

Introduction

Quay Capital is a boutique private mortgage lender. We are committed to providing a seamless and transparent lending experience. This document outlines the key steps involved in our process, helping brokers and borrowers understand **what to expect**.

Our Lending Process

1. Indicative Terms

We provide Indicative Terms comprising a one-page summary of the key terms and main due diligence requirements if the deal appears to meet our lending criteria.

Indicative Terms are usually provided within 24 hours of receiving the necessary initial application information listed below.

- **Borrower Information**
- **Security Property Details**
- **Exit Strategy** (how the borrower plans to repay the loan)
- **What the Borrower is solving for** (maximum LVR, target net proceeds, minimum interest rate, periodic interest payment or prepaid, etc.)

We usually only conduct basic due diligence at this stage, focusing on the security property.

2. Term Sheet

The Term Sheet is issued after the borrower's acceptance of our Indicative Terms and completion of a more detailed due diligence process. Our detailed Term Sheet outlines the financing offer and our terms and conditions. Although non-binding, we will not issue a Term Sheet unless we have a high degree of confidence that we wish to proceed subject to outstanding matters such as an updated valuation, credit checks and searches.

This process usually takes 3-5 business days, depending on the urgency and turnaround time of the borrower.

We typically request the following information prior to issuing a term sheet.

- **Sponsor's CV and Development Track Record**
- **Statement of Assets and Liabilities**
- **Evidence of Serviceability** (if applicable)
- **Basic ID Documents**
- **Existing Valuations** (if available)

3. Valuation, Credit Checks, and Documentation

Upon execution of the Term Sheet and payment of a commitment fee we progress with further due diligence and instruct our lawyers to prepare full legal documentation.

The commitment fee will later be offset against the establishment fee at Settlement.

Key steps during this stage include the following.

- **Property Valuation** (we instruct a valuation, covering the cost from the commitment fee)
- **Credit Checks, PPSR Searches, Bankruptcy Checks, Title Searches, Company Searches, and KYC/AML Checks**
- **Drafting Legal Documentation** (for review by the borrower's lawyer)

This process may take around 3-5 business days, depending on deal complexity and the timeliness of information provided by the borrower.

4. Execution of Documentation

Once the documents are finalised and agreed upon by the borrower's lawyer, we require the following.

- **Execution [Digital Signing via two-factor authentication] of Documents by the borrower and any guarantors.** This is required in order to verify identity at time of signing and as a fraud prevention measures
- **Independent Financial and Legal Advice for each signatory** (this requirement may be waived in certain situations)

5. Conditions Precedent (CPs)

Following documentation execution, the borrower and their lawyer must ensure all CPs are satisfied. These may include items such as obtaining insurance, paying rates, removing encumbrances, etc. While we strive to keep borrowers informed, it is crucial for borrowers to actively engage in fulfilling these requirements.

6. Settlement

Once the CPs are satisfied, the lawyers on both sides will manage settlement, typically through the PEXA system.

This includes registering securities and transferring funds. We provide the borrower with a draft settlement statement detailing all deductions for interest, fees, and expenses prior to settlement.

We will always settle loans from our own funds so that the borrower has certainty of funding. Post settlement we may sometimes syndicate to our investors but Quay Capital will be the only point of contact at all times.

7. Loan Management

Post-settlement, there may occasionally be Conditions Subsequent specified in the documentation. Generally there are minimal reporting requirements, though we encourage an open dialogue to address any issues early. For serviced loans, we provide interest reminders around seven days before each interest payment date.

8. Repayment

The loan must be repaid by the agreed maturity date to avoid additional fees and penalties.

We strive to work constructively with borrowers in the event of delays, on a case-by-case basis.

Prior to repayment, we provide a payout statement, and the lawyers on each side manage the flow of funds and the release of securities.