

Housing (Retail) loans secured by residential property

The following outlines the general requirements for Retail Home Loan lending secured by residential property and is to be used as a guide only.

Note: The following requirements do not apply to Non-retail (business) lending.

Eligible customers

Must	<ul style="list-style-type: none">• Be an individual:<ul style="list-style-type: none">◦ Aged 18 or over; and◦ Is either an Australian citizen or Permanent Australian Resident. Note: Restrictions apply to New Zealand citizen or Australian Temporary Residents and Non-Australian Residents. For definitions, please refer to the page Consumer Lending Overview.• Meet individual Product rules; and• Have satisfactory credit check history
Cannot	<ul style="list-style-type: none">• Be a company acting on its own behalf.• Be an individual or company acting ATF for any type of trust.• Be an incorporated association.• Be explicitly for business purposes.

Persons – Joint or Co-borrowers

A co-borrower can be included on an application if both borrowers will receive a substantial benefit from the transaction.

A substantial benefit is defined as an equal or greater interest in the use of the loan funds (e.g. asset's purchased, debt refinanced or other acceptable purposes).

Where it is determined that not all borrowers will receive a substantial benefit we must take reasonable steps to ensure that the borrower/s not receiving substantial benefit:

- understands the risks associated with entering into the loan and the difference between being a co-borrower and a guarantor; and
- we understand and record the reasons why they want to be co-borrowers; and
- be satisfied that they are not experiencing financial abuse.

Eligible purposes and products

Home loans are provided predominantly for personal purposes and:

Can be for

- The purchase or refinance of vacant residential land¹ in the name(s) of individuals only;
- Residential construction, alterations, additions or renovations to an existing residential dwelling (refer Construction and Renovation);

- Accessing the equity in a residential property for personal purposes, including Cash out
- Bridging loans²
- NRAS³
- Off the plan and Developer sales

Cannot be for

- Loans for business purposes and loans for the commercial development of residential properties.
- A retail customer with multiple residential investment properties where the residential investment property loan exposure exceeds \$10m.
- Any new loan for residential investment, where the loan amount is greater than \$10m. (Limited to borrowers that are companies (including companies acting as trustees of trusts) and must be written as a business loan).
- Where there are more than four residences in a grouped dwelling and the loan is for \$5m or less, the loan is to be limited to borrowers who are companies (including companies acting as trustees of trusts) and must be written as a business loan.
- Payment of a taxation liability.

Note:

1. If there is a Buy Back or Timeframe to Construct clause in the Contract of Sale between the vendor and the borrower, or in any other documentation provided by the borrower, e.g. deed, in their loan application, a second application for the Construction must be submitted simultaneously. Approved in Principal applications are accepted.
2. A Bridging Loan are only to be considered on an exceptions basis. The colleague must be satisfied that repayment of the facility will occur as planned. If the repayment does not occur when due, the causes of the default must be investigated and an alternative repayment source established immediately. If this cannot be achieved, the situation is to be reported without delay to the holder of an appropriate delegation.
3. The National Rental Affordability Scheme (NRAS) is a Federal Government initiative in partnership with the respective State and Territory Governments. It was set up primarily to assist in addressing the shortage of affordable rental housing. NRAS offers financial incentives to individuals who purchase these properties and maintain them in the NRAS 'pool'.

For applications involving NRAS properties, the loan type being applied for must be for investment purposes with a purpose of either:

- a. purchase new dwelling, or
- b. construction loan for house and land packages.

4. The National Consumer Credit Protection Act (NCCP), does not apply to loans for residential investment purposes where:
 - a. The loan is not for a single property (i.e. where there is more than one security property involved); and
 - b. The loan is for more than \$5m.
 - c. These loans are considered to be unregulated and must be written as either unregulated housing loans or unregulated business loans.

Interest only

Interest only lending increases the risk of loss for both the Bank and the customer when the value of the security asset falls. It is important that when a customer requests an interest only term, that the originator accurately determine and records the purpose of the customer's request and the appropriateness of the product in meeting the customer's needs.

If repayment of the debt is not to be achieved by amortisation from recurring earnings (e.g. Bridging Loans), originators should ascertain the rationale for the interest only facility and the intended source of repayment. The alternate repayment source (e.g. sale of other assets etc.) must be verified and documented in the submission.

The loan facility secured by leasehold security (ACT Residential properties excluded) are not eligible for interest only loan terms.

Cash out

This section outlines the requirements relating to 'Cash out' for Retail Home loans secured by residential property.

Exclusions:

- Seniors Equity Release.
- Home Loan redraws.
- Business Loans.
- Where the purpose of the funds is to make structural changes to any property offered as security.

Definition

Cash out represents the total amount of the loan proceeds (full or partial) being released to the applicants without restriction as to the application of the funds.

Business rules

- The 'Cash Out' amount and level of supporting information is determined based upon the:
 - Product being applied for; and
 - The end LVR post the transaction / cash out; and
 - The total amount of funds being released to the applicants (i.e. the cash out amount).
- Maximum LVRs post cash out is the lesser of 90%, or the amount outlined in the Maximum LVR table with / without LMI cover.
- It is mandatory for originators to capture in LendNet, Genesis or CPS the intended use of the funds (e.g. purchase of shares, purchase of new motor vehicle etc.).
- Bankwest and / or QBE LMI (if applicable) reserve the right to request additional information.

Cash out limits

Products	End LVR Post transaction / cash out	Total amount	Evidence from the customer
Home loans	Maximum LVR without LMI cover.	Including the cash out amount the LVR cannot exceed 80%	Cash out amount less than or equal to \$1m: Submission commentary only Cash out amount greater than \$1m: Formal supporting documentation from the customer to be uploaded to CPS
	The lesser of 90% LVR or the Maximum LVR with LMI cover.	The maximum amount per application is \$100,000. LMI is applicable	Formal supporting documentation from the customer to be uploaded to CPS if the cash out is >\$50,000.

Supporting documentation

The originator must include clear and fully documented reasons for support where any of the above parameters are not met. Only the holder of an appropriate delegation and / or QBE LMI (as applicable) can decision transactions of this nature.

Supporting documentation (when required) must be from a third party, i.e. invoice / receipts, contract for purchase (i.e. boat, car etc.) or a letter from an accountant / financial advisor. Quotes for work etc. relating to structural changes to the property offered as security are not acceptable.

Credit bureau reports

A credit assessment must include a credit bureau report.

Where adverse credit history is outside a system rule or loan conduct limit's a PCAA holder may accept this, subject to any restrictions within their delegation and LMI requirements and, satisfactory mitigants being evident.

Undisclosed debt review

The undisclosed debt review is undertaken to ensure that all of the applicant's debt liabilities are included in the lending assessment. Liabilities stated within the application must be reconciled with the Comprehensive Credit Reporting (CCR) screen and (if required) transaction accounts or statements.

As not all liabilities are contained within the CCR screen, a review of transaction account information may be required to determine if there are other debts that are undisclosed. Any undisclosed liabilities identified will require further investigation, and where appropriate, inclusion in the credit assessment.

A review of the customer's transaction account or statements will be required when:

- the LVR is above 90%, OR
- the customer's transaction account is with Bankwest, OR
- an Other Financial Institution (OFI) transaction account statement has been provided as part of the application, OR
- a guarantor is also present (including linked application for family support).

An undisclosed debt check is not required in other instances.

Note: An appropriate transaction account or statement to complete an undisclosed debt check would typically be where the customers salary, or self-employed income is paid, but could include home loan or offset account statements (but does not include credit card statements). The most recent transaction must be dated no more than 45 days old at the time the application is submitted for full approval.

Account conduct

Credit assessments must consider conduct of accounts and the past financial management capability of each borrower.

An account conduct review is undertaken either manually or via the use of Comprehensive Credit Reporting (CCR) data.

Account conduct where CCR data is available

Where a liability is presented on the CCR screen within either Retail LendNet or Nova, or there is an existing Bankwest account, then the system will automatically take account of this information as part of the credit decision.

Note: Statements are required and / or BWA account conduct to be checked for all applications that are originated through the Business and Private Banking channels (excluding applications originated through either Retail LendNet or Nova).

Account conduct where CCR data is unavailable or unsuitable

Verification requirements

The tables below outline what is regarded as acceptable conduct based upon the account type and whether the debt is an increase to an existing facility, cash out or being refinanced.

Indications of poor conduct may include, arrears fees, overdrawn notices and / or where no credits have been made to the account during the period under examination.

Acceptable conduct

For	Debt Type	Period of Review	Non LMI (where CCR data is unavailable or unsuitable)	LMI (where CCR data is unavailable or unsuitable)
Debt(s) being refinanced	Home loan	6 months	Arrears position of no greater than one month's payment for no longer than 30 days during the period under review.	Account statements for the existing home loan and any other debts being refinanced must show consistent repayment history with no evidence of arrears, late or reversed payments, late fees or default charges.
	Personal Loan	3 months		
	Credit card	3 months	No more than one late / dishonoured / missed payment for no longer than 30 days during the period under review.	
For	Debt Type	Period of review	Both Non LMI and LMI (where CCR data is unavailable or unsuitable)	
Debt(s) notbeing refinanced	Fixed Repayment Liabilities	One month (not less than)	Arrears position of no greater than one month's payment for no longer than 30 days during the period under review.	
	Limit Facilities		No more than one late / dishonoured / missed payment for no longer than 30 days during the period under review.	

Account conduct outside of these parameters may be accepted by a PCAA holder when satisfactory mitigants are evident.

Notes: Where an account was opened within the required period of review the conduct must be reviewed over the period since account opening.

Verification of debts

Where verification of account information, as required in the table below, cannot be completed using CCR data the following acceptable documentation may be provided by the customer, but is not limited to:

- Loan account statements
- Transaction account statements or online transaction listings
- Internet banking transaction listing or online account summary
- Loan contract / schedule
- Account position statement

Account type	Information required	
	Debts not being refinanced	Debts being refinanced
Fixed Repayment Liabilities Includes home loans, personal loans, business loans, and equipment finance.	<ul style="list-style-type: none"> • Account number • Account holder(s) name • Financial institution details • Facility limit • Current interest rate (for mortgage facilities) • Remaining loan term (for mortgage facilities) • Remaining IO term (if applicable) 	<ul style="list-style-type: none"> • Account number • Account holder(s) name • Financial institution details • Facility limit
Limit Facilities Includes personal equity line / revolving credit, business lines of credit, personal and business overdrafts, and credit cards	<ul style="list-style-type: none"> • Account number • Account holder(s) name • Financial institution details • Facility limit • Current interest rate (for mortgage facilities) 	<ul style="list-style-type: none"> • Account number • Account holder(s) name • Financial institution details • Facility limit

For information on statements, the most recent transaction for every account must be dated no more than 45 days old at the time the application is submitted for full approval.

Note: As Novated Leases are paid as part of a customer's salary package you are only required to verify the repayment amount for these facilities.

Application Suitability

Concentration

An individual may hold up to five dwellings in one existing development however, the Bank overall exposure to any one development is limited to:

- 10% for High Density
- 25% for all other property types

Decisioning

Applications will be either input via the appropriate application system and decisioned via the automated scorecard, or manually reviewed. Credit scoring applies to all retail housing loan applications.

Applications that are referred or disputed must be submitted to the holder of an appropriate delegation for decisioning.

Income repayment requirements

Deposits

The ability to provide an adequate deposit, reduces the risk to the Bank, as it allows the customer to signal to the Bank, that they are committed to the transaction.

In all instances, originators must be satisfied that the deposit is real and that it will be made available at time of settlement.

Acceptable deposits can come from a range of difference sources.

Note: There are different deposit requirements for loans subject to LMI (Refer Lender Mortgage Insurance).

Can be	<ul style="list-style-type: none"> • Cash held with Bankwest or another financial institution; • Equity in another property that Bankwest has or will have a mortgage over; • Deposits from the sale of a share portfolio or another property; and • Gifted deposits ⁽¹⁾
Cannot be	<ul style="list-style-type: none"> • Borrowed equity, i.e. funds from another loan so as to avoid Lender's Mortgage Insurance • From the liquidation of other necessary assets e.g. the sale of the family car; or • Supplier, vendor or builder rebates or other incentives are to be included in the deposit.

1. A Gifted Funds Declaration Form (CS-817) must be obtained from an acceptable grantor which clearly states:

- the amount of the gift,
- the grantor's relationship to the borrower(s) AND,
- that it will not be repayable at any time in the future.

Acceptable grantors include:

- Parents / parents in law
- Spouse / de facto spouse
- Children
- Siblings – brother, sister / brother in law, sister in law; or

- Grandparents / Grandchildren

Eligible income

The eligible income types and verification requirements are set out in the page Net Income Commitment Level (NICL).

Originators must calculate commitments in line with the rules set out in page Net Income Commitment Level (NICL).

Repayment plan

The customer must be able to demonstrate that all loans can be repaid over commercially acceptable loan terms. Refer to Serviceability and Eligible Incomes for further information.

IF	And	Then, this repayment source is:
The customer has an interest only facility; and In the first instance, cannot satisfy the serviceability assessment (based on the facility being amortised over the normal term of a principal and interest loan):	The eventual repayment of the facility from the sale of the security property	Unacceptable (bridging loans excluded).
	Is within the customer's means; and The customer will not be placed in a position of having to sell their family home	Acceptable

Extended leave

- Extended Leave refers to leave other than annual leave (e.g. parental leave or extended leave due to injury / illness) and applies to applications where a borrower is either currently on, or to commence, extended leave for a period not exceeding 12 months and applying for a new, or increase to, an existing Retail (consumer) housing loans only, which are not subject to LMI.
- The borrower must be able to demonstrate that they are able to meet their total proposed commitments and living expenses, through both the period of extended leave, and upon return to work with their current employer.
- All applications must be referred to a delegated authority for review and acceptance.
- Please refer to the Broker website page 'Broker / Lender Guide for submitting a Home Loan application under the Extended Leave Policy' for further information

Interest only facilities

- At expiry of the interest only period, the loan will convert to an amortising (principal and interest) loan without the need for a reassessment.
- If a further interest only period is requested, reassessment of the loan is required.

Acceptable repayment terms

- The maximum loan term for new residentially secured property loans is 30 years. Product exceptions may apply.
- Loan that are secured by Leasehold interests must mature at least two years before the expiry date of the leasehold.
- The maximum total interest only term for a residential home loan is;
 - ten years for investment purposes, and
 - five years for owner occupied purposes.
- Shorter periods may apply depending on the product and purpose of the loan.

Note: Extensions past these total interest terms are subject to full assessment.

Acceptable Security and documentation

- Loans must be secured by residential property in all cases, refer to the page Maximum Loan to Value Ratios.
- A registered second mortgage is only acceptable where the first mortgagee is:
 - Banks or financial institutions who's mortgages secures a Defence Service Housing Loan
 - Any other requests for Bankwest to take second mortgage security should be referred to Retail Credit Decisions.
- Security Guarantees can be taken in select instances. Refer to the page Guarantors.

Residential Property (freehold)	Must	<ul style="list-style-type: none"> • be equal to or less than 50 Hectares (Rural up to 60 Hectares) • have, or be legally allowed to have, a dwelling for occupation constructed thereon.
	Cannot	<ul style="list-style-type: none"> • Be used to generate income from primary production or income other than rent. (Refer comment in relation to rural lifestyle properties below).
Residential Property (leasehold)	Must	<ul style="list-style-type: none"> • Standard LVRs (refer to the page Maximum Loan to Value Ratios) can be extended for residential leasehold property on an exception basis (note that this does not apply to ACT residential leasehold property which is subject to standard lending requirements). • Full copies of offer and acceptance / contract of sale and lease to be held. • A full valuation report is obtained (request to panel valuer must disclose the leasehold nature of the property to be valued). • Approval of facilities utilising this security rests with the holder of an appropriate delegation.

Note: Lease documents are to be referred to Bankwest legal to ensure lease conditions:

- allow an acceptable mortgage to be taken over the lease and provides mortgagee with right of entry
- do not contain a clause which surrenders sub lessees / lessees interest to the sub lessor / lessor in cause of default
- do not contain a nil compensation resumption clause

- have acceptable renewal provision at the option of the lessees (if applicable)
- the leasehold is under the Torrens system of title; and
- the lease is provided by a local government authority, state government authority, semi-government authority or a corporate / private land lease.

Loan to Value

Loan to Value is calculated by adding the amount of all credit facilities supported by the security, and dividing it by the market value of the security / securities as defined by the Valuations page, expressed as a percentage.

Maximum LVRs, including with Lender Mortgage Insurance are detailed in the Loan to Value tables, refer to the page Maximum Loan to Value ratios.

Insurance

All property (including personal assets) that the Bank holds as security must be adequately insured.

Effective 28 February 2024