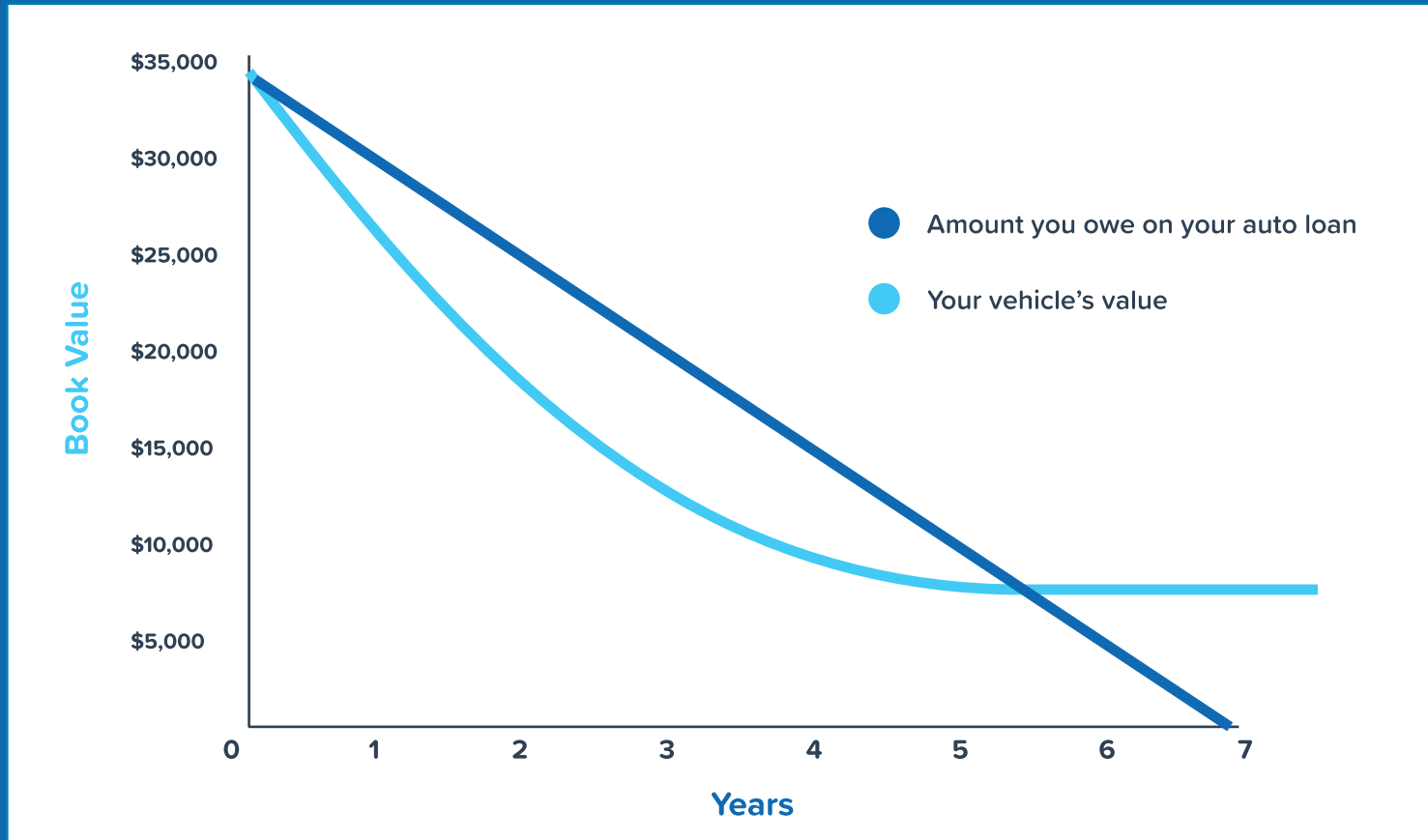
## Did you know...

That ~50% of the asset finance market is car finance.

Most lenders process applications via their fast track or low doc products.



# How much can my client borrow?



Unlike residential LVR's, lenders will start with the view to lend 100% of the value initially.

# What do I need to ask?

1. What are you buying?
2. How old is the asset?
3. How much is the purchase price?
4. Where are you buying it from – franchise dealer or privately?
5. Are you trading in your current vehicle or contributing cash?
6. What term would you prefer?
7. Do you want a balloon?
8. What is your budget for your loan repayments?
9. Are you a home owner?
10. How long have you had your ABN?
11. When do you need to pick up the asset?

Fact Find (Asset Finance Loan)

AFGBUSINESS

Contact Details

Key contact name

Business name

Mobile:

Email:

Section 1. Borrowing Requirements

Description of Asset being purchased

Purchase Price (incl. GST)

Deposit

Trade-In

Finance Payout

Amount to be Financed

Supplier Details

Proposed Quote Structure

Term

Balloon

Payments (Advance/Arrears)

Structure (Monthly/Annual/Seasonal)

Borrowing Entity

Expected Settlement Date

Section 2. Applicant Information



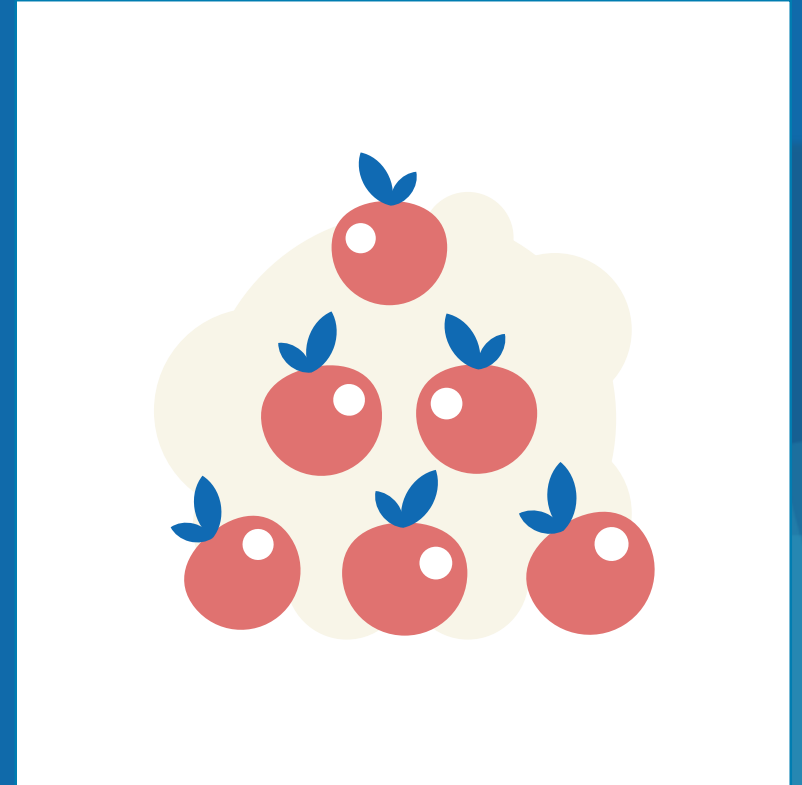
# How do I compete against dealerships?

In commercial, there are no comparison rates, the only way to truly compare your clients offer is by comparing the loan repayments over the exact same terms.

## Quick tips:

- Check if there is an additional monthly fee
- Check if there is a dealer delivery fee loaded
- Ask how much the vehicle would cost by paying cash or by arranging their own finance
- The dealership might be moving old stock
- Dealerships can offer attractive interest rates due to subvention –

generally this does not cost the finance company making the low interest offer. This is because the loss of interest to the car loan company is subsidised, or offset, by the manufacturer or car dealership.



# AFG COMMERCIAL EDGE

## Asset & Equipment Finance

Westpac Banking Corporation ABN 33 007 457 141.

# Why think Asset and Equipment Finance

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## Why for your Customers

Equipment Finance is ideal for your customers wanting to acquire cars & light commercial vehicles predominantly for business use without tying up working capital (eg: cash &/or OD)

- 100% funding available (No deposit)
- Solely secured by asset being purchased not tying up business/personal assets
- Potential tax benefits
- Balloon options available (assists cashflow)
- Interest Rates & repayments are fixed customer can budget with certainty

## Why for You

- Additional income streams, paid at settlement
- Competitive product and service offering
- Providing diversification
- Building & strengthening relationships with clients
- Assists with client retention
- Simple online application process
- Way to keep in contact with your client
- Future financial needs

# Asset & Equipment Finance Products

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- Goods Loan (aka Commercial Loan/Chattel Mortgage)
- Commercial Hire Purchase (CHP)
- Finance Lease

Purpose                      For Business purposes

Rates;                      Fixed rates

Term:                      1 – 5 years (longer by exception)

Security:                      Usually just the asset being acquired & directors guarantees.

Residual/Balloon:      Mandatory for Finance Lease & optional for Goods Loan/CHP

# Uncovering an opportunity

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- Every operating business requires equipment ..... Do they require finance?
- Know your self-employed/business customer, add the discussion to operating rhythm when in from of customer for new application/review
- New house / new car ?
- Understand their Capital Expenditure (Capex) for the year
- Clues are in the financial statements?

## Other

- Don't be afraid to take it up to a dealer – know the tricks
- Provide pre-Approvals for your customers

# AFG Business Platform

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AFG Business Platform makes Equipment & Asset Finance easier.

AFGB Platform matches:

- Credit Appetite
- Assessment Information Requirements
- Lender Rates
- Invoicing
- Application Forms/API's



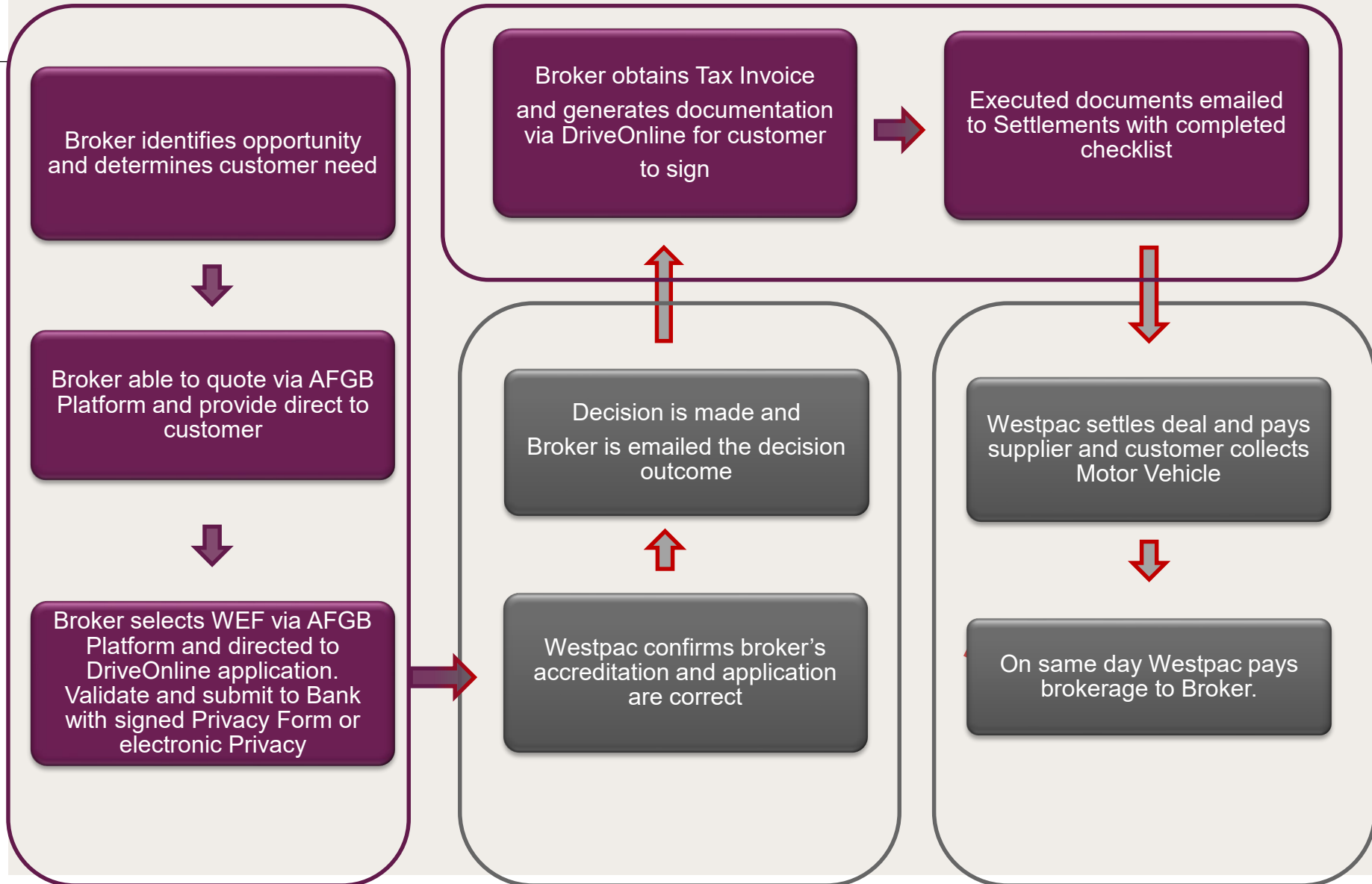
AFG Business Platform takes the complexity out of the opportunity!

Call or email the AFG Business support team

- 1800 063 210 Option 3
- [business@afgonline.com.au](mailto:business@afgonline.com.au)



# How does the process work (WEF)?



# Broker Remuneration (Brokerage)

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The brokerage on a **Settled Loan** is paid at settlement on production of Tax Invoice which accompanies signed documents.

eg: Say, a 5 year \$60,000 loan with a base rate of 4.39% with 2% brokerage will generate \$1,200 at settlement to broker. Customer rate would be 5.23%.





# Westpac DriveXpress



# Updating Cars or Equipment for business usage?

## Will the lend be under \$150K?

## Is the Asset from a Dealer and no older than 4 years?



If the above is applicable to you or your client then Xpress finance can assist you quickly for the following:

- Cars (excludes taxis/hire cars)
- Light commercial vehicles (under 4.5T GMV)
- Forklifts, boom/scissor lifts & Tele-Handlers
- Trailers
- Dump Trucks
- Bobcats
- Backhoe & Front-End loaders
- Excavators/Graders/Scrapers
- Tractors/Headers/Harvesters/Baler (age up to 7yrs)
- Cotton Picker/Plough/Seeder/Sprayer/Spreader (age up to 7yrs)

### Eligibility Criteria

- >2 years in business with ABN Registered for GST
- No negative equity on trade-in's
- Credit check is to be satisfactory to WBC
- Any Westpac Group account/s to be in good standing
- If applicable, all directors to guarantee the loan
- Own Residential or Commercial Property (if not an existing Westpac Business customer)
- Lease RV (equals), or CHP/CLA Balloon (is below ATO guidelines)
- Private Sales permitted for Cars or Light Commercial vehicles only

### Lodgement

- "NO financials required if eligibility criteria met"
- Easy application via DriveOnline along with signed Privacy Consent (Electronic Available)

### When Approved

- Client to sign loan documents and an affordability statement
- Rates notice to confirm property ownership (if applicable)
- Comprehensive insurance noting WBC as interested party



# DriveOnline Application

## Validate and Submit.. 6 steps

Deal Type: DriveXpress 1

**DriveXpress Policy Checklist**

1. Is the customer an existing Westpac business lending customer (>12 months) or new to Bank? New to Bank

2. The amount financed < \$150k and assets being purchased are: Yes No

A Car (< \$150k and not tax/line/import): Light Commercial Vehicle (< 4.5T), Trailer, Dozer, Excavator/Face Shovel, Grader, Loader, Roller/Compacting, Scraper, Off-Highway Truck (Heavy Duty Dump Truck), Forklift, Scooter Lift or Telescopic Handler, are new or used < 4 years of age.

Harvester/Header, Seeding/Planting, Sprayer, Tillage Equipment, Tractor and Tractor Front Attachments, are new or used < 7 years.

**Note: Tractor attachments must be funded together with the tractor**

3. Borrower(s) have been operating in the same business with a valid ABN for a minimum of 2 years and registered for GST. Yes No

4. Borrower(s) and Guarantor(s) credit bureau report(s) are satisfactory. (if not known request is subject to satisfactory report being obtained) Yes No TBC

5. Director(s) guarantee(s) are to be offered where the borrowing entity is an incorporated entity. Yes No

6. Does the new residual value equal the ATO guidelines, or is the balloon below ATO guidelines? Note: Residual value / balloon may be rounded up to the nearest 5% under this authority. Yes No

7. There is no minus equity in the financed asset and the supplier for Car or Light Commercial Vehicle is Licensed Dealer/Private Sale or for other assets the supplier is Licensed Dealer/recognised supplier. Yes No

8. Privacy Consent obtained as per normal policy. Yes No

9. Borrower(s) or Guarantor(s) own residential property. Yes No

(Copy of Rates Notice is a condition of approval and must be supplied at Settlement)

10. Will the customer be signing the Affordability Declaration? Yes No

Decision: Policy not met

Description: The criteria in this policy has not been met.

**2. Read and answer checklist**

3. **3**

6. **6**

**5. Upload supporting Documents**

**4. Complete validation requirements**

# Driveonline Loan Documentation

## Validate and Re Submit.. 3 steps

1 3

TEMENOS

EP Manager EP Manager 12/19/2010 12:40:00 PM

Details Applications Facilities and Security Finalisation Supporting Documents

You are now working on Motor Vehicle and Transport 1

Motor Vehicle and Transport

Supplier Type: [Dropdown] Type: [Dropdown]

Supplier Name: [Text] Supplier name off tax invoice: [Text]

Collateral Type: ☐ Consumer ☒ Commercial

Is registration a PMSI? ☒ Yes ☐ No

Year: [Text] 2010

Make: [Text] MAZDA

Model: [Text] BRAVO

New / Used: ☒ New ☐ Used ☐ Demo

Purchase Price: [Text] \$55,000.00

GST Inc.: ☒ \$5,000.00

Over-write GST? ☐

Quantity: [Text] 1

Deposit: [Text] \$

Luxury Car Tax: [Text] \$

Trade-in: [Text] \$

Existing Finance Payout: [Text] \$

Net Trade-in: [Text] \$0.00

On-road Costs (non-taxable items): [Text]

CTP Insurance: [Text] \$

Registration: [Text] \$

Stamp Duty: [Text] \$

Other: [Text] \$

Total: [Text] \$0.00

Amount Financed: [Text] \$55,000.00

Input Balloon As: ☒ Percent ☐ Amount

Balloon (excl. GST): [Text] \$16,500.00

Minimum Residual Value: [Text] \$15,471.50

Tax Depreciation Rate: [Text] %

Type: [Dropdown] Car

Badge: [Text]

Series: [Text]

Body: [Text] Lite

Doors: [Text]

Fuel Type: [Text]

Transmission: [Text]

Cylinders: [Text]

Engine Capacity (L/V6): [Text]

Colour: [Text] White

Kdometes: [Text]

Options: [Text]

Serial Number / VIN: [Text]

Variant: [Text]

Engine Number: [Text] engine number

Registration: [Text] Rego if applicable

Registration Expiry Date: [Text]

Other Information: [Text]

Documentation Description: [Text] any additional description for example luxury pack, sunroof etc

Supplier Address: [Text] Update

Location good is to be used (if diff from primary borrower): [Text] Update

Page Field Message

Motor Vehicle and Transport 1 Supplier Type Supplier Type - Please select an option.

Motor Vehicle and Transport 1 Serial Number / VIN Serial Number / VIN - Please enter a value.

2. Complete validation requirements



# Brokerage Tax Invoice from AFG Business platform

Change deal to Unconditionally Approved – Upload Supplier Invoice (leads to screen 2 below) – Then filling below out generate the Broker Tax Invoice to be sent to Westpac

AFG

Loan Application Details

Matches

Documents

Notes

Select All/Clear

Download application PDF

Application coversheet PDF

Common application PDF

Financial PDF (to be downloaded, printed, signed and uploaded)

Privacy Consent Form (to be downloaded)

Quote PDF

Asset finance invoice details

Application common documents

Borrower documents

Owner documents

Asset Finance documents

DOWNLOAD DOCUMENTS

SEND DOCS TO LENDER

Brokerage Invoice (to send to Lender)

On the following screen you will be asked to confirm or change the amount financed, brokerage payable, and any application fee refund (if applicable)

Proceed

Confirm Brokerage and Amount Financed

Created Date:

02-08-2018 09:14:02 AM

Name:

Divad Retawknird

Applicant:

AFG

Broker:

David Drinkwater (DRINKD1)

Facility Type:

Chattel Mortgage

Application Id:

1282

Goods Type:

Motor Vehicle - Passenger Vehicles

Lender:

Westpac AF

New Finance Amount: \*

\$

60,000

DESCRIPTION	AMOUNT	GST	TOTAL
Brokerage payable to the Broker * Note: To ensure timely payment of commission please ensure brokerage amount matches quote approved by the Lender	<div><div>\$</div><div>1,200.00</div></div>	<div><div>\$</div><div>120.00</div></div>	<div><div>\$</div><div>1,320.00</div></div>
Application Fee refunded to the Broker ?	<div><div>\$</div><div></div></div>	<div><div>\$</div><div></div></div>	<div><div>\$</div><div></div></div>
TOTAL AMOUNT PAYABLE (INCLUDING GST)			<div><div>\$</div><div>1,320.00</div></div>

Generate Brokerage Invoice

# Questions .....

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**flexigroup**









# Introduction to FLEXI<sup>®</sup>

COMMERCIAL

Products, services and people

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# Who is <sup>®</sup>flexigroup?

<div> <sup>®</sup>flexigroup           <ul style="list-style-type: none"> <li>• in excess of \$2.05 billion in assets</li> <li>• +2,230,000 customers</li> </ul> </div>			
INTEREST FREE CARD	COMMERCIAL LEASING	NO INTEREST EVER	NEW ZEALAND
Retail point-of-sale Interest Free card  	Commercial point-of-sale lease solution  	Retail and homeowner "No Interest Ever"  	Retail/commercial lease and Interest Free cards  
			

# Who is FlexiCommercial?

**Complete product range** – chattel mortgage, finance lease, rental, software loans. Terms up to 7 years for Primary Assets

**Diverse assets** – including aged assets, private sales and low value Tertiary Assets

**Aged Assets** – yellow goods, material handling, trucks up to 20 years at EOT, trailers 30 years at EOT

**Transactions up to \$750K** – but we love small deals!

**Matrix approvals up to \$150K** – including tertiary assets and non property owners

**Digital platform** – easy, quick, efficient applications and approvals. APIs under development

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# FlexiCommercial offers quick and easy Asset Finance solutions for businesses of all sizes.

Simple application process

Fast & flexible service

Wide range of assets funded

Dedicated Account Managers (Internal support with applications, approvals, documentation & settlements)

Transparent Credit Matrix (low doc - \$150k)

Set your own brokerage



# Our Asset Categories

## Primary

Large medical (eg CT, MRI)  
Material handling/forklifts  
Access equipment  
Trucks/trailers/utes  
Buses/coaches  
Yellow goods  
Ag machinery

## Secondary

Large telephone systems  
Fitness equipment  
(free weights)  
Medical/lab equipment  
Laptops/desktops  
Servers/data storage  
Renewable energy  
Mining equipment  
Office/commercial printers  
Pallet racking  
Attachments for earthmoving  
Compressors and generators  
Forestry machinery

Engineering and  
toolmaking equipment  
Woodworking and  
metalworking equipment  
Mechanical workshop  
equipment  
Food processing  
equipment

## Tertiary

Small telephones  
Fitness equipment (cardio)  
POS systems  
Catering  
AV and video-conferencing  
Other IT and data networking  
Security systems  
Fit-outs  
Temporary fencing  
Scaffolding  
Air conditioning units  
Spray booths  
Cool rooms

# The FlexiCommercial Credit Matrix

	\$0 - \$20K	\$20K - \$50K	\$50K - \$150K
<b>Primary Assets</b>	ABN > 2 years  Used assets acceptable	ABN and GST registered > 2 years  Used assets acceptable	ABN and GST registered > 2 years  Asset backed with sufficient equity or 20% deposit  Used assets acceptable
<b>Secondary Assets</b>	ABN > 2 years	ABN and GST registered > 2 years	ABN and GST registered > 2 years  Asset backed with sufficient equity or 20% deposit
<b>Tertiary Assets</b>	ABN and GST registered > 2 years	ABN and GST registered > 2 years  Asset backed with sufficient equity or 20% deposit	ABN and GST registered > 2 years  Asset backed with sufficient equity or 20% deposit

Full Doc: Latest Company finalised financials, Management Accounts, Tax Portals, Debt commitment schedule

# FlexiCommercial Private Sale Requirements

<b>\$2,500 - \$20,000</b>	<ul style="list-style-type: none"> <li>• Tax Invoice from Vendor including comprehensive description of asset</li> <li>• Photos (front, back &amp; side, km's/hours &amp; compliance plate) required when requesting documents – accepted from the vendor</li> <li>• Inspection by Flexi Manager or Accredited Broker</li> </ul>
<b>\$20,001 - \$250,000</b>	<ul style="list-style-type: none"> <li>• Desktop valuation required</li> <li>• Tax Invoice from Vendor including comprehensive description of asset</li> <li>• Photos (front, back &amp; side, km's/hours &amp; compliance plate) required when requesting documents – accepted from the vendor</li> <li>• Inspection by Flexi Manager or Accredited Broker including photos as per above requirements</li> </ul>
<b>\$250,001 - \$750,000</b>	<ul style="list-style-type: none"> <li>• Formal independent valuation &amp; inspection required by accredited Flexi Valuer – cost to be borne by the client</li> </ul>
<b>Other Requirements</b>	<ul style="list-style-type: none"> <li>• Primary Assets only</li> <li>• Private Sale Rate premium – 2% above carded rate chart</li> <li>• Documentation Fee of \$495.00</li> <li>• Copy of original Tax Invoice (or Statutory Declaration), Registration Papers and Vendor's Drivers License</li> <li>• PPSR Deed of Release (if required)</li> </ul>

# Recent Transactions

## Look beyond wheels

- Scaffolding for a building company
- Fridges and freezers for a supermarket
- Seats for a theatre
- Hoist for a mechanical repair business
- CNC machine for engineering business
- CAD software for an architectural firm
- Injection dyes for plastic manufacturer
- Above ground tanks for transport company
- Chicken euthanising plant
- Honey extraction equipment for a bee keeper
- Horse carriage for a tourist park
- Solar panels for an abattoir
- Tables and chairs for a legal practice
- Pallet racking for a logistic company
- AV equipment for a hotel
- Access equipment for a builder
- Yellow goods for a civil contractor

# AFG Good News Stories!

## **Settlements**

Over \$6.5M in new business over the last 12 months

## **AFG Broker Accreditations**

A total of 104 new AFG Brokers accredited in 2019

## **Assets financed**

IT, plant and machinery, trucks, trailers, construction and earth moving, medical, generators, fitness, food processing equipment

## **API**

We are working with AFG to streamline processes – watch this space

A person with short brown hair and glasses is seen from the side, wearing a black headset with a microphone. They are sitting at a desk with multiple computer monitors. The person is wearing a grey long-sleeved shirt. The background is slightly blurred, showing a typical office environment with a desk, keyboard, and various office supplies. The text "We are here to help!" is overlaid in white on the left side of the image.

**We are here to help!**



# Your homework...asset finance

❖ Review Week 3 material



❖ Have a go at generating a test Asset Finance quote in the AFG Business Platform

Click on a lender logo below for your lender specific information.



❖ Work on getting your AF accreditations!

Lender accreditation processes and forms can be found at [lenders.afgonline.com.au](https://lenders.afgonline.com.au)



Commercial Edge

# Remember...you're in the driver's seat...

**Do you have a live Home loan for SME customers?**

**Have you reviewed their financials and asked how they fund their working assets?**

**Do you have existing Home loans for SME customers?**

**Are you marketing to them that you do asset finance? – Plant the seed of knowledge.**

