

MERIDIAN BANK LENDING POLICY GUIDELINES

Broker Channel Guidelines

Version: 4.1

Effective Date: April 2024

Review Period: Quarterly

1. MERIDIAN PRODUCT SUITE AND ELIGIBILITY

1.1 Residential Home Loan Products

- **Meridian Simplicity PLUS:** Premium variable rate loan with 100% offset facility and no ongoing fees
- **Meridian Standard Variable:** Basic variable rate option with redraw facility included
- **Meridian Fixed Rate Options:** 1, 2, 3, 4, and 5-year fixed rate terms available with break costs
- **Meridian Equity Accelerator:** Line of credit facility secured by residential property equity
- **Meridian Construction Loans:** Progress payment facility with conversion to standard home loan

1.2 Borrower Eligibility Criteria - ANZ Specific

- **Minimum Age:** 18 years for all applicants, maximum age 70 at loan maturity
- **Residency Status:** Australian citizens, permanent residents, or eligible temporary residents
- **Income Requirements:** Minimum \$30,000 per annum for sole applicants, \$40,000 joint applications
- **Credit History:** Maximum 2 defaults in past 5 years, no defaults above \$500 in past 2 years
- **Employment:** PAYG minimum 3 months current role, self-employed minimum 2 years trading

1.3 Meridian Professional Package Eligibility

- **Eligible Professions:** Medical professionals, legal professionals, accountants, engineers, teachers
- **Package Benefits:** \$395 annual fee waiver, free offset account, discounted insurance products

- **Income Threshold:** Minimum \$100,000 per annum professional income requirement
- **Documentation:** Professional registration or membership evidence required
- **Additional Services:** Priority banking services and dedicated relationship management

2. MERIDIAN SERVICEABILITY AND ASSESSMENT

2.1 Income Calculation Methodology

- **PAYG Employment:** Base salary plus regular allowances, overtime averaged over 12 months
- **Commission Income:** 2-year average with declining trends requiring detailed explanation
- **Self-Employed Income:** Net profit after tax averaged over 2 years plus add-backs
- **Rental Income:** 75% of gross rental income for established tenancies, 70% for new properties
- **Investment Returns:** Dividends and distributions from shares and managed funds accepted

2.2 Meridian Expense Assessment Framework

- **Living Expenses:** Meridian proprietary expense calculator based on family size and location
- **Credit Commitments:** Minimum 2.9% of credit card limits, actual payments if higher
- **Investment Property Expenses:** 25% of gross rental income unless detailed expenses provided
- **Child Support/Maintenance:** Full amount of court-ordered or legally documented payments
- **Other Loans:** Actual monthly payments plus any balloon payment provisions

2.3 Serviceability Buffers and Stress Testing

- **Interest Rate Buffer:** 3.00% buffer applied to all loan applications regardless of loan type
- **Floor Rate Application:** Minimum assessment rate of 7.50% applied to all calculations
- **Debt Service Ratios:** Maximum 34% of gross income for total housing costs
- **Net Surplus Requirement:** Minimum \$2,000 per month surplus after all expenses and commitments
- **Stress Test Scenarios:** Assessment includes potential rate rises and expense increases

3. MERIDIAN SECURITY AND VALUATION REQUIREMENTS

3.1 Acceptable Security Properties

- **Standard Residential:** Houses, townhouses, and apartments in major metropolitan areas
- **Regional Properties:** Accepted in towns with population above 10,000 residents
- **Apartment Restrictions:** Minimum 40sqm internal area, maximum 30 floors height
- **Rural Properties:** Hobby farms up to 40 hectares considered with specialist assessment
- **Company Title:** Accepted in NSW and Victoria subject to additional documentation

3.2 Meridian Valuation Process

- **Desktop Valuations:** Available for refinancing up to 80% LVR with recent sales evidence
- **Drive-By Valuations:** Standard for loans between 80-90% LVR in metropolitan areas
- **Full Valuations:** Required for all loans above 90% LVR and all rural properties
- **Panel Valuers:** Meridian maintains panel of approved valuers in all major markets
- **Valuation Validity:** Desktop valuations valid 3 months, full valuations valid 6 months

3.3 Loan-to-Value Ratio Policies

- **Owner Occupier:** Up to 95% LVR with lenders mortgage insurance through Genworth
- **Investment Property:** Maximum 90% LVR, interest-only loans maximum 80% LVR
- **Construction Loans:** Maximum 95% LVR including land cost and construction contract value
- **Refinancing Transactions:** Up to 90% LVR for rate and term refinances
- **Equity Release:** Maximum 80% LVR for equity release transactions

4. MERIDIAN APPLICATION PROCESSING AND APPROVAL

4.1 Documentation Requirements - Meridian Standards

- **Income Verification:** 2 recent payslips, group certificate, employment contract letter
- **Financial Position:** 3 months bank statements for all accounts held by applicants
- **Identity Documentation:** Certified copies of drivers license and passport
- **Property Documentation:** Contract of sale, vendor's statement, building inspection if required
- **Existing Facilities:** Statements for all credit cards, loans, and other banking relationships

4.2 Processing Timeframes and Service Levels

- **Pre-Approval:** 24-48 hours for complete applications with supporting documentation

- **Formal Approval:** 3-5 business days from receipt of signed pre-approval and property contract
- **Valuation Turnaround:** 2-3 business days for metropolitan properties, 5-7 days rural
- **Settlement Timeframes:** Minimum 14 days from approval to settlement for standard transactions
- **Construction Approvals:** Additional 7-10 business days for building contract and plan review

4.3 Meridian Credit Decision Framework

- **Automated Decisioning:** Straight-through processing for prime applications meeting all criteria
- **Manual Assessment:** Complex applications referred to specialist credit assessment team
- **Credit Committee:** High-value loans above \$2 million require credit committee approval
- **Conditional Approvals:** Standard conditions include valuation, mortgage insurance, income verification
- **Decline Procedures:** Detailed explanation provided with opportunity for reconsideration

5. MERIDIAN SPECIALIZED LENDING SOLUTIONS

5.1 First Home Buyer Support

- **Family Pledge:** Parents can provide additional security to reduce deposit requirements
- **First Home Loan Deposit Scheme:** Government scheme participation with 5% deposit
- **Keystart Loans:** Available in Western Australia through government partnership
- **Stamp Duty Assistance:** Information and support for first home buyer concessions
- **Educational Resources:** Comprehensive first home buyer guides and calculators

5.2 Investment Property Lending

- **Negative Gearing Benefits:** Detailed explanation of tax implications and strategies
- **Interest-Only Terms:** Up to 5 years interest-only with reversion to principal and interest
- **Portfolio Lending:** Assessment of multiple investment properties with cross-collateralization options
- **Depreciation Schedules:** Referral to quantity surveyors for tax depreciation benefits
- **Rental Guarantee Insurance:** Optional rental protection insurance products

5.3 Commercial and SMSF Lending

- **Business Banking Integration:** Seamless connection between personal and business banking needs
- **Commercial Property Loans:** Owner-occupied business premises financing up to 70% LVR

- **SMSF Property Loans:** Limited recourse borrowing arrangements compliant with superannuation law
- **Asset Finance:** Equipment and vehicle finance options for business customers
- **Specialist Support:** Dedicated commercial relationship managers for complex transactions