

AURORA BANKING CORPORATION

LENDING POLICY

Broker Distribution Channel

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1. AURORA HOME LOAN PRODUCT RANGE

1.1 Premier Advantage Package

- **Package Fee:** \$395 annual fee with significant benefits and fee waivers
- **Home Loan Discount:** Up to 0.70% discount on standard variable rate
- **Offset Account:** Unlimited deposits and withdrawals with 100% offset benefit
- **Fee Waivers:** No application fees, valuation fee rebates, free redraw facility
- **Additional Benefits:** Discounts on insurance products and investment platforms

1.2 Standard Home Loan Products

- **Variable Rate Loans:** Competitive rates with standard features and redraw facility
- **Fixed Rate Options:** 1, 2, 3, 4, and 5-year fixed terms with rate lock protection
- **Combo Loans:** Split facility combining fixed and variable portions for risk management
- **Interest Only Loans:** Available for investment properties with 1-5 year terms
- **Basic Home Loan:** Lower rate option with limited features for cost-conscious borrowers

1.3 Specialized Lending Products

- **Construction Loans:** Progress payment facility with competitive rates during construction
- **Bridging Finance:** Short-term finance for property purchases with delayed settlements
- **Equity Finance:** Line of credit facility secured against residential property
- **Rural and Regional:** Specialized products for rural properties and regional locations
- **Foreign Currency Loans:** Available in major currencies subject to eligibility criteria

2. AURORA BORROWER ASSESSMENT CRITERIA

2.1 Employment and Income Requirements

- **PAYG Employees:** Minimum 6 months current employment, probation period acceptable with conditions
- **Self-Employed Applicants:** 2 full years trading history with current ABN and GST registration
- **Casual Employment:** 12 months continuous casual employment with same employer accepted
- **Contract Workers:** Minimum 12 months contract history with evidence of continuing demand
- **Pension/Centrelink:** Age pension and disability support pension accepted as primary income

2.2 Credit Assessment Standards

- **Credit Score Requirements:** Minimum Equifax score of 622 for standard applications
- **Defaults and Judgments:** Maximum 2 paid defaults under \$1,000 in past 5 years
- **Bankruptcy History:** Minimum 7 years from discharge date with satisfactory conduct since
- **Credit Card Conduct:** No missed payments in past 12 months, maximum 90% utilization
- **Existing Banking Relationship:** Preference for existing Aurora customers with good conduct

2.3 Deposit and Savings Requirements

- **Genuine Savings:** Minimum 5% of purchase price held in applicant's name for 3+ months
- **Gift Funds:** Up to 20% of deposit can be genuine gift from immediate family members
- **First Home Buyer:** 5% deposit acceptable under First Home Loan Deposit Scheme
- **Equity Utilization:** Existing property equity acceptable as deposit for additional purchases
- **Savings Pattern:** Evidence of regular savings behavior over minimum 6-month period

3. AURORA SERVICEABILITY METHODOLOGY

3.1 Income Calculation Framework

- **Base Salary:** 100% of base salary for permanent employees with employment contracts
- **Overtime and Allowances:** 80% of regular overtime and allowances averaged over 12 months
- **Commission Earnings:** 2-year average with recent performance weighted more heavily
- **Bonus Payments:** 50% of average bonuses over 2 years included in serviceability
- **Self-Employed Income:** Net business income plus add-backs for non-cash expenses

3.2 Expense Assessment Approach

- **HEM (Household Expenditure Measure):** Aurora proprietary expense calculation based on demographics
- **Declared Expenses:** Higher of HEM or declared monthly expenses accepted
- **Childcare Costs:** Actual childcare expenses added to basic living expense calculations
- **Credit Card Commitments:** 3.8% of outstanding balances or minimum payments if higher
- **Investment Property Costs:** 30% of gross rental income for property management and maintenance

3.3 Stress Testing and Buffers

- **Assessment Rate Buffer:** 3.0% buffer above loan interest rate for serviceability testing
- **Floor Rate:** Minimum assessment rate of 7.25% regardless of actual loan rate
- **Surplus Requirements:** Minimum \$1,500 monthly surplus after all expenses and loan payments
- **Rate Rise Scenarios:** Testing ability to meet payments with 2% interest rate increases
- **Expense Inflation:** 2.5% annual expense growth factored into long-term serviceability

4. AURORA SECURITY AND VALUATION POLICIES

4.1 Property Acceptance Guidelines

- **Metropolitan Areas:** All major capital cities and surrounding metropolitan regions accepted
- **Regional Centers:** Towns with population above 5,000 and diverse economic base
- **Apartment Properties:** Minimum 50sqm floor area, maximum 40 floors, no studio apartments
- **Rural Properties:** Up to 100 hectares considered with agricultural income assessment
- **Unusual Properties:** Heritage properties, company title, and leasehold require specialist assessment

4.2 Valuation Requirements and Process

- **Automated Valuation Models:** Available for refinancing transactions up to 80% LVR
- **Desktop Valuations:** Standard for loans between 70-85% LVR in major metropolitan areas
- **Physical Inspections:** Required for all loans above 85% LVR and all rural properties
- **Multiple Valuations:** Second valuation ordered if initial valuation varies significantly from expected
- **Valuation Panel:** Aurora approved valuers with local market knowledge and experience

4.3 Loan-to-Value Ratio Limits

- **Owner Occupied Properties:** Maximum 95% LVR with mortgage insurance, 80% without
- **Investment Properties:** Maximum 90% LVR for principal and interest, 80% interest only
- **Construction Finance:** Maximum 95% LVR including land purchase and construction costs
- **Refinancing Deals:** Up to 95% LVR for rate and term refinances with mortgage insurance
- **Commercial Properties:** Maximum 80% LVR for owner-occupied business premises

5. AURORA APPLICATION PROCESSING FRAMEWORK

5.1 Required Documentation Standards

- **Identity Verification:** 100-point identity check including photo identification and address verification
- **Income Documentation:** Payslips, group certificates, tax returns, and bank statements as required
- **Asset Verification:** Bank statements showing deposit source and savings pattern history
- **Liability Disclosure:** Complete list of all debts, credit cards, and financial commitments
- **Property Information:** Contract of sale, section 32/vendor statement, building reports if required

5.2 Processing Timeframes and Service Standards

- **Initial Assessment:** Same day pre-approval for straightforward applications during business hours
- **Document Collection:** 48-72 hours for collection of supporting documentation from applicants
- **Credit Assessment:** 3-5 business days for manual assessment of complex applications
- **Valuation Process:** 3-5 business days for standard metropolitan valuations
- **Final Approval:** 24-48 hours from receipt of satisfactory valuation and conditions

5.3 Approval Authority and Decision Making

- **System Approvals:** Automated decisions for applications meeting all standard criteria
- **Senior Credit Officers:** Manual assessment for applications with minor policy exceptions
- **Regional Credit Managers:** Authority for loans between \$1-3 million with policy variations

- **Head Office Assessment:** Complex cases and loans above \$3 million require head office review
- **Conditions Framework:** Standard conditions template with specific requirements clearly outlined

6. AURORA ONGOING SERVICES AND SUPPORT

6.1 Customer Service Excellence

- **Dedicated Broker Support:** Specialized broker services team for application queries and updates
- **Online Application Tracking:** Real-time status updates through Aurora Broker Gateway
- **Settlement Coordination:** Dedicated settlement team managing all settlement requirements
- **Post-Settlement Service:** Customer relationship team for ongoing account management
- **Problem Resolution:** Escalation procedures for complex issues and customer complaints

6.2 Portfolio Management Services

- **Annual Rate Reviews:** Proactive rate reviews for existing customers to maintain competitiveness
- **Top-Up Facilities:** Streamlined process for additional borrowing against existing security
- **Refinancing Support:** Assistance with loan restructuring and consolidation opportunities
- **Investment Advice:** Referral to Aurora financial planning for investment strategy advice
- **Insurance Services:** Comprehensive insurance products including mortgage protection and income protection