

Home loan lending guidelines

Eligible borrowers

- Individuals aged 18 or over
- Australian citizens or permanent residents (must live and work in Australia)
- NZ citizens who live and work in Australia
- Applicants with acceptable employment type and income sources (refer page 3)
- Joint applicants – must be in a spousal or de facto relationship where they currently live together, or intend to live together after settlement.
- All applicants must receive a benefit from the loan (some exceptions available)

Ineligible Borrowers

- Applicants living outside of Australia
- Self-employed (unless a joint applicant and serviceability can be wholly met by a PAYG applicant)
- Company or Trusts
- Non-residents
- SMSF
- Strata Corporations
- Partnerships
- Minors

Loan Terms

- Up to 30 years
- Up to 35 years for OO-PI $\leq 80\%$ LVR Purchases

Valuations

- Required on all security properties
- AVM, Desktop or full valuations depending on security type and location
- NAB Group valuations completed within 12 months accepted

Acceptable Security properties

- Residential property:
 - Can be legally used as a residential property and has the capacity to be used as such
 - Property can be marketed and sold as residential property within normal timeframes
 - Freehold and leasehold (including cluster/community title)
 - Zoned residential or rural residential on land size less than 25 acres
- Apartments:
 - Living area must be:
 - ≥40m² (excluding balconies, car parking and storage cages); or
 - ≥50m² (including balconies, car parking and storage cages)
- Holiday homes:
 - Houses/apartments/townhouse
 - A holiday home that is rented out must be deemed investment.
 - A holiday home that is not rented out and has no intention of being rented out can be an owner-occupied loan.
- Can accept one on title, two on mortgage; additional questions and documents required
- Remote and rural properties – To be considered acceptable,
 - Property must be located within 50km of a provincial city with a population greater than 20,000 or within 20km of a primary regional town with a population greater than 10,000
(Speak to your BDM to see if an exception is available).

Unacceptable Security properties

- Vacant land (we don't lend for construction purposes)
- Strata title hotel, motel or resort style dwellings
- Time share properties that cannot be occupied on a permanent basis
- Student accommodation
- Mobile/temporary homes
- Properties where:
 - More than 3 properties held as part of a single development
 - No power is connected
 - No water connection applicable to area
 - Partially constructed dwellings
 - Leasehold expiring <10 years after loan maturity date
 - Company title, Purple title, Moiety title, Stratum title
 - Commercial, industrial, farm/agricultural zoning
 - Intended use for farming or other commercial use
 - Mixed use properties
 - Specialist properties (e.g. SDA/NDIS)
 - Ski lodges/resort-style properties
 - Bald mortgages
- Apartments:
 - More than 3 units on any one development
 - Serviced apartments
 - Studio apartments
 - Convertible units and dual key apartments
- Remote/inaccessible property: Property is not acceptable unless it is located within 50km of a provincial city with a population greater than 20,000 or within 20km of a primary regional town with a population greater than 10,000
(Speak to your BDM to see if an exception is available).

Acceptable Employment

- Permanent PAYG – full- and part-time
- Casual employment (minimum six months casual work history)
- Contractors/Seasonal PAYG (including FIFO) (minimum six months work history)
- Director wages treated as PAYG – with requirements (See Acceptable Income p4)
- Directors guarantees – serviceability requirements
 - Where director's wages policy applies and the customer has provided a directors' guarantee, serviceability assessment can now be completed **without factoring in any business debt (where requirements are met satisfactorily).**
 - An accountant's letter is required and must include the following;
 - Name of accounting firm
 - Dated, named and signed by accountant
 - Confirm that the company is solvent and can pay its own liabilities

Unacceptable Employment

- Self-employed
- Contractors (pay their own tax)
- Short term seasonal employment

Acceptable Income and Verification Requirements

| Income Type | Allowable Proportion | Digital Verification of Income (Smart Statements) | Manual income verification - acceptable documentation (BY EXCEPTION IF SMART STATEMENTS IS UNAVAILABLE OR NOT AN ACCURATE REPRESENTATION OF INCOME) | Restrictions |
|--|--|--|--|--|
| Permanent PAYG | 100% | Base Salary Income: <ul style="list-style-type: none"> Account credits showing minimum 3 months of income Other Regular Employment income: <ul style="list-style-type: none"> Account credits showing 6 months of income Bonuses: <ul style="list-style-type: none"> Account credits showing bonus payment Casual/Contractors: <ul style="list-style-type: none"> Account credits showing minimum 6 months of income | Base Salary Income: <ul style="list-style-type: none"> Payslips showing minimum 2 consecutive pay cycles; or, Employment letter or contract from employer (when the customer has recently commenced employment) Other Regular Employment income: <ul style="list-style-type: none"> ATO income statement confirming minimum (most recent) 6 months income Bonuses: <ul style="list-style-type: none"> Payslips or letter from the employer showing the bonus received over the last 2 years. Latest bonus should be no older than 12 months and bonus value is the lower of the most recent year or 2 year average. Casual/Contractors: <ul style="list-style-type: none"> Payslips showing minimum 6 months of income; or, Letter from employer or additional payslips to verify minimum regular hours, if applicable; or, ATO Income Statement confirming minimum (most recent) 6 months income. | Casual/Contractors Minimum 6 months casual/contract history required |
| Other Regular PAYG Employment Income e.g. overtime, shift allowances | 80% | | | |
| Other Irregular PAYG employment income (e.g. annual bonus verified across 1 year) | 50% | | | |
| Other Irregular PAYG employment income (e.g. annual bonus verified across 2 years) | 80% | | | |
| PAYG Income for eligible Emergency Services, Medical and Health occupations. (see eligible occupation codes p10) | 100% of net base salary, allowances and overtime | Account credits showing minimum 6 months of income | Payslips showing minimum 6 months of income | |

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|---|-----------------------|--|---|---|
| Directors wages (PAYG treatment) | As per PAYG treatment | Regular and stable account credits over the minimum most recent 6-month period. If account credits vary, use the lowest value. | Two years lodged personal tax returns with Notice of Assessment. Latest tax return no older than 21 months old; and lower of the two years average income or the most recent financial year | <ul style="list-style-type: none"> Applicant is a director of a company that has been trading for a minimum of 2 years No limitation on applicants ownership of company |
| Investment Income (interest or dividends) | 80% | N/A | Dividend Income: <ul style="list-style-type: none"> Dividend income statement covering the last 12 months, and Shareholding statement no more than 45 days old Interest Income: <ul style="list-style-type: none"> Current Bank statement showing interest income over the last 12 months no more than 45 days old | <p>Subject to demonstrable sustainability for the term of the loan.</p> <p>Income from ASX listed companies only. Income from Private companies not acceptable.</p> |
| Government Pension Income (e.g. Aged Pension/Veterans Affairs/Disability/Widow) | 80% | The following no more than 45 days old: Two most recent account credits | <p>The following document no more than 45 days old:</p> <ul style="list-style-type: none"> Centrelink statement confirming the most recent payment | Not allowed if all applicants are solely reliant on Government pensions or benefits paid under the Social Security Act. |

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|---------------------------|----------------------|---|---|---|
| Residential rental income | 90% | <p>Existing Rental Income (An existing property where the applicant is currently earning income):</p> <ul style="list-style-type: none"> • Minimum 2 rental credits from the managing agent showing at least 2 weeks of payments; or, • Minimum 8 weeks account credits where the property is rented privately | <p>New Rental income (A new or existing property where the applicant is currently not earning an income). Any one of the following:</p> <ul style="list-style-type: none"> • An agent prepared rental appraisal; or • Core-Logic Estimated Rental Automated Valuation Model (AVM); or • Existing tenant information included within the Contract of Sale - must include rental amount, frequency and lease end date; or • A market appraisal contained in a valuation ordered by NAB Group <p>Existing Rental Income (An existing property where the applicant is currently earning income). Any one of the following:</p> <ul style="list-style-type: none"> • Core-Logic Estimated Rental Automated Valuation Model (AVM); or • Most recent rental statement from a managing agent showing at least 2 weeks of payments; • A market appraisal contained in a valuation ordered by NAB Group • Signed current lease agreement (if expired, written confirmation of extension from agent) <p>Existing Holiday Rental income:</p> <ul style="list-style-type: none"> • Holiday rental income must be verified via an annual statement or document issued by the ATO/Tax Agent or the managing agent/company • It must include the property address, and the amount of rental received for a minimum of 12 months to cover periods of seasonality • The period must cover a full financial year, ending 30th June of the most recent financial year as at the application submission date | <p>Shared spaces e.g. individual room rental in a borrower's property not accepted.</p> <p>Granny flats must be confirmed via a NAB Group or external short form valuation report as being self-contained.</p> <p>For NRAS properties, only the rental received from the tenant is allowable.</p> |

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|-----------------------|----------------------|---|---|---|
| Family Benefit income | up to 80% | The following no more than 45 days old: <ul style="list-style-type: none"> Two most recent account credits | The following document no more than 45 days old: <ul style="list-style-type: none"> Centrelink statement confirming the most recent payment | Age restriction <ul style="list-style-type: none"> Age of oldest dependent is ≤12 years of age. Not allowed if all applicants are solely reliant on Government pensions or benefits paid under the Social Security Act. |
| Child Support Income | up to 80% | The following no more than 45 days old: <ul style="list-style-type: none"> Most recent six months of account credits from the Child Support Agency | The following document no more than 45 days old: <ul style="list-style-type: none"> Child Support Assessment Notice no more than 45 days old. (Income via private agreement and CSA 'Private Collect' not accepted.) | Age restriction <ul style="list-style-type: none"> Age of oldest dependent is ≤12 years of age; Income is to be verified via an agreement registered and managed by with the Child Support Agency (CSA); Income via private agreement and CSA 'Private Collect' not accepted. |

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|--------------------------|---|---|--|---------------------------------|
| Returning to work income | 100% of permanent PAYG Base income only | N/A | <p>Return to work income must be verified via a letter from the customer's employer confirming the following:</p> <ul style="list-style-type: none"> • Intended return to work date • Employment Status • Base Salary <p>Capture of customer advised strategy for how they will meet servicing commitments and general living expenses during the period of unpaid leave is required</p> | Permanent PAYG base income only |
| Parental leave | 100% of permanent PAYG Base income only | N/A | <p>Verification must include ALL of the following:</p> <ul style="list-style-type: none"> • Customer is employed as a Permanent Full Time/Part Time Employee; and, • Customer has worked for the employer for a minimum of 12 months; and, • Confirmation from the customer their intended return to work employment details after parental leave period expires, including employment status and hours; and, • Ensure any costs associated with childcare are considered in the customers living expenses; and, • Verify the customers base wage (NOTE: verification via dated payslips is acceptable outside the standard 45 day document validity requirement, letter from employer not required); and, • Confirm the customer advised strategy on how they will meet servicing commitments and general living expenses during the period of parental leave | Permanent PAYG base income only |

Unless otherwise specified, manual verification documents as at application submission date must be;

- Dated within 45 days for weekly/fortnightly/twice monthly/monthly payments; or
- No more than 90 days old for payments greater than monthly or as a once off

Unacceptable Income

- Temporary government payment income - Newstart, workers compensation, sickness/carers, child care subsidy
- Foster care income
- Overseas/foreign income
- Income from Superannuation (including SMSF)
- Spousal support income
- Commercial Rental income
- Work Cover

Supporting Documentation

- Purchases:
 - Fully executed contract of sale (all states except NSW)
 - Contract of sale signed by purchaser, fully executed front page from vendor's contract and the special conditions (NSW)

There may be other unique situations which will require a supporting document. e.g. anticipated changes to income, future changes to expenses, loan term exceeds retirement age, or we can't validate rental figure for a new purchase through data.

Acceptable LVR

- Up to 80% for investment purposes or interest only repayments
- Up to 85% for owner-occupied purposes with principal & interest repayments (no LMI fee applicable)

Cash Out

- Up to 80% LVR: unlimited cash out, detailed comments required
- 80-85% LVR: up to \$250k, verification required (cannot be for investment)

Cash out purpose needs to meet standard policy and product appetite

Expenses

Expenses used in the Serviceability calculation will be the **higher** of Broker Declared OR HEM + HEM Add Ons.

Emergency Services, Medical and Health workers – Eligible occupation codes
Applicable occupation codes must be correctly selected in Loanapp to ensure income is captured and calculated correctly.

| Occupation | Eligible OCC Codes |
|--|---|
| Firefighter | <ul style="list-style-type: none"> • 399511 (Senior Fire Fighter) • 498511 (Fire Fighter) |
| Nurse/Midwife | <ul style="list-style-type: none"> • 232111 (Nurse Manager) • 232311 (Registered Nurse) 232411 (Registered Midwife) • 232511 (Registered Mental Health Nurse) • 232611 (Registered Developmental Disability Nurse) • 341111 (Enrolled Nurse) |
| Paramedic | <ul style="list-style-type: none"> • 349111 (Ambulance Officer) • 349113 (Intensive Care Ambulance Paramedic) |
| Police Officer Incl Protective Services Officers and Border Force | <ul style="list-style-type: none"> • 391101 (Supervisor, Police Officer) • 391111 (Police Officer) • 619411 (Customs Inspector) |

| Occupation | Eligible OCC Codes | |
|----------------------------------|--|--|
| Medical And Health Professionals | <ul style="list-style-type: none"> • 231111 General Medical Practitioner • 231181 Medical Practitioner Training • 231211 Anaesthetist • 231213 Dermatologist • 231215 Emergency Medicine Specialist • 231217 Obstetrician & Gynaecologist • 231219 Ophthalmologist • 231221 Paediatrician • 231223 Pathologist • 231225 Specialist Physician • 231227 Psychiatrist • 231229 Radiologist • 231231 Surgeon • 231279 Specialist Medical Practitioners NEC • 232211 Nurse Educator • 232213 Nurse Researcher • 238111 Dentist • 238113 Dental Specialist • 238211 Hospital Pharmacist • 238213 Industrial Pharmacist • 238215 Retail Pharmacist | <ul style="list-style-type: none"> • 238311 Occupational Therapist • 238411 Optometrist • 238511 Physiotherapist • 238611 Speech Pathologist • 238711 Chiropractor • 238713 Osteopath • 238811 Podiatrist • 239111 Medical Diagnostic Radiograph • 239113 Radiation Therapist • 239115 Nuclear Medicine Technologist • 239117 Sonographer • 239211 Veterinarian • 239311 Dietitian • 239411 Naturopath • 239413 Acupuncturist • 239479 Natural Therapy Professionals • 239911 Audiologist • 239913 Orthoptist • 239915 Orthotist • 239979 Health Professionals NEC |