



# **Bendigo and Adelaide Bank Third Party Banking Lending Credit Policy**

**Effective February 2023**

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# Administration

## Temporary Additional Lending Requirements

The following temporary additional lending requirements have been introduced in response to COVID-19 and are in addition to standard lending criteria.

The Bank has made these changes to ensure that we are able to continue to assist customers during this ever-changing environment. These changes also ensure we're meeting our requirements as a responsible lender.

Please review the restrictions carefully, they will continue to be updated as needs dictate.

Unless a higher DLA level is noted in the table below, applications outside these criteria can only be considered in exceptional circumstances by the following DLA level:

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	7	Refer Processing	5

<b>Overseas income</b>	Where the applicant is in receipt of foreign income and it is required to meet serviceability, the loan application will need to be referred to <b>LendFast DLA 5 or higher / ABE/OLAS DLA 7 or higher</b> for review.
<b>Rental income</b>	<p><b><u>Untenanted properties</u></b></p> <p>Income from untenanted High Density residential units/apartments and/or Commercial property is not acceptable.</p>

## Industries – the hardest hit

**activity, or undertaking** means a business, activity, undertaking, premises or place listed in Column 1 unless the exception listed in Column 2 applies.

[State and Territory Government information](#)

[healthdirect COVID-19 Restriction Checker](#)

Accommodation	
Business, premises or place	Exceptions
Hotels, Motels, Caravan Parks, Campgrounds & another person's home	<ul style="list-style-type: none"> <li>• Open - Refer to your local state or territory for any restrictions</li> <li>• All accommodation areas follow 4 square metres per person</li> </ul>

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Cafes & Restaurants	
Business, premises or place	Exceptions
Restaurants, cafes, food courts, takeaway food & pubs	<ul style="list-style-type: none"> <li>• Open - Refer to your local state or territory for any restrictions</li> <li>• 2 square metre rule may apply to smaller venues</li> </ul>

Travel	
Business, activity	Exceptions
Airlines/Travel Agencies	<ul style="list-style-type: none"> <li>• Allow interstate travel</li> <li>• Refer to state and territory governments for border restrictions and biosecurity conditions</li> </ul>
Border Restrictions	<ul style="list-style-type: none"> <li>• Refer to Border &amp; quarantine restrictions for each state.</li> <li>• Some states and territories are closed or have restrictions on <b>travellers</b>.</li> </ul>

Entertainment Venues	
Business, activity, undertaking, premises or place	Exceptions
Strip clubs, Brothels, Nightclubs, Function Centres, Galleries, Museums, Cinemas, Casinos, Indoor amusement centres, Libraries, Drive-Ins, Theme Parks, Zoos, Wildlife Centres & Tourism Operators	<ul style="list-style-type: none"> <li>• Open as per state and territory plans</li> <li>• All gatherings must follow 4 square metres per person, people should stay 1.5m apart when possible, and people should stay home if unwell and get tested</li> <li>• 2 square metre rule may apply to smaller venues</li> </ul>

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Education & Childcare	
Business, activity, undertaking, premises or place	Exceptions
<p>Childcare centres, primary and secondary schools</p> <p>Universities/technical colleges to increase face-to-face where possible and prioritise hands-on, skills-based learning</p>	<ul style="list-style-type: none"> <li>• Open as per state and territory plans</li> </ul>

  

Hair & Beauty Services	
Business, activity, undertaking, premises or place	Exceptions
<p>Hairdressers/barbers, massage therapy, grooming services, day spas, saunas, steam rooms and bathhouses</p>	<ul style="list-style-type: none"> <li>• Open as per state and territory plans</li> <li>• Record contact details</li> </ul>

  

Real Estate	
Business, activity, undertaking, premises or place	Exceptions
<p>Auction houses / Real estate auctions and open house inspections</p>	<ul style="list-style-type: none"> <li>• Open as per state and territory plans</li> </ul>

  

Retail & Shopping	
Business, activity, undertaking, premises or place	Exceptions
<p>Retail Stores</p>	<ul style="list-style-type: none"> <li>• Open as per state and territory plans</li> <li>• Retail stores and shopping centre managers must develop COVID Safe plans</li> </ul>

# Administration

Sport and recreation	
Business, activity, undertaking, premises or place	Exceptions
Gyms, Fitness centres, health clubs, boot camps, personal training classes, community sports activities, swimming pools	<ul style="list-style-type: none"><li>• Open as per state and territory plans</li><li>• Social distancing to be observed</li></ul>

  

Weddings, Funerals and Religious Services	
Business, activity, undertaking, premises or place	Exceptions
Places of worship, weddings and funerals	<ul style="list-style-type: none"><li>• Open as per state and territory plans</li><li>• Every gathering must record contact details</li><li>• 2 square metre rules may apply to smaller venues</li></ul>

# Administration

## Administration

### 1 Introduction

This is the credit policy by which Bendigo and Adelaide Bank considers and assesses proposals for residential mortgage lending and consumer finance. Approval of applications is restricted to staff and partners who hold a delegated lending authority (DLA).

Applications that do not meet the policy requirements set out in this policy can be considered on an exception basis with referral to the appropriate DLA level for consideration. For full details, refer to [DLA Policy](#).

Credit policy is available only to Bendigo and Adelaide Bank staff and approved partners with distribution controlled by Group Risk Management.

This policy is approved by the Bank.

This document is to be used in conjunction with the Bank's Credit Risk Management frameworks including:

- Delegated Lending Authority (DLA) policy; and
- Procedure manuals.

Bendigo and Adelaide Bank reserves the right to change the credit policy at any time, without prior or subsequent notice to any person.

### 2 National Credit Code (NCC)

Section 2 National Credit Code (NCC) policy requirements are mandatory and cannot be overridden by any DLA holder.

The National Credit Code(NCC) applies to any individual or an individual as trustee of a trust borrowing wholly or predominantly for the following consumer purposes:

- For personal, domestic or household purposes; or
- To purchase, renovate or improve residential property for investment purposes; or
- To refinance credit that has been provided to purchase, renovate or improve residential property for investment purposes.

The obligations do not apply and the loan must be unregulated if any of the following apply:

- Loans that are not predominantly for consumer purposes; or
- Where credit is provided to an individual for residential property investment purposes, for investment in multiple residences, and the total amount is more than \$5 million; or
- Credit predominantly for investment purposes other than residential investment e.g. credit to purchase investment products like shares and interests in managed funds; or
- Loans to companies (including small proprietary companies and corporate trustees) for any purpose

The Bank meets the responsible lending obligations by the following five steps:

- Make reasonable inquiries about the applicant(s) financial situation, requirements and objectives;
- Take reasonable steps to verify the applicant(s) financial situation;
- Make reasonable inquiries about the maximum credit limit that the applicant requires. A credit limit higher than requested cannot be suggested and can only be considered if the customer asks specifically for a higher limit;

# Administration

- Make a preliminary assessment (credit assistance provider) or final assessment (credit provider) about whether the credit contract is 'not unsuitable' for the applicant(s) based on the inquiries and information obtained, and
- Consideration of any planned future events which may affect the borrower's objectives and serviceability must be explored with the borrower.

The credit product or credit limit will be unsuitable if, at the time of the assessment, it is likely that;

- The applicant will be unable to comply with their financial obligations under the contract, or could only comply with substantial hardship; or
- The contract does not meet the applicant's requirements and objectives.

If the credit product or increase to the credit limit of an existing product is unsuitable, the Bank cannot:

- Suggest the product or increase (or that the borrower remain in the product);
- Assist the applicant apply for the product or increase;
- Make an unconditional offer that the applicant is eligible for the product or increase; or
- Enter into the product with the applicant, or increase the credit limit on an existing contract.

## Product selection

DLA Holder must understand the purpose of the credit application and then determine whether the type, term, rate, special conditions, charges and other aspects such as features of the proposed credit facility match the purpose of the application and the applicant(s) objectives and requirements.

Refer to [14 Loan purpose and documented evidence](#) – for specific product considerations

## Refinance/Consolidation/Product Conversion

A review is to be undertaken of all Bendigo and Adelaide Bank and other finance providers credit facilities to ensure:

- all refinance/consolidation/product conversion costs/fees for each facility have been considered
- the new product would result in an overall benefit to the applicant(s)
- product features meet the applicant(s) requirements

All discussions must be clearly documented in the file notes.

## Exit Strategy

An exit strategy is required when any applicant to the loan is 50 years old or older and will be older than 70 at the expiry of the loan term.

The exit strategy must include how the applicant(s) plans to clear the debt and this plan must not cause substantial hardship.

Refer also [6.2 Aged applicants](#).

# Administration

Note: The NCC includes a presumption for all consumer credit products that if the applicant's principal place of residence would need to be sold to meet their financial obligations, the applicant would face substantial hardship, unless the contrary is proved. Where clearance of the loan being assessed is reliant on the sale of the applicant's principal place of residence (including downsizing), comments and evidence of how their circumstances result in the loan being not unsuitable must be held on file.

## Final assessment

The DLA Holder's assessment must be recorded and confirm the credit contract is not unsuitable for the borrower based on the inquiries made and information provided by the borrower. This assessment must be documented in the Final Assessment and provided to the borrower and/or guarantor upon request within the following legislative timeframes:

Time since initial assessment	Time for provision of written Final Assessment
Less than 2 years	Before the end of 7 business days of receipt of the request
Two years or more	Before the end of 21 business days of receipt of the request

When providing the borrower with the final assessment ensure the borrower acknowledges all relevant liabilities and expenses have been captured.

## **2.1 Validity of approvals**

To meet responsible lending obligations, approvals only remain valid for 3 months from the date of disclosure and as outlined in the Loan Contract. After this time, the application will need to be reassessed based on updated supporting data and the policy requirements at the time of the reassessment.

Applications relied on outside this criteria can only be considered in exceptional circumstances. To comply with NCC requirements, residential mortgage loan approvals cannot exceed 120 days; there is no ability to extend the validity of approvals past 90 days for credit cards and personal loans. Any exceptions for residential mortgage loans (beyond 90 days to the maximum of 120 days) must be approved by a DLA level, or higher, as per the table below.

# Administration

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	9	(refer Processing)	6

For further guidance on regulated and unregulated purposes, refer to Procedures.

## 3 Ownership and maintenance of credit policy

This credit policy is owned and maintained by Group Risk Management which is responsible for ensuring the credit policy is reviewed in accordance with the Bank's Document Governance Framework.

Any changes to credit policy are to be recommended by Group Risk Management and must be approved within relevant Credit Committee Charters.

## 4 Reserved

## 5 Reserved



## Applicant

### 6 Applicant (borrowers and guarantors)

#### 6.1 Borrower/Guarantor definition

The Bendigo and Adelaide Bank Group accepts applications from the following who are seeking funds for non-business purposes. This includes applicant(s) in their own right as borrower(s) or as a guarantor(s) and are defined as:

- Individuals either solely or jointly as borrowers or guarantors who can be held accountable for a legal contract (of legal age 18 and mentally capable);
- Permanent Australian residents (refer section [6.5 Permanent Australian residents](#));
- Non permanent Australian residents/Non residents (unacceptable as guarantor(s)) (refer section [6.6 Non permanent Australian residents/Non residents](#));
- Non-trading companies, refer section [14 Loan purpose and documented evidence for acceptable loan purposes](#);
- Non-trading trusts, limited to family and discretionary trusts with individual(s) or non-trading company(ies) as trustee, refer section [14 Loan purpose and documented evidence](#) for acceptable loan purposes.

#### 6.2 Aged applicant(s)

There is no restriction on the maximum age of applicant(s) however they must be able to demonstrate that they are able to repay the loan within agreed contractual arrangement. Refer also [2 National Credit Code \(NCC\)](#).

Proof of future income or debt retirement sources, such as superannuation or other investments, must be substantiated at the time of application, for those applicant(s) who will rely on this income or asset liquidation to repay the loan once they retire from existing employment.

Reliance on future superannuation contributions is not acceptable. Any reliance on superannuation lump sums to reduce/pay down debt can only be considered if retirement and access to superannuation is expected within 12 months and the amount of the lump sum is verified by the fund manager or trustee.

#### 6.3 Vulnerable applicant(s)

Vulnerable applicants include those identified to be experiencing any of the following:

- English language difficulties;
- Cultural abuse
- Age related impairment;
- Gender abuse
- Cognitive impairment;
- Disability abuse
- Elder abuse;
- Family or domestic violence;

# Applicant

- Mental illness;
- Serious medical illness;
- Addictions – e.g. Gambling, substance abuse; or
- Any other personal or financial circumstances causing significant detriment.

Applications involving a guarantor(s) identified as vulnerable can only be approved by [DLA5](#) / [DLA 7](#) or higher.

Extra care must be taken when assessing loans from any applicant(s) or guarantor(s) identified as vulnerable. This includes (but is not limited to):

- Where appropriate, the applicant must be offered the service of an interpreter, or the ability to be accompanied by family or friend, who is not a co-borrower or co-guarantor to the loan, to the initial interview to translate or explain the interview/product/contract to them;
- The Bank's Financial Assist Support Team (FAST) is available to support any applicant who may be experiencing any form of financial abuse. Their guidance should be sought where considered appropriate before proceeding with the application;
- DLA holders/Introducers must advise the applicant(s) to seek independent legal and financial advice to ensure they understand the transaction to which they are committing.

If there is any doubt that the applicant(s) understands their obligation or is uncertain, then the application must not proceed.

All discussions must be documented in the application comments/file notes.

## 6.4 Conflict of interest

Lender must be satisfied there is no conflict of interest. Refer to [Conflict of Interest Policy](#).

## 6.5 Permanent Australian residents

Applicants holding Australian citizenship or permanent Australian residency status who are living/working in Australia are subject to normal lending criteria with no further restrictions. This also applies to New Zealand citizens currently residing and intending to remain in Australia.

Permanent Australian residents or New Zealand citizens who are not currently residing in Australia and purchasing an investment property must be assessed under section [6.6 Non permanent Australian residents/Non residents](#).

Where at least one applicant on the security title is an Australian citizen or a permanent Australian resident and lives/works in Australia the application is to be treated as per normal lending criteria, regardless of the residency status of other applicants. Foreign Investment Review Board (FIRB) approval may be required for mortgage applications involving non-permanent Australian residents, please refer to the [FIRB website](#) for guidance.

## 6.6 Non permanent Australian residents/Non residents

Non permanent Australian residents are defined as follows:

- Migrants: a foreign person who holds a temporary or provisional Australian visa who are working and residing in Australia.

Non residents are defined as follows:

# Applicant

- Overseas/Foreign Investor: a foreign person who may or may not hold an Australian visa (including permanent Australian residency) that is not working or residing in Australia.
- Expatriates: a person who holds Australian Citizenship that is living and/or working overseas.

Applications from Non permanent Australian residents/Non residents are unacceptable unless joint with an Australian citizen or permanent Australian Resident who is living and working in Australia, refer [6.5 Permanent Australian residents](#)

Exceptions to the above criteria must be approved by a DLA level, or higher, as per the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 6.7 Company applicants and trustees

Any application involving a company applicant, including a family or discretionary trust with a company trustee, must meet the following requirements:

- The company must operate solely for non-business or non-trading purposes; and
- The company or trust must have less than 5 mortgaged residential properties, including this application; and
- Where the company is a trustee, all the beneficiaries of the trust must be individuals. Residential Mortgage Lending is only available to family and discretionary trusts. Unit, hybrid and Self Managed Superannuation Funds trusts are not acceptable; and
- Personal guarantees must be obtained from all directors, or in the case of the trust, all adult beneficiaries.

Applications from company applicants must be critically reviewed and can only be approved by MM DLA 2 or DLA Processing 1 or higher.

Refer also [7 Guarantor\(s\) and third party mortgages](#) and [14 Loan purposes](#) for additional requirements for company applicants.

## 6.8 Staff lending

Refer also to People Advisory Centre (PAC) and the [Staff Banking Benefits Policy](#) for staff benefits.

All loans for staff and immediate family are subject to the Banks standard credit policy together with the following additional requirements:

- Staff cannot load their own loan applications or those of their immediate family (as defined in the [Conflicts of Interest Policy](#)) and these must be recommended by a DLA holder.
- The loan file must be referred to the Processing Centre for assessment and decision .

Verification of Bendigo and Adelaide Bank Group staff income (excluding contractors):

- One current payslip no more than 31 days old is required; or
- The staff member applying for the loan may request an acknowledgment from Payroll via Payroll Mailbox to confirm the staff member's gross salary/wage details. This acknowledgement must be sent directly by Payroll to Processing Centre DLA.

# Applicant

Residential Mortgage Lending only:

- When staff are refinancing from other financial institutions the most recent transaction history no greater than 6 months old is required unless requirements outlined in [10.1.1.2 Acceptable RHI](#) are met;
- LMI is not required for owner occupied loans for LVR up to and including 90% at the discretion of the approving DLA holder This excludes loans that have a standard maximum LVR without LMI less than 80%, refer [16.1 Maximum LVR matrix](#).

All applications must be approved by the DLA level, or higher, specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 6.9 Loans to related parties

All loans are subject to the Bank's standard credit policy together with the following additional requirements:

### 6.9.1 The Bank's Business Partners and their staff

Business Partners and their staff cannot load their own loan applications or those of their immediate family (as defined in the [Conflicts of Interest Policy](#)) and these must be recommended by a DLA holder.

The loan file must be referred to the Processing Centre for decision.

### 6.9.2 Loans to family, and where a relationship is evident via shared directorship, shareholding or proprietorship

To avoid potential conflicts of interest, staff and business partners may only be involved in the collation of applications received from family (as defined in the [Conflicts of Interest Policy](#)), friends or business associates. These applications must be independently loaded and recommended by a DLA holder. The loan file, with file notes outlining the relationship(s), must be referred to the Processing Centre for decision. Refer to [Conflicts of Interest Policy](#).

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	3	(refer Processing)	2

## 6.10 Applicant structure matrix

The following table outlines the requirements for acceptable loan structures for multiple applicant(s).

Co-borrowers of convenience i.e. where the borrower receives no benefit from the loan, are not acceptable for any consumer lending applications.

# Applicant

Applicant relationship	Security	Acceptable structures
Spouses (including defacto)	Owner occupied or investment	<p>The loan can be structured as:</p> <ul style="list-style-type: none"> <li>A joint borrowing where both borrowers have use of the asset being financed; or</li> <li>A single borrower with a guarantor.</li> </ul> <p>Note: If the asset being purchased is not for joint use, including the purchase of an investment property in only one party's name, the non-owner must be treated as a guarantor unless policy <a href="#">6.10.1.1 Spousal (including de facto) applicant without a substantial benefit</a> has been met.</p> <p>If both parties are on the title they both must be on the loan as either a borrower or a guarantor.</p>
Other joint personal applicant(s)	Owner occupied or investment	<p>All borrowers must meet the requirements outlined in <a href="#">6.10.1 'Substantial benefit' confirmation</a>. Where these requirements cannot be met, the individual(s) must be treated as a guarantor(s).</p>
Third party mortgagor(s) supported by guarantor(s)	Owner occupied or investment	<p>Mortgagor(s)/guarantor(s) are acceptable provided the following criteria are met:</p> <ul style="list-style-type: none"> <li>The borrower(s) must meet minimum servicing requirements without reliance on the guarantor(s) income; <b>AND</b></li> <li>The guarantor(s) must be able to demonstrate the ability to meet their current commitments and the commitment for the loan being guaranteed.</li> </ul>

For complex application structures involving Companies (e.g. serviceability is reliant on income from a related company), please refer to section [7.3 Guarantor requirements for company applicants](#).

Any structure that does not meet these requirements is considered unacceptable, although applications may be approved under mitigating circumstances by the DLA, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
6	7	4	5

## 6.10.1 'Substantial benefit' confirmation

To qualify as a borrower, the applicant must receive a 'substantial benefit' from the loan.

A 'substantial benefit' is determined by either:

- The applicant obtains a reasonable interest in assets purchased with the loan funds; or
- A reasonable proportion of the loans funds are used to repay debts or obligations on behalf of the applicant.

# Applicant

An exception exists for spousal (including de facto) applicants who are not receiving a substantial benefit but still wish to be considered as a co-borrower, refer [6.10.1.1 Spousal \(including de facto\) applicant without a substantial benefit](#).

In all other cases, if an applicant cannot be confirmed as obtaining a 'substantial benefit' from the loan so as to qualify as a borrower but still wishes to proceed, the Bank will consider treating the applicant as a guarantor. Refer [7 Guarantor\(s\) and third party mortgages](#) for full details.

## **6.10.1.1 Spousal (including de facto) applicant without a substantial benefit**

Any applicant borrowing with their spouse (including de facto) who does not receive a 'substantial benefit' can only be accepted as a co-borrower provided all of the following are met:

- The Bank has taken reasonable steps to ensure the applicant understands the risk associated with entering into the loan and understands the difference between being a co-borrower and a guarantor;
- The Bank has taken into account the reasons why the applicant wants to be a co-borrower; and
- The Bank is satisfied the applicant is not experiencing financial abuse.

The applicant must be recommended to obtain independent legal advice and independent financial advice.

If on receiving the information outlined above, the applicant chooses to proceed as a guarantor, the requirements of [7 Guarantor\(s\) and third party mortgages](#) must be met.

Lenders must not influence the applicant's decision to proceed as either a co-borrower, guarantor or not proceed as an applicant.

## **6.10.1.2 Substantial benefit via an interest in assets purchased with the loan funds**

The Bank has defined the minimum ownership required in the asset being purchased with the loan funds as outlined below.

Number of property/asset owners	Minimum ownership of asset for any co-borrower
Spouses (including de facto) borrowing for: <ul style="list-style-type: none"><li>• Purchase of owner occupied property;</li><li>• Purchase of assets for joint use (e.g. car, furniture, renovations, etc);</li><li>• Payment of joint expenses; or</li><li>• Refinancing/consolidation of debt originally used to finance any of the above.</li></ul>	Asset purchased may be solely owned by one applicant provided the asset is for joint use.  No minimum ownership applies.
Spouse (including de facto) borrowing for all other asset purchases (e.g. investment property) unless policy <a href="#">6.10.1.1 Spousal (including de facto) applicant without a substantial benefit</a> has been met.	30%
2 or 3	
4	20%

# Applicant

More than 4

Equal shares with all other property owners

Where the proportion is less than the minimum amount noted, the applicant must be a guarantor.

**Note:** Any application structure involving the parent(s) of the borrower(s) must be treated with care. Parents cannot be included as a co-borrower of convenience. The parent(s) must hold a genuine ownership of the security property which must be confirmed in writing by their legal or financial advisor as being genuine or beneficial and not held in trust for the child(ren).

## **6.10.1.3 Substantial benefit where a reasonable proportion of funds are used to repay debts or obligations on behalf of the applicant**

The Bank has defined the minimum proportion of loan funds used to repay debts on behalf of the applicant must be equal to or greater than the amount noted in the table below.

Where the proportion is less than the minimum amount noted, the applicant must be a guarantor.

Number of borrowers	Minimum portion of loan funds used for a refinance/debt consolidation
2 or 3	30%
4	20%
More than 4	Equal shares with all other property owners

## **7 Guarantor(s) and third party mortgages**

Guarantees must be taken as follows (as appropriate to the loan structure):

- Where a loan applicant will not receive a 'substantial benefit' from the loan. Refer [6.10.1 'Substantial benefit' confirmation](#) and [6.10.1.1 Spousal \(including de facto\) applicant without a substantial benefit](#);
- Where a spousal (including de facto) applicant requests to be a guarantor rather than a co-borrower. Note – a guarantor's income cannot be used in the serviceability assessment.
- When third party security is taken in support of a loan facility;
- For all company loans the director(s) must provide a guarantee. Refer also [7.3 Guarantor requirements for company applicants](#);

# Applicant

- For Trust loans with a company as trustee, the company director(s) must provide a guarantee. Refer [7.4.2 Company as trustee for a family/discretionary trust](#).

Non permanent Australian residents are unacceptable as guarantors. Refer also [6.6 Non permanent Australian residents/Non residents](#)

Applications involving a guarantor(s) identified as vulnerable [as defined in [6.3 Vulnerable applicant\(s\)](#)] can only be approved by [DLA 5](#) / [DLA 7](#) or higher.

Guarantees executed under Power of Attorney (POA) are not acceptable.

In all instances where a guarantee is taken the guarantor(s) must be interviewed separately from the borrower(s). Should any concern arise in regard to undue influence being exerted upon a third party mortgagor(s)/guarantor the application must not proceed.

## 7.1 Assessment

A guarantor(s) is to be assessed in the same manner as the borrower(s), this includes full financial particulars of the guarantor(s), credit reports and identification checks being completed and the guarantor(s) being acceptable as if the individual or company was a borrower. The serviceability assessment for the borrower and the guarantor(s) must be completed as outlined in [6.10 Applicant structure matrix](#).

Reminder – “Guaranteeing a loan” requirements outlined in Banking Code of Practice must be met.

**\*Note:** The Bank’s Financial Assist Support Team (FAST) is available to support any guarantor who may be experiencing any form of financial abuse. Their guidance should be sought where considered appropriate before proceeding with the application.

## 7.2 Personal guarantor(s)

The Bank will not accept the guarantee documentation from a personal guarantor earlier than 3 days after the guarantor receives the guarantee documentation unless:

- The guarantor has obtained independent legal advice; or
- The guarantor is the sole director of the borrowing company.

In all cases, where there is doubt that the guarantor understands their obligations or is uncertain the application must not proceed.

### 7.2.1 Independent legal and financial advice to personal guarantors

Unless noted in [7.2.2 Personal guarantors who wish to waive independent legal advice](#), all personal guarantor(s) must obtain independent legal advice and be recommended to obtain independent financial advice.

**Legal Advice:** Either a Solicitor’s Certificate (completed by the Solicitor), or Statutory Declaration (completed by the guarantor(s), NSW and SA only) will be completed stating that the guarantor(s) has been given this advice. Verifying documents must be provided prior to settlement and retained on file.

**Financial Advice:** The guarantor(s) will be recommended to seek Independent Financial Advice through the prominent notice in the Guarantee and Indemnity Booklet as required by the Banking Code of Practice.



# Applicant

Documented evidence that they have obtained it or that they have chosen not to obtain this advice is not required by the Bank.

In all cases, where there is doubt that the guarantor(s) understands their obligations or is uncertain, the application must not proceed.

## 7.2.2 *Personal guarantor(s) who wish to waive Independent Legal Advice*

Only the following personal guarantors can waive their right to independent legal advice:

- The guarantor is the sole director of the borrowing company; or
- The guarantee is an extension of an existing guarantee AND the guarantor(s) has not been identified as vulnerable (as defined in [6.3 Vulnerable applicants](#)).

In all other cases, independent legal advice can only be waived by exception only (e.g. guarantor(s) is a financial or legal professional) and must be approved by the DLA level (or higher) as specified in the table below. In all cases, where there is doubt that the guarantor understands their obligations or is uncertain the application must not proceed.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

The request for waiving independent legal advice must be made by the guarantor(s) in writing and can only be considered 3 days after the guarantor(s) has received the guarantee documentation. All discussions and the reasons to waive independent legal advice must be documented in the application comments.

## 7.3 Guarantor requirements for company applicants

When the borrower(s) is a company, personal guarantees are required from all Company Directors

Refer section [14 Loan purpose and documented evidence](#) for acceptable loan purposes.

Applications outside of this criteria must be approved by the DLA level (or higher) as specified in the table below. E.g. Where a Director has no controlling interest in the company.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
6	7	4	5

# Applicant

## **7.3.1 Multiple director guarantees**

Where the borrower is a multiple director company, all directors must provide a personal guarantee. Refer also [7.2 Personal guarantors](#).

In all cases, where there is doubt that the guarantor(s) understands their obligations or is uncertain, the application must not proceed.

## **7.3.2 Sole director guarantees**

Where the applicant is a sole director company, the sole director can waive their requirement to seek Independent Legal advice without the need to complete a waiver certificate (the sole director may obtain Independent Legal Advice, but documented evidence, e.g. solicitor's certificate, is not required).

In all cases, where there is doubt that the guarantor(s) understands their obligations or is uncertain, the application must not proceed.

## **7.4 Guarantor requirements for Trust applicants**

The guarantor requirements outlined below apply for applications involving family / discretionary trusts.

Refer section [14 Loan purpose and documented evidence](#) for acceptable loan purposes.

### **7.4.1 Individual acting as trustee in their own right for family/discretionary trust**

A personal guarantee is not required from the individual trustee(s) as they are liable for the debt.

Example: John Brown ATF Brown Family Trust

John Brown is liable for the debt personally as he is the borrower hence no guarantee is required from him.

### **7.4.2 Company as trustee for a family/discretionary trust**

A personal guarantee is required from all directors of a trustee company and all adult trust beneficiaries. Refer [7.3 Guarantee requirements for company applicants](#) and [7.2 Personal guarantors](#).

Example: ABC Pty Ltd ATF ABC Family Trust

ABC Pty Ltd is the borrowing entity, so in this situation the Bank requires guarantees from the director(s) of ABC Pty Ltd in order to link them to the debt.

### **7.4.3 Unit and Hybrid Trusts**

Unit and Hybrid trusts are unacceptable for Residential Lending.

### **7.4.4 Self managed Superannuation Fund (SMSF) Trusts**

SMSF trusts are unacceptable for Residential Lending.

Where it is established that the applicant(s) have a SMSF, additional verification requirements must be met, refer to [8.1.4 Directorship/Proprietorship/SMSF listings](#).

# Applicant

## 8 Credit references

It is mandatory to complete a credit report for each applicant(s) and guarantor(s) for all loan applications for new and principal increase lending. A copy of the credit report must be retained for future reference.

For an individual applicant or guarantor, an 'Individual Consumer and Commercial' credit report from the Group's approved Credit Reporting Body(ies) must be completed.

For a non-individual applicant or guarantor a company / business credit report from the Group's approved Credit Reporting Body(ies) must be completed.

These reports must be reviewed for:

- Repayment History Information (RHI) as outlined in [10.1.1.1 Review of RHI](#);
- Financial Hardship Information (FHI) (when evident) as outlined in [10.1.2.1 Review of FHI](#);
- All enquiries from financial institutions not participating in Comprehensive Credit Reporting not disclosed by the applicant. This includes store card enquiries and the most recent 12 months of 'buy now pay later' enquiries. Enquiries from Telcos and utility providers do not need to be investigated;  
and
- Adverse listings (as defined in [8.2.1 Adverse credit history](#)) and undisclosed debt(s).

Comments in the application must address the findings of the review for all credit reports. Refer also [11 Serviceability](#).

Where LMI is required, the mortgage insurer may apply further requirements, refer LMI provider guidelines.

### 8.1 Credit report and ASIC reports

#### 8.1.1 Privacy disclosures

All individual applicant(s) and guarantors (including company directors) must accept the relevant privacy disclosure prior to obtaining a credit report. Credit reports and ASIC searches are permitted on company entities prior to the privacy disclosure being accepted,

#### 8.1.2 Currency of reports

Credit reports and ASIC searches remain valid for up to 60 days. Updated credit reports and ASIC searches are required for all applicant(s) / guarantor(s) (as appropriate to the application) after 60 days.

#### 8.1.3 Company Loans

In addition to a company / business credit report(as outlined in [8 Credit references](#)), for loans involving a company(ies) as an applicant or guarantor, an ASIC search must be completed for the company, and an 'Individual Consumer and/or Commercial' credit report must be completed for all company directors.

These searches will return data to enable you to verify/establish the following information about the clients:

- A.C.N Number;
- Registered office;
- Incorporation State/Territory;
- Principal place of business;
- Registration date;
- Directors information;

# Applicant

- Company name;
- Status;
- Type;
- Class;
- Sub class;
- Secretary;
- Share structure;
- Share holders;
- Charges registered and related documents such as annual returns

## 8.1.4 Directorship/Proprietorship/SMSF Listings

**Individuals who are Self Employed or Company Directors:** an 'Individual Consumer and Commercial' credit report must be completed for individuals who are self employed or company directors. A company/business credit report and an ASIC search must also be completed for any associated company(ies) the director has listed on their credit report.

**Individuals that have a directorship/proprietorship/SMSF:** an 'Individual Consumer and Commercial' credit report must be completed for individuals that have a directorship/proprietorship/SMSF listing on their credit report. A company/business credit report and an ASIC search must also be completed on any company the applicant is listed as a director of, these reports are not required for previous directorships unless there are indications of adverse credit history in any other credit report(s) or ASIC search(es).

For all Directorship/Proprietorship/SMSF listings that are not used as a source of income in the serviceability of the application:

- The DLA holder must be satisfied that the company/business/SMSF is meeting all commitments from its own cash flow and not relying on the applicant(s) individual income used in the loan assessment.
- Confirmation from the accountant via phone, email or letter, is to be obtained confirming that the company/business/SMSF is meeting its commitments without financial support from the applicant(s). Alternatively, the latest tax return could be obtained and reviewed by the DLA holder/Introducer to ensure the company/business/SMSF is meeting its commitments.

If it is confirmed that the individual is supporting the company/business/SMSF commitments from their current employment income these will need to be included when assessing serviceability.

## 8.1.5 Newly created credit reports

Where a new credit report is created, the credit report must be reviewed as follows.

The credit report needs to be:

- Validated to ensure that the full applicant(s) details have been entered correctly, e.g. first name, middle name, surname, date of birth, current address and previous address if it exists. If the details are missing or inaccurate, this must be corrected and a new credit report requested.
- Validated to ensure that the results returned are reflective of the applicant(s) age and borrowing history; and

Where a credit report is completed on a non-individual, there may be satisfactory reasons a new credit report has been created, e.g. a company incorporated in the last 60 days and in such cases, no further investigation is required.

Loan applications with credit file reports less than 3 months old must be approved by the DLA level (or higher) specified in the table below. Any company incorporated for less than 60 days is exempt from this requirement.

OLAS / ABE

LendFast

# Applicant

Mortgage Manager	Processing	Mortgage Manager	Processing
3	3	2	2

## 8.2 Credit report assessment

All credit reports are to be reviewed with each credit enquiry to be reconciled with the documentation held on file, including liabilities and living expenses. For 'comprehensive' credit reports, all enquiries must be cross checked to the accounts (loans) listed in the credit report and the information provided by the applicant(s).

'Possible matches' where returned are to be investigated. If it is clear that the Information from a 'possible match' belongs to the applicant(s); the 'possible match' credit report must also be assessed.

Any anomaly or inconsistency with the applicant's declared financial position must be investigated, verified and included in the serviceability calculation as appropriate. Comments must be included to explain the inconsistency or omission and mitigate why the application should proceed. Where any anomaly or inconsistency cannot be reconciled, the application must not proceed. Blatant cases of non disclosure must be declined.

### 8.2.1 Adverse credit history

It is the normal requirement that the credit report is clear with no adverse credit history. Where adverse credit history is identified, the following applies:

For a credit report(s) completed on an individual, adverse credit history is defined as:

- Any default (may reflect paid, outstanding, new arrangement, varied arrangement or settled);
- Judgement (paid or unpaid);
- Writ (paid or unpaid);
- Summons;
- Bankruptcy (discharged and undischarged), refer also [8.2.3 Bankrupts](#); or
- Adverse information identified in a credit report (e.g. disqualified directorships).

For 'Comprehensive Credit Reports', the RHI and FHI must be reviewed as outlined in [10.1 Verification of credit history using Comprehensive Credit Reporting](#)

For a credit report(s) and ASIC search(es) completed on a non-individual, adverse credit history is defined as:

- More than 2 credit enquiries within the most recent 30 days;
- More than 3 credit enquiries within the most recent 3 months;
- More than 4 credit enquiries within the most recent 6 months;
- More than 7 credit enquiries within the most recent 12 months;
- Any default (may reflect paid, outstanding, new arrangement, varied arrangement or settled);
- Judgement (paid or unpaid);
- Writ (paid or unpaid);
- Individual bankruptcies (discharged and undischarged), refer also [8.2.3 Bankrupts](#);
- Company insolvency including external administration, liquidation, or receivership;
- A company operating under a Deed of Arrangement; or
- A company with a controller appointed.

# Applicant

All instances of adverse credit history identified on a credit report are to be investigated and commented upon within the file notes. A letter of explanation, including reasons for the adverse history and confirmation it has been paid in full or brought up to date (if current status), is to be obtained from the applicant(s) and verified as correct before any decision is made.

Approval by appropriate DLA, based on the size and type of listing, is required as per the table below.

Credit listing	DLA Mortgage Manager		DLA Processing	
	OLAS/ABE	LendFast	OLAS/ABE	LendFast
Up to 2 Defaults (must be paid status) on a credit report completed on an individual, Aggregate Value Less than \$1,000, Paid for at least 6 Months	6	4	7	5
Applicants with prior credit indiscretions falling outside of criteria, including any adverse credit history on a credit report completed on a non-individual, listed above	(refer Processing)		7	5

## 8.2.2 Comprehensive Credit Reports

Comprehensive Credit Reports include Repayment History Information (RHI) and Financial Hardship Information (FHI). RHI shows whether or not a borrower is complying with their repayment obligations on their consumer credit accounts. FHI shows whether a borrower is or has been subject to a financial hardship arrangement (FHA) in the previous 12 months. This data can only be used by the Group's brands participating in Comprehensive Credit Reporting (CCR). The on-supply of CCR information and data is not permitted to any other Group brand not participating in CCR.

### 8.2.2.1 Comprehensive Credit Report Score

Comprehensive Credit Reports include a score which can be considered as follows:

Comprehensive Credit Report Score	Review consideration
800-1200	Strong
<800	Weak

### 8.2.2.2 Repayment History Information (RHI)

RHI on a 'Comprehensive' Credit Report is to be reviewed for adverse credit history as outlined in [10 Verifying an applicant's financial position, account conduct and repayment history](#).

### 8.2.2.3 Financial Hardship Information (FHI)

Comprehensive Credit Reports are to be reviewed for FHI. Where FHI is evident a review as outlined in [10.1.2. Financial Hardship Information \(FHI\)](#) must be completed.

# Applicant

## 8.2.3 Bankrupts

Undischarged bankrupts are not acceptable applicant(s).

If the applicant(s) is a discharged bankrupt, then a minimum of 3 years must have elapsed since being discharged. A letter from the trustee for Bankruptcy confirming discharge is required.

Applications accepted outside this criteria must be approved by the DLA level (or higher) as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 8.2.4 Declined finance due to credit eligibility information

Applications for consumer credit which are declined for either of the following reasons, must receive notification in writing:

- The decision to decline was based wholly or partly on the credit eligibility information of the individual applicant, any joint borrower or any guarantor; and /or
- The application was declined for any other reason and a credit report was obtained on the applicant(s)

The letter must also contain the disclosures required under the Privacy Act and the Privacy Credit Reporting Code and must be issued within 10 working days of the declined decision.

## 8.2.5 Credit report subject to a 'ban period'

Any application where the credit report is subject to a 'ban period' cannot be assessed until the ban is removed and the credit report can be obtained. Any delay to assessment of the application due to a 'ban period' may require updated supporting documentation to be provided to meet policy requirements.

Any exception to these requirements can only be considered by the DLA level as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	9	(refer Processing)	6

## 8.3 Non-Disclosure of debts & Fraud

### 8.3.1 Non-Disclosure of Debts

Any transaction history or financial documents provided as part of the application should be reviewed for potential cases of non-disclosure of debt(s) and/or unsatisfactory credit conduct. Blatant cases of non-disclosure or unsatisfactory credit conduct must be declined.

# Applicant

## **8.3.2 Suspected Fraud**

If there is suspicion that an application may be fraudulent it is required that in consultation with a team leader/manager the loan is referred to the Financial Crimes Unit. The Broker or Mortgage manager must not be made aware at referral stage.



# Applicant

## 9 Employment and income

### 9.1 Employment and income matrix

#### Verification of employment and income

The following tables outline:

- Minimum employment requirements which apply to acceptable income sources;
- Acceptable income sources for assessment of serviceability; and
- Acceptable methods for verifying income. All documents provided to verify income must meet the requirements of [9.2 Minimum supporting document standards](#).

#### **Note:**

#### **Employment and/or income adversely impacted by a Government mandated lockdown.**

At the time of the loan assessment, if any applicant's employment and/or income is adversely impacted by a Government mandated lockdown, the following additional requirements apply:

#### *Continuance of employment*

This must be completed within the 7 days prior to formal approval by:

- Including a diary note verifying continuance of employment, or
- Written confirmation from the employer on letterhead and dated

A change in foreseeable circumstances must also be recorded for all changes to hours, duties or income.

Where ongoing employment and/or income required for serviceability cannot be confirmed, the application should be held over until these can be confirmed or referred to [LendFast DLA 5 or higher](#) / [ABE/OLAS DLA 7 or higher](#).

#### *Cash out/equity release*

Applications involving cash out/equity release for applicants whose employment and/or income is adversely impacted by a Government mandated lockdown can only be approved by [LendFast DLA 5 or higher](#) / [ABE/OLAS DLA 7 or higher](#).

The following criteria apply:

- Any employment which does not meet the minimum requirements table may only be accepted by [DLA 5](#) / [DLA 7](#) or higher. Such an acceptance is not considered Outside Policy;
- Any income source noted as not acceptable or not outlined in the table may only be approved by [DLA 5](#) / [DLA 7](#) or higher. Such an application is considered Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly;
- Any verification of an income source(s) which does not meet the minimum requirements may only be approved by [DLA 5](#) / [DLA 7](#) or higher. Such an application is considered Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly;
- If any income verification raises doubt as to its correctness, authenticity or reliability, further acceptable income verification (e.g. PAYG payment summary / Income Statement or a tax return) must be sought and referred to the appropriate DLA level (if necessary) for assessment;
- Any income that cannot be verified to any source documentation cannot be included in the serviceability assessment and this requirement cannot be overridden;
- Where LMI is required, additional verifications may be required, refer to LMI provider guidelines.

**Note:** There are current COVID-19 Restrictions please refer [Temporary Additional Lending Requirements](#)

# Applicant

For residential mortgage applications, all acceptable income sources must be verified to ensure all serviceability calculations are accurate.

Supplementary income sources can only be used in conjunction with a primary income source.

**\*\*Unless indicated otherwise, the full amount of the acceptable income is to be included in the Bank's approved serviceability calculator. The serviceability calculator will apply the appropriate percentage of income to be used for serviceability.**

Primary Income Sources				
Type	Restrictions	% used for servicing**	Verification Documents	
<b>PAYG Base Income</b>  <b>Full time &amp; permanent part time.</b>  Also includes applicant(s) employed by family.  Any applicant changing from full time to permanent part time employment (or vice versa) or from casual employment to permanent employment does not need to requalify for minimum employment requirements on the basis employment is with the same employer and has been held for a minimum of 6 months.	Minimum 6 months in job or the last 12 months continuous service in the same industry. One break in employment of a maximum of 4 weeks is acceptable.  Probation acceptable subject to minimum 2 years in the same industry.	100%  For permanent part time employees who work varying hours, income is to be calculated on the current YTD figure (excluding bonus and/or commission income) and annualised over 52 weeks.  As an alternative option:  Where the applicant has been with the same employer in the same role and the applicant's current YTD income can meet minimum serviceability requirements without	Employment verification	Income verification
			<b>Where payroll is credited to a BEN Group account:</b> <ul style="list-style-type: none"> <li>Three months BEN Group transaction history showing regular payments and consistent payroll credit amounts satisfies employment and income requirement in full.</li> </ul> Where this requirement is not met, then any two of the following verifications: <ul style="list-style-type: none"> <li>Payslip showing YTD, or if no YTD, 2 payslips; or</li> <li>Copy of a current employment contract or letter from employer; or</li> <li>Three months transaction history showing payroll credits; or</li> <li>Phone call to employer, or</li> <li>Available via myGov.au, either                             <ul style="list-style-type: none"> <li>PAYG Payment Summary / Income Statement 'Tax ready'; or</li> <li>Current Financial Year Income Statement 'Year to date' pay information, no older than 45 days old.</li> </ul> </li> </ul>	

# Applicant

Primary Income Sources				
Type	Restrictions	% used for servicing**	Verification Documents	
		annualising, then the YTD figure can be adopted for serviceability requirements.	<p><b>Where payroll is credited to another financial institution:</b></p> <p>Any two of the following verifications:</p> <ul style="list-style-type: none"><li>• Payslip showing YTD, or if no YTD, 2 payslips; or</li><li>• Copy of a current employment contract or letter from employer; or</li><li>• Three months transaction history showing payroll credits; or</li><li>• Phone call to employer, or</li><li>• Available via <a href="#">myGov.au</a>, either<ul style="list-style-type: none"><li>○ PAYG Payment summary / Income Statement 'Tax ready'; or</li><li>○ Current Financial Year Income Statement 'Year to date' pay information, no older than 45 days old.</li></ul></li></ul>	
<p><b>PAYG Base Income</b></p> <p><b>Dependent Contractor</b></p> <p>(Dependent contractors have taxes paid to ATO by employer. Independent contractors may have multiple contracts and pay taxes direct to ATO. Independent contractors must be assessed as self employed, refer self employed income)</p>	<p>Minimum 6 months in job or the last 2 years continuous service in the same industry. A break of employment is acceptable as follows:</p> <ul style="list-style-type: none"><li>• One break of a maximum of 4 weeks over the most recent 6 months; OR</li><li>• Two breaks of a maximum of 4 weeks each over the past two years.</li></ul> <p>Probation acceptable subject to minimum 2 years in the same industry.</p> <p>Lenders must ensure that applicants have considered the responsible lending obligations around foreseeable changes in circumstances.</p>	100%	<p><b><i>In all instances, a copy of a current employment contract is required.</i></b></p> <p>If less than 6 months in current role, the most recent tax return must also be obtained.</p>	
			<p><b>Employment verification</b></p>	<p><b>Income verification</b></p>
			<p><b>Where payroll is credited to a BEN Group account:</b></p> <ul style="list-style-type: none"><li>• Three months BEN Group transaction history showing regular payments and consistent payroll credit amounts satisfies employment and income requirement in full.</li></ul> <p>Where this requirement is not met, one of the below income verifications must be provided:</p> <ul style="list-style-type: none"><li>• Payslip showing YTD, or if no YTD, 2 payslips; OR</li><li>• Letter from employer; OR</li><li>• Copy of a current employment contract; OR</li><li>• Available via <a href="#">myGov.au</a>, either<ul style="list-style-type: none"><li>○ PAYG payment summary / Income statement 'Tax ready'; or</li><li>○ Current Financial Year Income Statement 'Year to date' pay information, no older than 45 days old.</li></ul></li></ul>	
			<p><b>Where payroll is credited to another financial institution:</b></p>	

# Applicant

Primary Income Sources				
Type	Restrictions	% used for servicing**	Verification Documents	
			Three months transaction history showing payroll credits	<p>And one of the following:</p> <ul style="list-style-type: none"> <li>Payslip showing YTD, or if no YTD, 2 payslips; OR</li> <li>Letter from employer; OR</li> <li>Copy of a current employment contract; OR</li> <li>Available via <a href="https://myGov.au">myGov.au</a>, either <ul style="list-style-type: none"> <li>PAYG payment summary / Income statement 'Tax ready'; or</li> <li>Current Financial Year Income Statement 'Year to date' pay information, no older than 45 days old.</li> </ul> </li> </ul>
			Phone call to employer	<p>And one of the following:</p> <ul style="list-style-type: none"> <li>Payslip showing YTD, or if no YTD, 2 payslips; OR</li> <li>Copy of a current employment contract; OR</li> <li>Three months transaction history showing payroll credits; OR</li> <li>Available via <a href="https://myGov.au">myGov.au</a>, either <ul style="list-style-type: none"> <li>PAYG payment summary / Income statement 'Tax ready'; or</li> <li>Current Financial Year Income Statement 'Year to date' pay information, no older than 45 days old.</li> </ul> </li> </ul>
<b>PAYG Base Income</b>  <b>Casual &amp; second jobs.</b>  Also includes applicant(s) employed by family.	Minimum 12 months in current position; or  6 months in current position if 2 years continuous service in the same industry*. One break in employment of a	100%  Income is to be calculated on the current YTD figure (excluding bonus and/or commission income) and	<i>In all instances, income verifications must cover a minimum six month period. Verification of casual income over less than 6 months must be treated with care and must take into account any seasonality or short term unsustainable increase in hours.</i>	
			<b>Employment verification</b>	<b>Base income verification</b>

# Applicant

Primary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
Any applicant changing from full time or permanent part time employment to casual employment does not need to requalify for minimum employment requirements on the basis employment is with the same employer and has been held for a minimum of 6 months.	maximum of 4 weeks is acceptable.	<p>annualised over 48 weeks.</p> <p>Education staff employed on a casual basis, income is to be calculated from current YTD figure and annualised over 40 weeks.</p> <p>Alternative options: Where the applicant has been with the same employer in the same role; AND</p> <ul style="list-style-type: none"> <li>the applicant's current YTD income can meet minimum serviceability requirements without annualising, then the YTD figure can be adopted for serviceability requirements;</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>the most recent full financial years figures are available, this can be utilised without annualising over 48 weeks. This is only available for the first 2 months of the current financial year.</li> </ul>	<p><b>Where payroll is credited to a BEN Group account:</b></p> <ul style="list-style-type: none"> <li>Six months BEN Group transaction history showing regular and consistent payroll credits satisfies employment and income requirement in full.</li> </ul> <p>Where this requirement is not met, one of the below income verifications must be provided:</p> <ul style="list-style-type: none"> <li>Payslip showing YTD, or if no YTD, 2 payslips; OR</li> <li>Letter from employer; OR</li> <li>Copy of a current employment contract; OR</li> <li>Available via <a href="https://myGov.au">myGov.au</a>, either               <ul style="list-style-type: none"> <li>PAYG payment summary / Income statement 'Tax ready'; or</li> <li>Current Financial Year Income Statement 'Year to date' pay information, no older than 45 days old.</li> </ul> </li> </ul>
			<p><b>Where payroll is credited to another financial institution:</b></p> <div> <div> <p>Six months transaction history showing payroll credits.</p> </div> <div> <p>And one of the following:</p> <ul style="list-style-type: none"> <li>Payslip with YTD covering six months; OR</li> <li>Payslip with YTD less than six months, or if no YTD, then 2 payslips, AND one of the following to cover six month period:               <ul style="list-style-type: none"> <li>PAYG Payment summary / Income statement 'Tax ready' from <a href="https://myGov.au">myGov.au</a> website; OR</li> <li>Current Financial Year Income Statement 'Year to date' pay information from <a href="https://myGov.au">myGov.au</a> website, no older than 45 days old; OR</li> <li>Tax return</li> </ul> </li> <li>Letter from employer; OR</li> <li>Copy of a current employment contract.</li> </ul> </div> </div>

# Applicant

Primary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
			<p>And one of the following:</p> <ul style="list-style-type: none"> <li>• Payslip with YTD covering six months; OR</li> <li>• Payslip with YTD less than six months, or if no YTD, then 2 payslips, AND one of the following to cover six month period: <ul style="list-style-type: none"> <li>○ PAYG Payment summary / Income statement 'Tax ready' from <a href="https://myGov.au">myGov.au</a> website; OR</li> <li>○ Current Financial Year Income Statement 'Year to date' pay information from <a href="https://myGov.au">myGov.au</a> website, no older than 45 days old.</li> <li>○ Tax return</li> </ul> </li> <li>• Copy of a current employment contract; OR</li> <li>• Six months transaction history showing payroll credits.</li> </ul> <p>Phone call to employer</p>
<b>Parental Leave Payments</b>  If returning within 90 days / 3 months, refer to Return to Work.	<p>Must be returning to same employer and be receiving either employer or government parental payment.</p> <p>Applications involving a period of no income must be reviewed and accepted by: Mortgage Manager 5 or higher Processing 3 or higher <b>Lendfast 2 or higher</b></p>	<p>100%</p> <p>The lowest income amount must be used (previous wage, return to work wage or government parental payment).</p> <p>Child care expenses that will apply upon return to work must also be included in the declared living expenses.</p>	<p><b>All</b> of the following are required:</p> <ul style="list-style-type: none"> <li>• Letter from employer confirming return to work arrangements, employment status (full time, part time, casual) and salary.</li> <li>• Return to work arrangements must be confirmed by applicant in writing.</li> <li>• Evidence of current payments being received (employer or government parental leave payment), either: <ul style="list-style-type: none"> <li>○ Payslip; or</li> <li>○ Transaction history verifying amount received; or</li> <li>○ Centrelink Benefit Statement.</li> </ul> </li> <li>• Arrangements must be clearly documented in the notes.</li> </ul> <p>If there will be a period of no income, explanation of how applicant(s) will meet living expenses and debt commitments during this period and supported by evidence of savings, investments, etc.</p>

# Applicant

Primary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
<b>Return to Work</b> Defined as returning to the workforce after an extended period of absence.	Must be returning within 90 days / 3 months to same employer.  Must be reviewed and accepted by: Mortgage Manager 5 or higher Processing 3 or higher <b>Lendfast 2 or higher</b>	100%	<b>All</b> of the following are required: <ul style="list-style-type: none"> <li>Letter from employer confirming return to work date, employment status (full time, part time, casual) and salary.</li> <li>Return to work arrangements must be confirmed by applicant via a statutory declaration.</li> </ul> If there will be a period of no income, explanation of how applicant(s) will meet living expenses and debt commitments during this period and supported by evidence of savings, investments, etc.
<b>Self Employed</b> Sole traders, companies, company directors, partnerships, trustees of family trusts & subcontractors.	A minimum of 2 years trading*.		Refer section <a href="#">9.3.2 Self employed income matrix</a> .
<b>Foreign income</b>	Refer to <a href="#">6.6 Non permanent Australian residents/Non residents</a>	Refer to <a href="#">6.6 Non permanent Australian residents/Non residents</a>	Refer to <a href="#">6.6 Non permanent Australian residents/Non residents</a>
<b>Managed Superannuation</b>	Acceptable provided sustainable over the loan term.	100%  Income may be taxed or non-taxed. Lenders must take care to include income as either taxable or non-taxed as appropriate.  Where there is a variance in income, lowest figure is to be adopted.	Both of the following: <ul style="list-style-type: none"> <li>A current superannuation fund statement or transaction history (less than 12 months old)</li> </ul> AND <ul style="list-style-type: none"> <li>3 months transaction history* showing regular income from the superannuation fund; OR</li> <li>Where income has not commenced, has not been received for 3 months or is to be increased, the future arrangements must be confirmed by the fund manager or the applicant's accountant.</li> </ul> * Most recent transaction history to be no greater than 45 days old.

# Applicant

Primary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
<b>Self Managed Superannuation</b>	<p>Acceptable provided sustainable over the loan term.</p> <p>Must be reviewed and accepted by:</p> <p>OLAS / ABE</p> <p>Mortgage Manager 6</p> <p>Processing 7 or higher</p> <p>LendFast</p> <p>Mortgage Manager 4 or higher</p> <p>Processing 5 or higher</p>	<p>100%</p> <p>Income may be taxed or non-taxed. Lenders must take care to include income as either taxable or non-taxed as appropriate.</p> <p>Where there is a variance in income, lowest figure is to be adopted.</p>	<p>Both of the following:</p> <ul style="list-style-type: none"> <li>Audited financial statements (including profit &amp; loss and balance sheet) and Tax return(s)</li> </ul> <p>AND</p> <p>If weekly/fortnightly/monthly quarterly payments:</p> <ul style="list-style-type: none"> <li>3 months transaction history* showing regular income from the superannuation fund; OR</li> </ul> <p>If annual/bi-annual payments:</p> <ul style="list-style-type: none"> <li>Evidence of payment to account; OR</li> <li>Where income has not commenced, has not been received for 3 months or is to be increased, the future arrangements must be confirmed by the applicant's accountant or by the fund manager based on the analysis of the SMSF strategy.</li> </ul> <p>* Most recent transaction history to be no greater than 45 days old.</p>

\*Subject to LMI, if applicable.

Supplementary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
<b>Car allowance</b> Defined as a payment made by a company to the applicant to reimburse them for use of their own vehicle for company purposes.	Must be permanent part of income.	<p>100% included as taxable income.</p> <p>Amount used for servicing = Vehicle allowance paid by employer minus vehicle expenses.</p> <p>Where the vehicle has a lease against it, the liability must be included in serviceability.</p>	<p>Allowance and vehicle expenses must be confirmed by:</p> <ul style="list-style-type: none"> <li>Payslip; and</li> <li>ATO tax return</li> </ul> <p><b>And</b> must be verified as permanent by:</p> <ul style="list-style-type: none"> <li>Letter from employer; OR</li> <li>Copy of a current employment contract; OR</li> <li>Phone call to employer.</li> </ul>
<b>Superannuation payments</b>	Only super amounts above legislative requirements may be added back.	100% of excess included as taxable income.	<ul style="list-style-type: none"> <li>Payslip; and</li> <li>Applicants must confirm that they are aware that they may have to stop payments in the future with details of conversation to be noted in diary comments / case notes.</li> </ul>



# Applicant

Supplementary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
Other salary sacrifices and salary packaging	<p>May be added back where:</p> <ul style="list-style-type: none"> <li>The deduction can be evidenced as a repayment being declared in the application (e.g. car lease), or</li> <li>Where expense actually incurred are reflected in the customer's declared living expenses (e.g. gym membership, health insurances, parking), or</li> <li>The deduction can be confirmed as being cancelled.</li> </ul>	<p>100% included as taxable income.</p> <p>Where fringe benefits are evident, income must be assessed under Fringe Benefits.</p>	<p>Any one of the following:</p> <ul style="list-style-type: none"> <li>Payslip clearly noting salary sacrificing / packaging arrangement; OR</li> <li>PAYG payment summary / Income statement 'Tax ready'; OR</li> <li>ATO tax return; OR</li> <li>Letter from employer or salary packaging supplier detailing the salary sacrificing / packaging arrangement; OR</li> <li>Copy of a current employment contract detailing the salary sacrificing / packaging arrangement.</li> </ul> <p>Where salary packaging involves multiple debt or expense payments, a statement or breakdown from the packaging company is required.</p>

# Applicant

Supplementary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
<b>Fringe Benefits</b>	<p>Acceptable provided:</p> <ul style="list-style-type: none"> <li>The fringe benefit can be evidenced as a repayment being declared in the application (e.g. car lease, home loan), or</li> <li>Where the fringe benefit is paid for an expense actually incurred are reflected in the customer's declared living expenses (e.g. gym membership, health insurances, parking), or</li> <li>Fringe benefit is paid to the applicant.</li> </ul> <p>Fringe benefits for non-cash components such as company car, holiday accommodation, are not acceptable.</p>	<p>If derived from payslip: 100% included as taxable income.</p> <p>If derived from PAYG payment summary / Income statement or ATO tax return: FBT amount x 53.5%, then 100% of result included as taxable income.</p>	<p>Any one of the following:</p> <ul style="list-style-type: none"> <li>Payslip clearly noting the tax free deduction items; OR</li> <li>PAYG payment summary / Income statement 'Tax ready'; OR</li> <li>ATO tax return.</li> </ul>
<b>Permanent allowances</b>	<p>Allowable for ongoing payments e.g. district, shift, location, dangerous conditions allowances.</p> <p>NB: Payments for reimbursement of expenses are not acceptable e.g. travel, meal.</p>	<p>100% included as taxable income.</p>	<p>Allowance amount must be confirmed by:</p> <ul style="list-style-type: none"> <li>Payslip</li> </ul> <p>And must be verified as permanent by:</p> <ul style="list-style-type: none"> <li>Letter from employer; OR</li> <li>Copy of a current employment contract; OR</li> <li>Phone call to employer.</li> </ul> <p>*NB it is accepted that shift allowances for emergency services such as ambulance, fire, police, nurse, etc is considered a condition of employment and ongoing, therefore verification of permanency is not required.</p>

# Applicant

Supplementary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
<b>Overtime</b>	Must be evident as regular for a minimum period of 12 months with the current employer.	80% included as taxable income.  <b>Emergency services only:</b> 100% included as taxable income	Overtime amount must be confirmed as regular over a 12 month period by: <ul style="list-style-type: none"> <li>Payslip and any one of the following: <ul style="list-style-type: none"> <li>PAYG payment summary / Income statement 'Tax ready'; or</li> <li>Payslip showing YTD from previous financial year; or</li> <li>ATO Tax return.</li> </ul> </li> </ul>
<b>Commission payments</b>	Must have been received for at least 2 years with the current employer.	80% of the lesser of the past 2 years included as taxable income.	Commission amount must be confirmed over a 2 year period by: <ul style="list-style-type: none"> <li>Payslip and any one of the following: <ul style="list-style-type: none"> <li>PAYG payment summaries / Income statements 'Tax ready' over two year period; or</li> <li>Payslips from end of prior two financial years; or</li> <li>Letter from employer.</li> </ul> </li> </ul>
<b>Bonus payments</b>	Must have been received for at least 2 years with the current employer.	80% of the lesser of the past 2 years included as taxable income.	Bonus amount must be confirmed over a 2 year period by: <ul style="list-style-type: none"> <li>Payslip and any one of the following: <ul style="list-style-type: none"> <li>PAYG payment summaries / Income statements 'Tax ready' over two year period; or</li> <li>Payslips from end of prior two financial years; or</li> <li>Letter from employer.</li> </ul> </li> </ul>
<b>Veteran Affairs Pensions</b> Limited to: Age/Invalidity Service Pension Disability Pension Widow(er)'s Pension	Where more than 50% of income used for serviceability is sourced from government benefits, or a combination of government benefits and child support, the application must be reviewed and accepted by:  <a href="#">OLAS / ABE</a> <a href="#">Mortgage Manager</a> <a href="#">Refer processing</a> <a href="#">Processing 7</a> <a href="#">LendFast</a>	100%	<ul style="list-style-type: none"> <li>Veteran Affairs benefit statement</li> </ul>
<b>Disability Support Pension</b>		100%	<ul style="list-style-type: none"> <li>Centrelink benefit statement</li> </ul>
<b>Carer Payment</b> Acceptable only if paid for care of a child (including adult child) of the applicant.  Adult children in receipt of own income are not considered dependent(s) for calculation of living expenses for serviceability.		100%	
<b>Age Pension</b>		100%	

# Applicant

Supplementary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
<b>Family tax benefit A &amp; B</b> Must be entitled to receive the benefit for the next 5 years.	Mortgage Manager Refer processing Processing 5	100%	
<b>Government Benefit Supplements / Allowances</b> Only acceptable if paid in conjunction with an acceptable government benefit.		100%	
<b>Foster care allowance or other forms of income / allowance for short term care of children under 18</b>		Not acceptable.	Number of dependents is to be reduced by the number of children in care i.e. children in foster care or other short term care are not considered dependent(s) for calculation of serviceability.
<b>Workcover</b>		Not acceptable.	
<b>Unemployment benefits (Including JobSeeker)</b>		Not acceptable.	
<b>Child support</b>	Must be registered with the Child Support Agency and permanent for the next 5 years.  Where more than 50% of income used for serviceability is sourced from child support or a combination of child support and government benefits, the application must be reviewed and accepted by OLAS / ABE  Mortgage Manager Refer processing Processing 7 LendFast  Mortgage Manager Refer processing Processing 5	100%  Where there is a variance in income, lowest figure is to be adopted.	<b>Both</b> of the following are required: <ul style="list-style-type: none"> <li>Child Support Agency assessment notice; AND</li> <li>3 months transaction history confirming regular payments.</li> </ul>

# Applicant

Supplementary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
Residential Rental income	<p>If a range is quoted the lowest value is to be used.</p> <p>Where a rental guarantee exists, the market rent as specified by the valuer is to be used.</p> <p>Display / exhibition homes with lease back the market rent as specified by the valuer is to be used.</p> <p>National Rental Affordability Scheme (NRAS) homes – use the lower of actual NRAS rent or NRAS rent as specified by the valuer.</p> <p><b><u>Non-arm's length rental income (including rental received from a family member)</u></b></p> <p>The lesser of actual rental received by the customer, the market rental applicable to the property (determined via one of the Bank's approved verification sources other than the rental agreement) or the amount payable under the rental / lease agreement is to be used in the serviceability calculation.</p>	<p>80% for Category locations 1, 2 &amp; 3</p> <p>60% for Category 4 locations.</p> <p>For foreign rental income, refer to <a href="#">6.6 Non permanent Australian residents/Non residents</a>.</p>	<p><b><u>Untenanted Property:</u></b></p> <p>Any one of the following:</p> <ul style="list-style-type: none"> <li>A valuation by a registered valuer stating the market rent; OR</li> <li>Rental appraisal from a real estate agent or licensed valuer.</li> </ul> <p><b><u>Tenanted Property:</u></b></p> <p>Any one of the following:</p> <ul style="list-style-type: none"> <li>Current rental statement or rent receipts from the Real Estate or Managing Agent; OR</li> <li>A valuation by a registered valuer stating the actual rent; OR</li> <li>Copy of the signed current lease / tenancy agreement; OR</li> <li>6 months transaction history showing consistent / regular rental payments; OR</li> <li>Current ATO tax return.</li> </ul> <p><b><u>Non-arm's length rental income (including rental received from a family member)</u></b></p> <ul style="list-style-type: none"> <li>The rental income received must be verified to the most recent 3 months transaction history. Any rental paid in cash will not be acceptable.</li> </ul>

# Applicant

Supplementary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
Commercial Rental income	<p>Subject to the lease having a minimum of 12 months to expiry.</p> <p>NB: Can only be used where the property does not form part of the applicant(s) business e.g. rented to a related business/entity.</p> <p><b><u>Non-arm's length rental income (including rental received from a family member)</u></b></p> <p>The lesser of actual rental received by the customer, the market rental applicable to the property (determined via one of the Bank's approved verification sources other than the rental agreement) or the amount payable under the rental / lease agreement is to be used in the serviceability calculation.</p>	<p>70% for Category locations 1, 2, &amp; 3</p> <p>60% for Category 4 locations.</p>	<p>A copy of the current formal lease agreement.</p> <p><b><u>Non-arm's length rental income (including rental received from a family member)</u></b></p> <ul style="list-style-type: none"> <li>The rental income received must be verified to the most recent 3 months transaction history. Any rental paid in cash will not be acceptable.</li> </ul>
Board		Not acceptable	
Annuity,	Acceptable provided sustainable over the loan term.	<p>100%</p> <p>Income may be taxed or non-taxed. Lenders must take care to include income as either taxable or non-taxed as appropriate.</p>	<p>Both of the following:</p> <ul style="list-style-type: none"> <li>Confirmation/statement or transaction history from annuity fund; AND</li> <li>3 months transaction history showing regular income from the annuity</li> </ul>

# Applicant

Supplementary Income Sources			
Type	Restrictions	% used for servicing**	Verification Documents
<b>Share dividends from public listed companies – individual company holding</b>	<p>Company must be listed in <a href="#">ASX 200</a> at the time of the application.</p> <p>Where company is listed on ASX but not in the top 200</p> <p>Must be approved by:</p> <p>OLAS / ABE</p> <p>Mortgage Manager Refer processing</p> <p>Processing 7</p> <p>LendFast</p> <p>Mortgage Manager Refer processing</p> <p>Processing 5</p>	<p>80% included as taxable income</p> <p>Include net dividend income and franking credits.</p>	<p>Confirmation of ASX200 listing to be retained on file, together with;</p> <ul style="list-style-type: none"> <li>Evidence of current shareholding;</li> </ul> <p>And either of the following:</p> <ul style="list-style-type: none"> <li>Statements from investment manager or broker showing 2 years past earnings; OR</li> <li>The two most recent tax returns.</li> </ul>
<b>Distributions from property trusts (Managed Investments)</b>		<p>80% of the lesser of the past 2 years investment income to be included as taxable income.</p>	<p>Both of the following:</p> <ul style="list-style-type: none"> <li>Evidence of current holding in property trust</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>Confirmation from property trust showing earnings for the last 2 years; OR</li> <li>The two most recent tax returns</li> </ul>
<b>Managed funds (Managed Investments)</b>	<p>The fund must be managed within Australia</p>	<p>80% included as taxable income.</p> <p>Include net dividend income and franking credits</p>	<ul style="list-style-type: none"> <li>Evidence of current shareholding;</li> </ul> <p>And either of the following:</p> <ul style="list-style-type: none"> <li>Statements from investment manager or broker showing 2 years past earnings; OR</li> <li>The two most recent tax returns</li> </ul>
<b>Other income sources not specified above</b>	<p>Share trading &amp; speculative developments.</p>	<p>Outside guidelines.</p>	

# Applicant

## 9.2 Minimum supporting documentation standards

All verifications must meet the following minimum requirements:

If any income verification raises any doubts as to its correctness and authenticity, seek further income verification such as PAYG payment summaries / income statement and tax returns, and referred to the appropriate DLA level for assessment.

Any exceptions to this policy for residential mortgage loan applications are Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

### Verification requirements

#### Phone verification

- Employer ABN confirmed through the Australian Business Register website and held on file;
- Obtain phone number from independent source (e.g. Internet, White pages or Yellow pages);
- Confirm that the applicant(s) is currently employed and confirm income;
- If the employer refuses to confirm any details, an alternative employment verification must be obtained.
- Confirmation of any phone verification must be documented in the application.

#### Transaction history

- If the account is held with the Group, lenders can utilise the Group's systems in lieu of obtaining transaction history;
- Most recent transaction history must be no greater than 45 days old;
- Applicant's name;
- Applicant's current address;
- If used to verify employment and income, income credits must be regularly received and evidence name of income source. If income credits are inconsistent or do not confirm total income received, an additional acceptable income verification must be obtained to ascertain base income from supplementary income. When using salary credits as income verification, lenders must convert the salary credit to Gross, using the [Gross Pay Estimator](#) on the ATO Website;
- Employer ABN (not required for government bodies) confirmed through the Australian Business Register website and held on file;

If used to confirm liability or account conduct, refer section [10 Verifying an applicant's financial position, account conduct and repayment history](#).

- Transaction history must show:
  - The applicant(s) name;
  - The full account number;
  - Individual transactions are itemized;
  - The logo and name of the financial institution is displayed.

Note: If the applicant(s) name, account number or the financial institutions logo is not displayed on the transaction history, these must be verified against either a bank issued statement or the internet banking summary.

All transaction history must be reviewed for evidence of payments for liabilities, commitments, living expenses, undisclosed debt, overdrawings, dishonours, spouses (including defacto) or dependents not included in the application. Any inconsistencies or anomalies must be investigated with the applicant(s) and included in the application assessment. Comments must be included to explain the omission and justify why the application should proceed. Blatant cases of non-disclosure or unsatisfactory credit conduct must be declined.



# Applicant

## Verification requirements

### *Payslips*

- Must be less than 60 days old;
- Applicant's name;
- Must be computer generated;
- Show YTD figure, broadly consistent with annualised salary, if not, two payslips are required;
- Employer's name;
- ABN (not required for government bodies). ABN must be confirmed through the Australian Business Register website and held on file;

Evidence of deductions for liabilities, commitments or living expenses not included in the application must be investigated with the applicant(s), an explanation provided and included. Comments must be included to explain the omission and justify why the application should proceed. Blatant cases of non-disclosure must be declined.

### *PAYG payment summaries / Income statement*

- Income Statement (Year to date) available from myGov, must be less than 45 days old;
- Income Statement (Tax ready) from myGov or Employer PAYG payment summary. Must be from the most recent financial year(s);
- Applicant(s) name;
- Must be computer generated;
- Employer's name.

ABN (not required for government bodies). ABN must be confirmed through the Australian Business Register website and held on file.

### *Letter from employer*

- Must be less than 60 days old;
- Applicant(s) name;
- On company letterhead with ABN (not required for government bodies). ABN must be confirmed through the Australian Business Register website and held on file;
- Signed and dated;
- Applicant's gross annual income and current position;
- Length and terms of employment;

Details of any additional allowances, salary sacrifices, bonuses, commissions, etc as appropriate.

### *ATO tax returns*

- Must be from most recent financial year.
- Applicant(s) name;
- Must be computer generated;
- Employer's name and ABN(s) (not required for government bodies). ABN(s) must be confirmed through the Australian Business Register website and held on file.
- Where used to confirm ongoing employment in an industry, ABN's and employer details are to be reviewed for consistency of employment type and income levels for the periods employed.

Evidence of liabilities (including monies owed to the ATO), commitments, living expenses, spouses (including defacto) or dependents not included in the application must be investigated with the applicant(s) and included. Comments must be included to explain the omission and mitigate why the application should proceed. Blatant cases of non-disclosure must be declined.

### *Centrelink / Veteran affairs benefit statement*

- Must be less than 60 days old;
- Applicant's name;
- Applicant's current address;
- All pages of the benefit statement must be provided;
- Where household income is noted, it must be compared with income in application and if actual income is higher, it must be investigated with the applicant(s).

Evidence of payments for a debt, or undeclared spouses (including de facto) or dependents not included in the application must be investigated with the applicant(s) and included. Comments must be included to explain the omission and mitigate why the application should proceed. Blatant cases of non-disclosure must be declined.

# Applicant

## 9.3 Self employed applicant(s) income

**Note: There are current COVID-19 Restrictions please refer [Temporary Additional Lending Requirements](#)**

### 9.3.1 Self employed financial statements

Documentation provided as evidence of self employed income must contain the following information:

- All tax returns and financials are to be no greater than 18 months old\*;
- All non-recurring income, including COVID-19 government financial assistance is to be deducted and the reduced income used to assess serviceability. Refer [9.3.1.1 Non-recurring income](#).
- Accountant's Name & details clearly stated on documents;
- Applicant(s) ABN.

\*Acceptance of tax returns or financial statement greater than 18 months old for any residential mortgage loan application is Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

Where any individual, related company or business has evidenced turnover of greater than \$75,000 the ABN must be verified to confirm that the entity is registered for GST.

GST registration is a mandatory requirement for all entities evidencing turnover of greater than \$75,000

The ABN number is to be verified to confirm the name of the business match the ABN provided and registered for GST via the Australian Business Register website (<http://www.abr.business.gov.au/>).

If details listed on ABR search do not match application, or in situations where the business does not have an ABN number, a letter is required from the accountant verifying the applicant(s) has been operating their current business for a minimum of 2 years.

Where the applicant(s) declares a turnover greater than \$75,000 and is not GST registered, evidence of GST registration is required via a letter from the tax accountant confirming that the applicant(s) has registered for GST or a GST registration letter from the Australian Taxation Office.

The tax accountant should also be verified at [http://www.tpb.gov.au/tpb/agent\\_register.aspx](http://www.tpb.gov.au/tpb/agent_register.aspx).

### 9.3.1.1 Non-recurring income

All non-recurring income, including COVID-19 government financial assistance is to be deducted from income in the serviceability calculation. Non-recurring income includes but is not limited to the following:

- Non-COVID-19 related non-recurring income:
  - Profit on the sale of an asset
- COVID-19 related non-recurring income:
  - JobKeeper
  - ATO cashflow boost
  - Business Support Fund Grant
  - State or Federal Government Grants

### 9.3.2 Self employed income matrix

**Note: There are current COVID-19 Restrictions please refer [Temporary Additional Lending Requirements](#)**

The following table outlines acceptable income verifications for self employed applicants:

Any exceptions to this policy for residential mortgage loan applications are Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

Note: Where LMI is required, the LMI provider's requirements must be met.

# Applicant

Refer also [9.3.1.1 Non-recurring income](#)

Type	Acceptable Income	% used for servicing	Verification Documents
Sole Trader	After tax add backs.	Refer section <a href="#">9.3.4 After tax business add backs.</a>	The following is required: <ul style="list-style-type: none"> <li>The most recent personal tax return together with the notice of assessment*.</li> </ul>
	Other forms of income as per income matrix.	Refer section <a href="#">9.1 Employment and income matrix</a>	
Partnerships & Company Directors	Applicant(s) salary.	100%	Both of the following are required: <ul style="list-style-type: none"> <li>The most recent business tax return* and supporting financial statements;</li> </ul> AND <ul style="list-style-type: none"> <li>The most recent personal tax return together with the notice of assessment*.</li> </ul>
	Applicant(s) share of profit.	100%	
	After tax add backs.	Refer section <a href="#">9.3.4 After tax business add backs.</a>	
	Other forms of income as per income matrix.	Refer section <a href="#">9.1 Employment and income matrix</a>	
Company and Trusts	Company net profit before tax.	100%	Both of the following are required: <ul style="list-style-type: none"> <li>The most recent business tax return* and supporting financial statements;</li> </ul> AND <ul style="list-style-type: none"> <li>The most recent personal tax return for all directors together with the notice of assessment*.</li> </ul>
	Director(s) salaries that are providing guarantees.	100%	
	After tax add backs.	Refer section <a href="#">9.3.4 After tax business add backs.</a>	
	Other forms of income as per income matrix.	Refer section <a href="#">9.1 Employment and income matrix</a>	

\* NB where returns are not prepared by a registered tax agent/accountant, a business assessment notice is required.

## 9.3.3 Before tax business add backs

The following items can be added to before tax profit for sole trader, partnership, director and company applicant(s). Any exceptions to this policy for residential mortgage loan applications are Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

# Applicant

Type	Restrictions	% used for servicing	Verification Documents
Interest on refinanced debt	Debt must be refinanced by new loan. Exclude interest on investment properties where rental income has been used in servicing.	100%	Current year's financial statements/tax returns.
Abnormal expenses (not likely to occur in future years) 'Includes Instant Asset Write Offs in line with ATO requirements'	Applicant(s) share only.	100%	

## 9.3.4 After tax business add backs

The following items can be added to after tax profit for sole trader, partnership, director and company applicant(s):

Any exceptions to this policy for residential mortgage loan applications are Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

Type	Restrictions	% used for servicing	Verification Documents
Vehicle expenses	As per the Profit & Loss Statement up to a maximum of \$5,000pa	100%.	Current year's financial statements/tax returns.
Existing Rental income shown separately on financial statements	Remove the income from the financial statements i.e. net profit less rental income = income figure for assessment.  Full loan repayments must be allowed for within the system.  NB: No interest, depreciation or any other add backs relating to the rental property to be included.	Refer Residential and/or Commercial and/or Category 4 Rental Income requirements in section <a href="#">9.1 Employment and income matrix</a>	

# Applicant

Type	Restrictions	% used for servicing	Verification Documents
Existing Rental income not separated within the financial statements	The net profit figure is to be used and interest and depreciation added back. Full loan repayments must be allowed for within the system. NB: Rental income is not to be used as a separate amount other than that included within the net profit figure.	100% of the net profit in the net profit section.	Current year's financial statements/tax returns.
Interest on existing Term loans	Allow for full loan repayments on all debts including term loans, hire purchase and leases. Exclude debts being refinanced by the loan application.	100%	
Interest on overdrafts	Full overdraft commitment is to be added back. NB: Repayment is calculated on the total limit of the overdraft: i.e. Limit multiplied by the interest rate divided by 12.*	100% of overdraft interest from the financial statements	
Depreciation For Instant Asset Write Offs, please refer to abnormal expenses in section <a href="#">9.3.3 Before tax business add backs</a>	Must be depreciated on the profit and loss statement. Excludes motor vehicle depreciation if already added back \$5,000 for motor vehicle expenses. NB: Allow for full loan repayments on all debts including term loans, hire purchase and leases. Exclude those being refinanced by the loan application.	100%**	

\* If interest rate is not known use the current residential loan benchmark rate

\*\*Refer to LMI provider guidelines for specific criteria.

## 9.3.5 Approval Authority

Applications must be approved by the DLA level (or higher) as specified in the table below.

OLAS / ABE	LendFast
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# Applicant

Mortgage Manager	Processing	Mortgage Manager	Processing
B2	3	2	2

Where there are mitigating circumstances outside the above criteria exceptions must be approved by the DLA level, or higher, as specified in the table below.

Note: Where LMI is required the insurer must be advised and accept the exception.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 10 Verifying an applicant's financial position, account conduct and repayment history

All applications require a minimum level of verification to determine an applicant's financial position, account conduct and loan repayment history.

Documentation held on file is to be used to verify employment and income (refer [9 Employment and income](#)) the amounts and conduct of all liabilities (including limit and repayment) refer [8.2 Credit report assessment](#) and [10 verifying an applicant's financial position, account conduct and repayment history](#)), commitments, living expenses, spouses (including defacto) or dependents

Documentation and review process for all applications is required as follows:

Account/Commitment type	Review requirements
Existing Bendigo and Adelaide Bank transaction accounts/loans	All transaction accounts and each liability for which RHI data is not available on a Comprehensive Credit Report (as can be accessed by the lender) is to be reviewed.  Obtain supporting documents and review conduct as outlined in <a href="#">10.2 Verification of account conduct and loan history using transaction history</a> & <a href="#">10.2.1 Adverse Conduct using transaction history</a>
RHI data for a liability is available on a Comprehensive Credit Report	Review CCR conduct as outlined in <a href="#">10.1 Verification of credit history using Comprehensive Credit Reporting</a>
RHI data for a liability is not available on a Comprehensive Credit Report	Transaction/trading account(s) and each liability for which RHI data is not available on a Comprehensive Credit Report is to be reviewed.  Obtain supporting documents and review conduct as outlined in <a href="#">10.2 Verification of account conduct and loan history using transaction history</a> & <a href="#">10.2.1 Adverse Conduct using transaction history</a>

# Applicant

Rent that will still be applicable after loan settlement	<p>Any one of the following:</p> <ul style="list-style-type: none"> <li>• A current rental statement/receipt;</li> <li>• An executed copy of the lease/tenancy agreement; or</li> <li>• 2 months transaction history showing rental deductions;</li> </ul> <p>Board does not need to be verified but must be included as a commitment.</p> <p>Refer <a href="#">11.5 Calculation of Serviceability Ratio / Debt to income (DTI)</a> ratio for minimum rent/board commitment</p>
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Where LMI is required, authorised LMI provider's requirements must also be met.

Any anomaly or inconsistency must be investigated, verified and included in the serviceability calculation as appropriate. Comments must be included to explain the inconsistency or omission and mitigate why the application should proceed. Where any anomaly or inconsistency cannot be reconciled, the application must not proceed. Blatant cases of non disclosure must be declined.

The Bank expects that the credit report and/or transaction history confirms all loan commitments are met on time and transaction accounts are operated in credit, or within the approved limit for lines of credit.

## 10.1 Verification of credit history using Comprehensive Credit Reporting

Comprehensive Credit Reports are provided by participating financiers on regulated loan products and will include the following:

- Consumer Credit Liability Information (CCLI) – which includes account details such as, credit limit, open/closed dates, term, etc.;
- Repayment History Information (RHI) reported over a rolling 24 month period, and
- Financial Hardship Information (FHI) for accounts subject to hardship assistance in the previous 12 months.

### 10.1.1 Repayment History Information (RHI)

Where RHI data for a liability is available on a 'Comprehensive' Credit Report this information is to be used to review conduct in lieu of transaction history.

RHI account statuses are reported over a 24 month period as follows:

RHI status	Description
0 (zero)	The consumer credit is not overdue beyond the 14 day grace period.
1	Up to 15 - 29 days overdue
2	30-59 days overdue
3	60-89 days overdue
4	90-119 days overdue
5	120-149 days overdue
6	150-179 days overdue
X	180+ days overdue

# Applicant

Where the repayment history is not supplied in a month, the report will show one of the following:

RHI status	Description
C	Closed Account
A	Not Associated
P	Pending
T	Transferred
O	Other
R	Not reported

## 10.1.1.1 Review of RHI

Lenders and DLA holders must exercise their judgment when assessing loans where the RHI status is anything other than '0' (zero).

Where overdue payments are evident, the reason(s) must be discussed with applicant(s) and documented in loan comments. Any overdue payments must be cleared.

Lenders are not required to discuss low level overdue payments in months 7 -24 with applicant(s) however must ensure all conduct since the arrears meets all other policy requirements with suitable commentary to be provided.

Low level overdue payments in months 7 -24 are defined as up to four overdue RHI status which can be a combination of:

- Not more than four RHIs 1: or
- Not more than two RHIs 2.

Any report with RHI R must be reviewed and assessed as outlined in [10.1.1.4 Assessment of Repayment History Information with a status of 'R'](#).

No additional requirements apply for any report with RHI C, A, P, T or O.

Where LMI is required, authorised LMI provider's requirements must also be met.

## 10.1.1.2 Acceptable RHI

The following RHIs can be considered by any DLA holder:

RHI status in most recent 6 months	RHI allowance in months 1 - 6	RHI allowance in 7-24 months
0 (zero), C, A, P, T, or O	All 0's or any number of C, A, P, T or O	Any RHI
1	Up to two	Any RHI other than 5, 6 or X
2	Up to one	
1 & 2 in combination	Up to one of each	



# Applicant

R – determined not to be hardship or where no RHI 'R' review is required.

Refer to [10.1.1.4 Assessment of Repayment History Information with status of 'R'](#)

## 10.1.1.3 Adverse RHI

The following RHIs are considered adverse. Applications may be approved under mitigating circumstances by the DLA, or higher as specified in the table below.

Status in most recent 6 months	Minimum DLA level
Any 4, 5, 6 or X	Must be approved by <a href="#">PC DLA9</a> / <a href="#">LendFast DLA 6</a>
All other combinations, including RHI 3 (excluding C, A, P, T or O)	Must be approved by <a href="#">PC DLA 7 or higher</a> / <a href="#">LendFast DLA 5 or higher</a>
R – determined to be hardship	Refer to <a href="#">10.1.1.4 Assessment of Repayment History Information with status of 'R'</a>

## 10.1.1.4 Assessment of Repayment History Information with status of 'R'

Where a status of 'R' is evident, it may indicate either non-participation in CCR, non-reporting by the financial institution or a financial hardship arrangement (FHA). A review may be required as per the following:

RHI 'R'	RHI 'R' review required	Determined to be for hardship	Minimum DLA level
≤1 RHI 'R' in the most recent 1 - 6 months	No	N/A	Any DLA holder
≥ 2 RHI 'R' in the most recent 1 - 6 months	Yes*	Yes	<a href="#">PC DLA 9</a> / <a href="#">LendFast DLA 6</a>
		No	Any DLA holder
Any in months 7 – 24	No	N/A	Any DLA holder

**Note:** RHI must also be reviewed as per [10.1.1.1 Review of RHI](#)

\*CBA overdraft facilities listed in the Comprehensive Credit Report are exempt from the RHI 'R' review and DLE review requirements unless any other adverse credit information is reported as defined in [8.2.1 Adverse credit history](#), [10.1.1.3 Adverse RHI](#) or [10.1.2.3 Adverse FHI](#).

Where a review is required, the following steps must be taken:

- A transaction history for the month(s) of the RHI 'R' that are present in the most recent 1 – 6 months must be obtained to determine if the status was due to hardship arrangements or non-reporting.

# Applicant

- If it is determined that the 'R' status was due to an FHA:
  - the reason(s) for the arrangement must be discussed with applicant(s) and documented in loan comments. Where the arrangement is with the Bank, it may be discussed with Mortgage Help Centre or the Officer in Charge (OIC), in lieu of contacting the applicant(s).
  - For applicants that are identified as vulnerable, refer [6.3 Vulnerable applicant\(s\)](#).
  - Supporting documentation from the other financial institution to confirm the current and ongoing payment arrangement must be provided.
  - Lenders are required to ensure current and future commitments can be met. The commitment in the serviceability assessment must reflect the ongoing repayment arrangement at the expiry of the FHA. Refer to [11.5 Calculation of serviceability ratio / Debt to income \(DTI\) ratio](#) for requirements when calculating the serviceability commitment for an existing loan.

**Note:** Applications with hardship evident in a credit report must be assessed and not declined simply due to FHI.

## 10.1.2 Financial Hardship Information (FHI)

FHI on a comprehensive credit report is to be reviewed for a Financial Hardship Arrangement (FHA).

FHI's are retained over a rolling 12 month period only.

The two types of FHA's are detailed below:

FHI Code	Details	FHI reported	RHI status
A	A temporary arrangement which does not involve a variation to the terms of the consumer credit	Each month the arrangement is in place	0 = Arrangement <u>has</u> been met
			1 = Arrangement <u>has not</u> been met
V	A variation to the terms and conditions of the consumer credit	Only once when the contract is varied	Loan conduct based on the updated contracted arrangements reported per standard RHI, refer <a href="#">10.1.1 Repayment History Information</a> for RHI descriptions.

### 10.1.2.1 Review of FHI

Where a financial hardship arrangement (FHA) is evident, the reason(s) for the arrangement must be discussed with applicant(s) and documented in loan comments. Where the arrangement is with the Bank, it may be discussed with Mortgage Help Centre or the Officer in Charge (OIC), in lieu of contacting the applicant(s).

For applicants that are identified as vulnerable, refer [6.3 Vulnerable applicant\(s\)](#).

Supporting documentation from the other financial institution to confirm the current and ongoing payment arrangements must be provided.

Lenders are required to ensure current and future commitments can be met. The commitment in the serviceability assessment must reflect the ongoing repayment arrangement at the expiry of the FHA. Refer to [11.5 Calculation of serviceability ratio / Debt to income \(DTI\) ratio](#) for requirements when calculating the serviceability commitment for an existing loan.

# Applicant

**Note:** Applications with hardship evident in a credit report must be assessed and not declined simply due to FHI.

## 10.1.2.2 Acceptable FHI

The following RHIs can be considered by any DLA holder:

FHI (A or V)	RHI during and/or after the most recent FHI	Minimum DLA level
In months 7 - 12	0 (Zero), A, P, T, O or R	Any DLA holder

## 10.1.2.3 Adverse FHI

The following combinations of FHI and RHIs are considered adverse. Applications may be approved under mitigating circumstances by the DLA, or higher, as specified in the table below.

FHI (A or V)	RHI during and/or after the most recent FHI	Minimum DLA level
In months 1 - 6	0 (Zero), A, P, T, O or R	PC DLA 7 or higher / LendFast DLA 5 or higher
In months 1 - 6	1 – 6, C or X	PC DLA 9 / LendFast DLA 6
In months 7 - 12	1 – 6, C or X	PC DLA 7 or higher / LendFast DLA 5 or higher

**Note:** Applications with hardship evident in a credit report must be assessed and not declined simply due to FHI. Applications must not be auto-declined due to FHI.

## 10.2 Verification of account conduct and loan history using transaction history

Where a transaction history is required as per [10 Verifying an applicant's financial position, account conduct and repayment history](#), supporting documents are required as outlined in the table below

Any exceptions to this policy are Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

Type of commitment/account	Minimum documentation requirements #
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# Applicant

Existing Bendigo and Adelaide Bank transaction accounts/loans <b>Must be reviewed in all instances</b>	All accounts and loans (as can be accessed by the partner/lender) <ul style="list-style-type: none"> <li>Review all current transaction accounts and loans for the most recent 3 months; and</li> <li>Review all loans repaid in the prior 3 months for the 3 months prior to repayment.</li> </ul>
Main other financial institution transaction account(s) Main trading account for self-employed applicants only <b>Must be obtained in all instances where RHI data for a current liability is not available on a Comprehensive Credit Report.</b>	Most recent month's transaction history#, no greater than 45 days old.
All external residential mortgage loan or line of credit, personal loan or equipment finance* debts held not being refinanced	Most recent transaction history covering a minimum of 1 month, no greater than 6 months old is required.  For equipment finance facilities: <ul style="list-style-type: none"> <li>Most recent transaction history showing direct debits; or</li> <li>A copy of the contract to confirm the contracted payment amount; or</li> <li>Where the payment is deducted from an applicant's wage, 1 payslip, less than 60 days old evidencing deduction.</li> </ul>
All external credit/store card(s) held not being refinanced	Most recent month's transaction history#, no greater than 45 days old.
External debt to be refinanced/consolidated (including: residential mortgage loan or line of credit, personal loan, equipment finance*, credit/store card)	Most recent 3 months transaction history, no greater than 45 days old is required.  For equipment finance facilities: <ul style="list-style-type: none"> <li>Most recent transaction history showing direct debits; or</li> <li>A copy of the contract to confirm the contracted payment amount.</li> </ul>

\* Equipment Finance covers leases, hire purchases and asset finance

# Documentation can be provided either manually (paper or PDF) or digitally from one of the Bank's approved providers. Refer also to [14.9 Transaction history verification](#).

## 10.2.1 Adverse Conduct using transaction history

Where transaction history is required, has been provided by the applicant or is available through BEN Group systems it must be reviewed for adverse conduct. Any adverse conduct identified must be discussed with the applicant(s) and appropriate comments included in the diary or file notes. Incorrect repayment arrangements (i.e. timing issues) are to be corrected where possible. Application comments must clearly outline the position and any rectification action.

The following defines adverse conduct for each account type:

Type of loan or account	Adverse conduct definition
<b>Debt to be refinanced/consolidated</b>	
<ul style="list-style-type: none"> <li>Residential mortgage loan or line of credit</li> <li>Personal loan</li> <li>Equipment Finance*</li> </ul>	<p><b>Residential mortgage loan, personal loan or Equipment Finance* facility:</b></p> <ul style="list-style-type: none"> <li>More than 2 incidents of arrears or late payments of more than 14 days OR</li> <li>More than one incident of arrears or late payment of more than 29 days OR</li> <li>Any other adverse conduct (e.g. an account or loan previously written off)</li> </ul> <p><b>Line of Credit:</b></p> <ul style="list-style-type: none"> <li>More than 2 limit excesses (including any excess caused by the charging of interest) of more than 14 days or greater than \$2,000 OR</li> <li>More than one limit excess of any amount (including any excess caused by the charging of interest) of more than 29 days OR</li> <li>Any other adverse conduct (e.g. an account or loan previously written off)</li> </ul>
<ul style="list-style-type: none"> <li>Credit or store card</li> </ul>	<ul style="list-style-type: none"> <li>More than 2 incidents of late payments of more than 14 days OR</li> <li>More than one incident of a late payment of more than 29 days OR</li> <li>More than 2 limit excesses (including any excess caused by the charging of interest) of more than 10%</li> <li>More than one incident of a limit excess of any amount (including excesses caused by charging of interest) of more than 29 days OR</li> <li>Any other adverse conduct (e.g. an account or loan previously written off)</li> </ul>

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All other accounts or debts held (not being refinanced/consolidated)	
<ul style="list-style-type: none"> <li>Residential mortgage loan or line of credit</li> <li>Personal loan</li> <li>Credit card</li> <li>Equipment finance*</li> </ul>	<p>Transaction history is to be reviewed for the following evidence of adverse conduct:</p> <ul style="list-style-type: none"> <li>Any evidence of late payments/arrears charges**;</li> <li>Any arrears or over limits of more than 14 days;</li> <li>Regular/timely repayments are not being made.#</li> <li>Any other adverse conduct (e.g. an account or loan previously written off)</li> </ul> <p>Where any adverse conduct is identified and RHI is not available, additional transaction history is to be provided and reviewed as outlined in the 'Debts to be refinanced' section of this table</p>
<ul style="list-style-type: none"> <li>Transaction account(s)</li> </ul>	<p>Transaction history for each transaction account is to be reviewed for the following:</p> <ul style="list-style-type: none"> <li>More than one dishonour OR evidence of a dishonour fee within 3 months;</li> <li>OR</li> <li>More than two overdrawings &gt;\$100 within each one month period. Each overdrawing can be for no more than 7 days and no more than \$2,000. Where there are multiple overdrawings, application comments must clearly address and mitigate the account conduct.</li> <li>OR</li> <li>Any other adverse conduct (e.g. an account or loan previously written off)</li> </ul>

\*Equipment Finance covers leases, hire purchases and asset finance

\*\*Late payment/arrears/default charges can be disregarded where the requirements of [10.1.1.2 Acceptable RHI](#) are met.

# In instances where the loan balance is either increasing or has had no repayments over the last 12 months and the account has been conducted in terms of the contract (e.g. line of credit with sufficient available funds to cover the interest payments, or a term loan with payments taken from an offset account or ahead amounts), the partner/lender must sight evidence that the funds have been used either to reduce other debt or provide for asset accumulation.

Where adverse conduct is identified and can be mitigated, the application must be approved by the DLA level or higher as specified in the table below and must be acceptable to the LMI provider (if LMI is to apply).

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
6	7	4	5

# Applicant

## 11 Serviceability

The Net Surplus Income Method must be used to assess the serviceability of all applications.

The following minimum serviceability ratio applies:

LVR	Serviceability Ratio
Fully verified loans	1.0
Bridging purchase	1.15
Bridging construction	1.25

Exceptions will only be considered where there is justification for taking into consideration other income sources or reduced living expenses.

Exceptions must be approved by the DLA level, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

Any exceptions to this policy are Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

### 11.1 Net surplus income method

For all residential mortgage loan and credit card applications, the serviceability assessment must be completed using the Bank's approved serviceability calculator.

### 11.2 Calculation of net income

Net income is calculated as per the following formula:

$$\text{Net Income} = \text{Gross Income} - \text{Tax Payable}$$

Gross income is income derived from any of the acceptable sources detailed in section [9 Employment and income](#).

All individual income must be taxed at the current personal income tax rates and all company income at the company tax rate. Tax payable is calculated at the current taxation schedules as per the ATO website [www.ato.gov.au](http://www.ato.gov.au)

The only exception to this is applicant(s) receiving rental income, who are eligible for a tax benefit. The tax benefit is calculated as per the following formula:

$$\text{Taxable Income} = \text{Gross Income} - \text{Interest on Investment Loans}$$

Refer [11.6.3 Qualifying interest rate for negative gearing](#) for full details.

For all other applicant(s) the taxable income is equal to the applicant's gross income.

## 11.3 Calculation of total income available for debt and housing

Total income available for debt and housing is calculated as per the following formula.

$$\text{Total Income available for Debt \& Housing} = \text{Net Income} + \text{After Tax Add Backs} - \text{Living Expenses}$$

For acceptable after tax add backs refer section [9.3.4 After tax business add backs](#).

Living Expenses must be calculated as outlined in [11.4 Calculation of living expenses](#).

## 11.4 Calculation of living expenses

**Inquiries must be made into the applicant(s) future fixed and variable living expenses as a result of the loan application.**

All living expenses must be collected based on Melbourne Institute methodology (absolute basic expenses, discretionary basic expenses, non-basic expenses and excluded expenses). Any updates [increase(s) or decrease(s)] to reflect future living expenses must be used when assessing total living expenses.

For residential mortgage lending, one of the following options must be completed when reviewing living expenses:

	Minimum living expense review requirements
--	--



# Applicant

<p><b>DLE (declared living expenses) can be accepted without review</b></p>	<p>The applicant declared living expenses can be accepted without review in the following scenarios:</p> <p><b>Scenario 1</b></p> <ul style="list-style-type: none"> <li>At least one applicant: <ul style="list-style-type: none"> <li>has a current residential mortgage; or</li> <li>has previously held a residential mortgage loan which has been repaid within the most recent 24 months*.</li> </ul> </li> <li>and</li> <li>CCR score is 800 or higher for all applicants.</li> </ul> <p><b>Scenario 2</b></p> <ul style="list-style-type: none"> <li>Applicant declared absolute basic and discretionary basic living expenses are <math>\geq 110\%</math> of HEM plus savings capacity buffer; and</li> <li>CCR score is 1000 or higher for all applicants</li> </ul> <p><u>These scenarios are not available to applications where:</u></p> <ul style="list-style-type: none"> <li>Any of the following are evident on a credit report: <ul style="list-style-type: none"> <li>Adverse credit history as defined in <a href="#">8.2.1 Adverse credit history</a>;</li> <li>RHI of 1-6 inclusive or X;</li> <li><math>\geq 2</math> RHI 'R' entries in the most recent 6 months that are determined to be for hardship, refer to <a href="#">10.1.1.4 Assessment of Repayment History Information with status of 'R'</a>; or</li> <li>Any FHI;</li> </ul> </li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>LMI is required.</li> </ul>
<p><b>DLE to be reviewed</b></p>	<p>Conduct a detailed assessment of applicant declared living expenses including further inquiries and/or verification before using the verified living expenses in the serviceability assessment.</p>

\*The date of closure is to be verified by CCR information or a transaction history.

'Buy now pay later' schemes with no revolving limit, (e.g. Afterpay), or 'no limit' credit cards (e.g. AMEX, Diners), the total purchase amount(s) / cash advances are to be considered in the Declared Living Expenses. Lenders/partners are responsible for ensuring the declared living expenses accurately reflect such arrangements with appropriate comments confirming the position made in file notes.

The living expenses used in serviceability are to be calculated as the greater of:

- The Household Expenditure Measure (HEM)\* (absolute basic and discretionary basic expenses) plus Savings Capacity Buffer (as outlined in [11.5.1 Savings Capacity Buffer](#)) for residential mortgage lending; OR
- The applicant(s) absolute basic and discretionary basic expenses

PLUS non-basic expenses

PLUS excluded expenses

# Applicant

\*The most up to date version of the HEM must be used in the serviceability calculation. The calculation of HEM is based on total household income and household structure (e.g. a couple with 1 dependant). Total household income is before tax income from all sources; no exclusions; no haircuts. This includes Gross PAYG income, net rental income (gross rental income less investment loan interest expenses less investment property costs) and other incomes (i.e. self employed income etc.)

Note - Unless separately stipulated in [30 Credit Card policy](#), serviceability reliant on living expenses that are less than the HEM plus the savings capacity buffer (where applicable, refer [11.5.1 Savings capacity buffer](#)) may only be approved by [DLA 5 or higher](#) / [DLA 7 or higher](#). Such an application is considered Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

## Minimum living expenses:

The minimum living expenses for a household are based on the 'Gross Household Income Group (Australia)' Household Expenditure Measure (HEM) completed by the Melbourne Institute.

A household is defined as a grouping of applicant(s) reliant on the income of one or all of the applicant(s) within the household.

DLA Holders/Introducers must determine whether the applicant(s) share income and/or expenditure with another person or persons.

If the applicant(s) are from separate households, the living expenses applicable for each household must be included when calculating available income.

For each household the number of adults and dependants must be accounted for and the living expenses applicable must be included when calculating total income available for debt and housing. A dependant is either a child under the age of 18 or a person over the age of 18 who is partially or wholly dependent on the applicant(s) to cover their living expenses.

Married/de facto relationships are deemed to share income and expenditure and must be loaded as 2 adults with living expenses based on a couple. Dependent children, if applicable, must also be included.

Other joint applicant(s) (e.g. siblings or friends) must be treated as separate households with the corresponding number of adults and dependent children living in each household included.

For example:

Brother & Sister applying for loan:

### **Household 1**

Brother + partner + child

2 adults + 1 dependant

### **Household 2**

Sister + child

1 adult + 1 dependant

Lenders must make reasonable steps to validate the adults and dependants in the household.

Supporting documentation verifications held on file must be reviewed for evidence of a spouse (including de facto) and dependants. Where there is some doubt regarding the information, it must be investigated with the applicant(s) and the application form and serviceability calculator updated. Declared living expenses should also be reviewed. Comments must explain and justify why the application should proceed. Blatant cases of non disclosure must be declined.

# Applicant

## 11.5 Calculation of serviceability ratio / Debt to income (DTI) ratio

Serviceability is calculated as per the following formula:

*Serviceability Ratio = Total Income Available for Debt & Housing ÷ Total Commitments*

Debt to income (DTI) ratio must be calculated for all residential mortgage applications from individual(s) and is calculated as per the following formula:

*Debt to income ratio = Total of all proposed and existing/continuing loans [including the limit(s) of all proposed and existing lines of credit and credit cards, HELP liabilities and Buy Now Pay Later facilities with a limit] ÷ Total gross income (before any weightings/discounts).*

Any residential mortgage loan application with DTI  $\geq 6$  times can only be approved by [DLA 5](#) / [DLA 7](#) or higher. Any residential mortgage loan application with DTI  $\geq 8$  is Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly. Verification and inclusion of all aspects of an applicant(s) financial position must be completed prior to referral to [DLA 5](#) / [DLA 7](#) or higher to ensure all serviceability calculations are accurate. [DLA 5](#) / [DLA 7](#) or higher must consider applications with DTI  $\geq 6$  times in line with internal risk appetite limits.

All credit reference reports and any transaction history held (including BEN transaction history) must be reviewed for undisclosed debts and/or anomalies. Refer [8 Credit references](#).

Total commitments are calculated as the sum of new and existing commitments including but not limited to the following:

- all regular debt repayments (new and existing);
- debt repayments on all other loans that have been approved (future commitments);
- full commitment on any existing loans in joint names;
- full commitment on any existing loans where the applicant provides a guarantee;
- full commitment on any private loan agreement(s), refer section [22 Second mortgages](#) for documentation requirements;
- full loan repayment for investment loans (i.e. do not shortfall as 80% rent is included as taxable income);
- 4% of the total limit for all credit cards (including store accounts);
- Minimum repayment required or 4% of the total limit (whichever the greater) for 'buy now pay later' schemes with a revolving limit. 'Buy now pay later' schemes with no revolving limit (e.g. Afterpay), the total purchase amount(s) are to be considered in the Declared Living Expenses. Refer also [11.4 Calculation of living expenses](#);
- full personal loans and/or hire purchase/lease repayments;
- tax liability(ies)
- any HELP commitment with minimum repayment determined by applicant(s) gross income multiplied by the threshold rate as set by the Australian Taxation Office ([www.ato.gov.au](http://www.ato.gov.au)). The outstanding debt must also be included as a liability;
- full rent or board that will still be applicable on loan settlement excluding owner occupied construction loans. For residential mortgage lending (investment loans only) a minimum of \$150 pw (\$650pm) per household must be applied, even if the rent/board paid is less than this amount, or zero. Note – LMI provider's requirements must also be met; and
- child support payments, irrespective of whether a court order exists.
- Where applications are in one name only, but the applicant(s) shares income and expenditure, all commitments (joint & several) must be used.

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- For serviceability purposes, the commitment for all residential mortgage loans (including Lines of Credit) must be on a principal and interest basis. For all new and existing residential mortgage loans, the serviceability commitment is to be calculated as follows:

New loans			
Loan type	Contracted repayment arrangement	Principal and interest serviceability term	Serviceability interest rate
Residential mortgage term loans	Principal and interest on total new loan amount	Approved loan term	As outlined in <a href="#">11.6.1 Qualifying rate for new residential mortgage loans</a>
	Interest only on total new loan amount	Total loan term less approved interest only term	
Existing loans			
Residential mortgage term loan(s)	Principal and interest on loan amount(s) including any redraw/advance position evident	Remaining principal and interest loan term	As outlined in <a href="#">11.6.2 Qualifying rate for existing loans</a>
	Interest only on loan amount(s) including any redraw/advance position evident	Where verification of the remaining principal and interest loan term for an existing interest only loan (including residential mortgage line(s) of credit) is not available, a maximum proxy term of 25 years is to apply. In the absence of the remaining principal and interest loan term, override of the proxy term is not permitted by any DLA holder. Use of the proxy principal and interest loan term is not a substitute for obtaining and reviewing transaction history as outlined in <a href="#">10.2 Verification of account conduct and loan history using transaction history</a> or reviewing information available via Comprehensive Credit Report.	
Residential mortgage Line(s) of Credit	Principal and interest on limit(s)		
	Interest only on limit(s) or no set repayment		

# Applicant

Exceptions must be approved by the DLA, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 11.5.1 Savings capacity buffer

The savings capacity buffer is calculated as one monthly contracted loan repayment on the proposed loan(s) and is to only be considered for residential mortgage lending applications.

## 11.6 Qualifying rate

### 11.6.1 Qualifying rate for new residential mortgage loans

All new residential mortgage loans, including a principal increase to an existing facility, will be qualified by calculating repayments at an interest rate which is greater of:

Where the contract loan rate is  $\leq 5.25\%$ :

- 3.00% above the contract loan rate (excluding any short term discounted introductory or honeymoon rate) OR
- The 'floor' interest rate of 5.25%pa

Where the contract loan rate is  $> 5.25\%$ :

- 3.00% above the contract loan rate (excluding any short term discounted introductory or honeymoon rate) OR
- The 'floor' interest rate of 7.75%pa

### 11.6.2 Qualifying rate for existing loans

Any existing residential mortgage loan(s) which is to continue beyond the settlement of the new loan(s) will be qualified as outlined below:

Existing residential mortgage loan type	Qualifying interest rate
Principal and interest term loan	<p>The greater of:</p> <ul style="list-style-type: none"> <li>• 3.00% above the contracted loan rate (excluding any short term discounted introductory or honeymoon rate); OR</li> <li>• The 'floor' interest rate as outlined in <a href="#">11.6.1 Qualifying rate for new residential mortgage loans</a>.</li> </ul> <p>Where verification of the existing loan interest rate is not available, a proxy interest rate equivalent to the most recent 6 month average owner occupied</p>
Interest only term loan	

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Existing residential mortgage loan type	Qualifying interest rate
Line of Credit - interest only	interest rate, plus the 3.00% buffer) is to apply. The proxy interest rate is to be reviewed at least 6 monthly. In the absence of a verified interest rate, override of the proxy interest rate is not permitted by any DLA holder.
Line of Credit - Principal and Interest	Use of the proxy interest rate is not a substitute for obtaining and reviewing transaction history as outlined in <a href="#">10.2 Verification of account conduct and loan history using transaction history</a> .

## **11.6.3 Qualifying interest rate for negative gearing**

Where the application involves new or existing investment property lending, a proxy interest rate equivalent to the most recently published Reserve Bank of Australia investor interest rate is to apply. The proxy interest rate is to be reviewed at least 3 monthly.

Override of the proxy interest rate is not permitted by any DLA holder. Use of the proxy interest rate is not a substitute for obtaining and reviewing transaction history as outlined in [10.2 Verification of account conduct and loan history using transaction history](#).

# Facility

## Facility

### 12 Credit scorecard

The Credit Scorecard applies to all loan applications, excluding applications from company applicants (including family or discretionary trusts with a company trustee). Applications from company applicants must be critically reviewed and can only be approved by MM DLA 2 or DLA Processing 1 or higher. All applications are to be processed via ABE, OLAS, DX or **LendFast**.

All loans are scored with the result falling into the following three categories.

This resulting score segments applications into 3 categories requiring approval by the DLA level, or higher, as specified in the tables below

Risk Level Scorecard decision (LendFast only)	Action	DLA Mortgage Manager		DLA Processing	
		OLAS / ABE	LendFast	OLAS / ABE	LendFast
Low Risk Low Risk – Provisional approval	Can be approved if all policy requirements are met	1	1	1	1
Moderate risk Moderate Risk - Refer	Judgementally review before proceeding	3	2	3	2
High risk High Risk – Refer/Decline	Critically review application	(refer Processing)		7	5

### 13 Loan sizes

The following table shows the maximum LVR and loan amount per security:

LVR	Sydney and Melbourne metro Category 1	Category 1 (excluding Sydney and Melbourne metro)	Category 2	Category 3	Category 4
≤ 95%	\$750,000	\$750,000	\$500,000	\$500,000	N/A
≤ 90%	\$1,500,000	\$1,500,000	\$1,000,000	\$750,000	N/A
≤ 80%	\$5,000,000	\$5,000,000	\$3,000,000	\$750,000	\$500,000
≤ 70%	\$6,000,000	\$5,000,000	\$3,500,000	\$1,250,000	\$500,000
≤ 60%	\$7,500,000	\$6,000,000	\$5,000,000	\$1,500,000	\$500,000

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Where multiple securities are taken, no single property can exceed the maximum LVR and loan amount limits for that location when calculated individually.

Where LMI is required, the mortgage insurer may apply further restrictions, refer LMI provider guidelines.

Refer [Bendigo and Adelaide Bank Security Location Categories](#) for current locations.

Aggregation limitations apply, for guidelines refer to [DLA policy](#).

The following approval limits apply to the total aggregation of residential loans (new and existing).

## 13.1 Reserved

## 13.2 Reserved

## 14 Loan purpose and documented evidence

**Note: There are current TPB restrictions in place for Interest Only lending, refer to Newsline 1371 issued 22 February 2019.**

Loans may be used for purchase of property, construction, renovation, refinance/ consolidation of debts and equity for investment or personal purposes. The Regulated / Unregulated nature of the loan purpose(s) must be considered, refer to [2 National Credit Code \(NCC\)](#).

For complex application structures involving Companies, a 'beneficial interest' legislative requirements assessment of the transaction needs to be referred to the DLA level as specified in the table below:

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing	9	(refer Processing	6

### Maximum loan terms

All loans must meet Product specifications. The maximum total interest only term for any loan with an interest only component(s), for any loan purpose is 5 years.

All loans are subject to the following:

Refer to section [10 Verifying an applicant's financial position, account conduct and repayment history](#).

- Refer to section [16 Loan to valuation ratio \(LVR\)](#).
- Refer to Adelaide Bank Product guidelines.



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- Refer to section [13 \(a\) Loan sizes](#) – OLAS / ABE; or [13 \(b\) Loan sizes.- LendFast](#)
- Refer to section [17 Security](#).

Where a combination of LVR and exposure/loan sizes exist, the lowest level will apply.

Loans to non-trading company applicants (including family or discretionary trusts with a company trustee) are restricted to:

- Purchase of residential investment property, including vacant land. Note – the purchase of land for speculative purposes is not acceptable. Refer also [17 Security](#);
- Construction, renovation/maintenance of residential investment property;
- Refinance of a loan(s) for any of the above.

Use of Residential Loans for business purposes, including investment in a business owned by the applicant(s) must meet the requirements of [14.5 Business purposes](#).

## **Interest Only (I/O) Term Loan secured by residential property**

The Bank's Residential Loan suite of products is available to applicant(s) however the loan type selected must meet the applicant(s) financial requirements.

Care must be exercised when providing a Term loan product with an I/O component, especially where the predominant loan purpose includes:

- The purchase of a depreciating asset(s) e.g. car, caravan;
- Financing personal expenses e.g. travel, wedding or medical expenses;
- Refinance of short term personal or credit card debt(s).

Where an I/O Term Loan is provided, comments must be provided outlining the suitability of the product, how the product meets the customer(s) financial plans and the eventual clearance arrangements.

### **14.1 Purchase of Residential property**

Loans may be used to purchase dwellings or vacant land.

Purchases for short term speculative purposes are not acceptable.

Purchases of investment properties involving schemes for the tenant to purchase the property (i.e. rent to own), sale and life tenancy agreements and vendor/wrap finance are not acceptable.

Display/Exhibition Homes purchased with a lease back arrangement are to be assessed as an investment property using normal market rent as specified by valuer. Full valuations are required.

### **14.2 National Rental Affordability Scheme (NRAS)**

***The National Rental Affordability Scheme (NRAS) scheme is no longer open to new applications and is due to conclude in 2026. Applications involving income from NRAS property(ies) must be assessed with the longevity of incentive payments in mind.***

National Rental Affordability Scheme (NRAS) investment properties are acceptable on the following basis:

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- Must be leased or managed to an affordable housing consortium that has been approved by LMI provider Helia which permits subsequent purchaser to not participate in NRAS and for security property to be unencumbered by the NRAS scheme;
- Refinances only on a \$ for \$ basis – no cash out permitted;
- Full valuation required in all circumstances, with the Bank's panel valuer instructed to comment on any adverse issues surrounding the fact that the security is classed as an NRAS property;
- A copy of the NRAS application and supporting documentation must be obtained and assessed in all cases;
- Borrowers to be advised Independent Legal Advice (ILA) is strongly recommended with borrower's signed acknowledgement to be obtained that ILA has/will be sought or waived at borrower's discretion;
- LVR >80% requires LMI to a maximum 90%. LMI is only available via Helia;
- All loans requiring LMI are also subject to Helia's specific requirements. Refer to Helia's guidelines for policy requirements and exclusions;
- The lesser of the NRAS rental or market rent from the valuation report is to be used in the serviceability assessment;

## NRAS exclusions:

- 'Hybrid agreements' (e.g. where a third party is acting on behalf or in conjunction with an approved affordable housing consortium) are unacceptable;
- Vacant land is unacceptable
- Apartment/unit is unacceptable

## *Helia Approved NRAS Housing Consortiums*

- 4 Walls Ltd/Urban Affordable Housing
- Access Housing Australia Limited
- Affordable Community Housing Ltd Trading as Evolve Housing
- Affordable Community Housing Ltd
- Affordable Housing Consulting Pty Ltd
- Affordable Management Corporation Pty Ltd
- Aspire Housing Group Pty Ltd
- Brisbane Housing Company Ltd
- Coast2Bay Housing Group Ltd
- Community Housing Limited
- Community Housing Canberra Ltd
- Crown Property Pty Ltd
- Ecclesia Housing Limited
- Ethan Affordable Housing Ltd
- Horizon Housing Company Ltd
- Loddon Mallee Housing Services Ltd Trading as Haven
- Mission Australia Housing (Victoria) Ltd
- Mission Australia Housing Ltd
- National Affordable Housing Consortium (Queensland Affordable Housing Ltd T/.ng Consortium Ltd T/As

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- Places Victoria Limited
- Providence Housing Pty Ltd
- Quantum Housing Group Pty Ltd
- Queensland Affordable Housing Consortium Ltd Trading As National Affordable Housing Consortium.
- Questus Funds Management Pty Ltd
- Tremplin Limited
- United Vietnamese Buddhist Congregation of Canberra & Surrounding Districts Incorporated
- Yarran Residential Investments Pty Ltd

## 14.3 Construction of residential property or home improvements

Loans may be used for the construction of dwellings or structural/major renovations:

Construction works must be undertaken by licensed builder and have a fixed price building contract (owner builders are not acceptable). The progress payment schedule must be in line with building industry standards.

In all instances an 'as if complete' valuation is required. Refer to [21.3.2 Valuations completed on an 'as if complete' basis](#) for guidelines.

Exceptions must be approved by the DLA, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

- 'Extras' are additional items or works that are outside the Fixed Price Building Contract. If they have been included in the 'as if complete' valuation they will also form part of the total building costs (Fixed Price Building Contract plus Extras).
- Loans are to be funded on a progress payment basis, refer section [14.4 Progress payment requirements](#) for guidelines.

Non structural home improvements where the LVR is not reliant on a valuation that includes the proposed works do not require progress payments, refer section [14.7 Cash out](#).

### 14.3.1 Interest only arrangement during construction

During the construction period of a home/dwelling the applicant(s) has the option to apply for an interest only term loan covering the construction phase on the following basis:

- Interest only period is limited to the construction period only to a maximum of 12 months;
- The principal and interest loan period must be reduced by the term of the approved interest only loan (overall loan term cannot exceed 30 years);
- Serviceability must be evident based on the reduced term of the principal and interest loan.
- Where LMI approval is required, the cover must be for the term of both the interest only and principal & interest loan periods; and

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Maximum LVR is 90%. Any loan with an interest only period during construction with and LVR >90% will only be considered by exception as outlined in [16.2 Approval of interest only loans](#).

## 14.4 Progress payment requirements

The following requirements apply to all applications involving progress payments, regardless of the type of construction involved:

- All documentation requirements must be met prior to first progress payment drawdown. Refer section [14.8 Supporting Documentation](#).
- All applicant(s) funds must be used in the construction before any loan moneys are advanced.
- At all times the Bank must retain the total sum required to complete the construction.
- Construction must be completed and funds must be fully drawn within 12 months of the initial draw down.

In addition, the following must be observed for each construction type:

### 14.4.1 Construction by a licensed builder

- Payments are to be made at slab/floor, frame, lock up, fit out and completion stages unless specified otherwise by the Valuer.
- A progress payment inspection is required by the valuer to authorise payment at the frame and completion stages.
- For other stages, progress payments can be paid to the builder provided the claim is equal to or less than the amount detailed on the building schedule of payment. The borrower(s) must be in a position to inspect the construction and certify that work has been completed in order for the Bank to make the payment.
- Where the borrower(s) is unable to inspect the property, inspection by a Panel Valuer will be required at each progress payment claim stage.
- No additional funds are to be paid, even if work has commenced on the next stage.
- All progress payments are to be paid direct to the builder.

### 14.4.2 Structural home improvements by a licensed builder

Where a major structural change to an existing property is to be completed, (e.g. roof being removed, additional rooms being constructed, etc) or the 'as if complete' value is being relied upon, the loan is to be advanced on a Progress Payment basis. Refer section [14.4 Progress payment requirements](#).

- Progress inspections by the valuer are required at each claim stage as outlined in [14.4.1 Construction by a licenced builder](#).

### 14.4.3 Payment of extras

- Regardless of LVR, payment for extras will be made on invoice direct to the supplier.
- A signed borrower authority is required for each payment, including any work to be performed by the owner(s);
- Borrowings for extras that have not been included in the 'as if complete' valuation can be advanced as surplus funds as required by the borrower(s), as long as cost to complete is retained at all times.

The following criteria applies for extras that have been included in the 'as if complete' valuation and form part of the total building costs:

# Facility

LVR	Restrictions
≤ 80%	Further progress inspections not required for the payment of extras.
> 80%	Final progress inspection required (after the builder's final inspection) before advancing the final progress payment.

NB In situations where total extras do not exceed the lesser of 5% of the Total Building Costs (including extras) or \$15,000, a final inspection is not required.

Reimbursement for extras paid by the borrower(s): In the situation where the borrower(s) has paid for the extras themselves, reimbursement to their nominated account will be made subject to the receipt of a paid invoice and customer authority stating the works have been completed.

## 14.4.4 Construction using a kit home/transportable

A kit home/transportable is defined as a building that is constructed off site and then transported to the land and affixed to it. Final fit out and connection of services such as power and water are then done on site.

- Funds for the full construction can be approved but cannot be released (including any deposit) until the structure is delivered and affixed to the land held as security.
- Loans are to be funded on a progress payment basis and subject to section [14.4 Progress payment requirements](#).
- Progress inspections by the valuer are required at each claim stage.

## 14.5 Business purposes

Loans for business purposes may only be accepted if the business purpose forms a maximum of ≤ 20% of the total loan amount. Working capital, payment of personal or business tax liabilities and cash out are not acceptable.

## 14.6 Refinances and debt consolidations

Loans are available for refinance of an existing mortgage facility or debts, either currently held with Bendigo and Adelaide Bank or other finance providers. Where multiple facilities are to be refinanced (two or more debts) the application is to be treated as a consolidation loan.

Refer to section [2 National Credit Code](#) (NCC) to consider whether the new product will satisfy Responsible Lending obligations.

The requirements of [6.10.1 'Substantial benefit' confirmation](#) must also be met. Co-borrowers of convenience i.e. where the borrower receives no benefit from the loan, are not acceptable for any consumer lending applications.

The bank expects all facilities to be in order at the time of the application.

Refer [10 Verifying an applicant's financial position, account conduct and repayment history](#) for policy requirements in regard to verification of existing commitments and acceptable adverse conduct.

Variances to the above criteria must be approved by the DLA level, or higher, as specified in the table below and where LMI is required the LMI provider's requirements must be met.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
6	7	4	5

## 14.7 Cash out

In all instances, the purpose of the use of funds must be disclosed and noted on file. Lenders must ensure that responsible lending obligations are met including whether the loan should be a regulated or unregulated product, refer [2 National Credit Code \(NCC\)](#). Where more than one applicant, the loan must be structured appropriately, refer [6.10 Applicant structure matrix](#) and [6.10.1 'Substantial benefit' confirmation](#).

Funds may be used for personal or investment use. Cash out for any applicant whose employment or income has been adversely impacted by a Government mandated lockdown can only be approved by [LendFast DLA 5 or higher](#) / [ABE/OLAS DLA 7 or higher](#). Refer also [9.1 Employment and income matrix](#).

Unacceptable purposes include working capital, business purposes, payment of personal/business tax liabilities, gambling, meeting repayments on existing commitments or living expenses, development finance or any illegal activities. Where funds will be used to complete structural home renovations or requires an 'as if complete' valuation, the application must be completed as a construction loan, refer [14.3 Construction of residential property or home improvements](#) for guidelines.

Where LMI applies, the LMI provider requirements must be met.

Cash out does not include:

- Any existing redraw available on a loan to be refinanced
- A reasonable level of funds to cover refinance expenses. The costs and allowance in the loan amount should be outlined and justified in the diary comments.

### 14.7.1 Verification requirements

Supporting verifications (when required by the table below):

- For non-structural home renovations or acceptable personal use: quote, invoice or Contract of Sale
- For purchase of investment property: Contract of Sale is the preferred option. Where this is not available other options include statutory declaration from applicants confirming that they intend to purchase property or a pre-approval submission for the to be purchased property.
- For purchase of shares or similar investments: Written professional advice such as a Financial Planner/Adviser's advice, which supports the use of the funds OR evidence of past history of a similar investment (e.g. a transaction history from an active share trading account)

Amount of cash out	Minimum verification requirements
Regardless of the loans amount, where the funds are being used to purchase an investment property AND servicing is reliant on the subsequent rental income to meet serviceability.	Submission commentary and supporting verifications to demonstrate intended use of funds.  Loan proceeds must be controlled at settlement.
Any loan with LMI	Maximum cash out \$100,000. The LMI provider's requirements must also be met.

# Facility

≤\$500,000 and ≤ 80% LVR	Submission commentary only
>\$500,000 and ≤ 80% LVR	Submission commentary and supporting verifications to demonstrate intended use of funds. LendFast DLA 5 or higher / ABE/OLAS DLA 7 or higher.

## 14.8 Supporting documentation

The following documents must also be provided subject to the loan purpose:

Loan Purpose	Documentation Requirements*
Purchase of Residential Property	<ul style="list-style-type: none"> <li>Copy of the Contract of Sale* (must be fully executed at settlement);</li> <li><b>VIC Only</b> – Section 32 certificate* and a copy of the Contract of Sale;</li> <li><b>NSW Only</b> – First page of the Contract of Sale* together with any Covenant and Special Conditions* (if applicable);</li> </ul> <p><b>Prior to settlement:</b></p> <ul style="list-style-type: none"> <li>Copy of current building insurance with Bank noted as mortgagee.</li> </ul>

# Facility

Loan Purpose	Documentation Requirements*
Construction of Residential Property or Structural Home Improvements (Local council, State Government and the extent of the structural home improvements will determine the type of permit or approving authority that is required. (If applicable) If a permit or approval is required, a copy must be obtained and retained on file)	<p><b>Licensed Builder:</b></p> <p><b>Prior to formal approval:</b></p> <ul style="list-style-type: none"> <li>Fixed price building contract* including payment schedule and any extras; and</li> <li>Council approved or draft plans and specifications. Refer also <a href="#">21.3.2 Valuations completed on an 'as if complete' basis</a>;</li> </ul> <p><b>Prior to first progress draw down:</b></p> <ul style="list-style-type: none"> <li>Fixed price building contract* including payment schedule and any extras; and</li> <li>Council approved plans and specifications, where these were not available prior to 'as if complete' valuation is required, refer to section <a href="#">21.3.2 Valuations completed on an 'as if complete' basis</a>;</li> <li>Any building permit/approval as required by local council/State Government and</li> <li>Builder's indemnity insurance.</li> </ul> <p><b>Prior to final draw down:</b></p> <ul style="list-style-type: none"> <li>Occupancy certificate as per state/territory regulations;</li> <li>Copy of current building insurance with Bank noted as mortgagee.</li> </ul>
Non structural home improvements	Refer to <a href="#">14.7 Cash Out</a> for requirements.
Bridging finance (Go-between)	<p><b>Purchase of Residential Property:</b></p> <ul style="list-style-type: none"> <li>Refer to Purchase of Residential Property above.</li> </ul> <p><b>Construction:</b></p> <ul style="list-style-type: none"> <li>Refer to Construction of Residential Property above.</li> </ul>
Business Purposes	<p>Applicant(s) must disclose use of funds.</p> <p>No additional documentation required.</p>
Refinance and Debt Consolidation	Refer to <a href="#">10 Verifying an applicant's financial position, account conduct and repayment history</a> & <a href="#">14.6 Refinances and debt consolidations</a> for requirements
Cash out	Refer to <a href="#">14.7 Cash Out</a> for requirements.



# Facility

Loan Purpose	Documentation Requirements*
Proceeds from or for a Relationship Settlement	Applicant(s) must provide a copy of a solicitor prepared separation agreement or court order.

\*Documentation must be provided either manually (paper or PDF) or digitally from one of the Bank's approved providers.

Variances to the above criteria must be approved by the DLA level, or higher, as specified in the table below and must be acceptable to the LMI provider (if applicable).

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
6	7	4	5

## 14.9 Transaction history verification

Transaction history must be confirmed using digitally captured transaction data from one of the Bank's authorised financial position service providers or transaction history provided by the applicant.

Method of verification	Provider	Additional requirements
Digitally	As approved by the Bank including the use of authorised Application Programming Interface (API) services.	<ul style="list-style-type: none"> <li>The applicant(s) name;</li> <li>The full account number;</li> <li>Individual transactions are itemized</li> <li>The logo and name of the financial institution is displayed.</li> <li>Full transaction history must be provided. Filtered transaction history is not acceptable.</li> </ul>
Manual (paper or PDF) including internet statements	From applicant	<p>Note: If the applicant(s) name, account number or the financial institutions logo is not displayed on the internet statements, these must be verified against either a bank issued statement or the internet banking summary.</p>

# Facility

Transaction history must be reviewed for evidence of payments for liabilities, commitments, living expenses, undisclosed debt, overdrawings, dishonours, spouses (including defacto) or dependents not included in the application. Any inconsistencies or anomalies must be investigated with the applicant(s) and included in the application assessment. Comments must be included to explain the omission and justify why the application should proceed. Blatant cases of non-disclosure or unsatisfactory credit conduct must be declined.

# Other verification requirements

## Contribution funds

### 15 Contribution funds

All contribution funds whether Genuine Savings or Other contribution funds must be available at settlement.

#### 15.1 Contribution funds requirements

The following criteria regarding sources of contribution funds apply for standard home loan applications.

LVR > 80% (with LMI): Contribution funds requirements as per LMI criteria, refer LMI provider guidelines.

LVR ≤ 80% (No LMI): The full contribution funds required to complete the purchase must be verified as per section [15.1.2 Verification of contribution funds](#) and a copy of the appropriate documentation held on file.

Any incentive or 'sweetener' payment either included in the Contract of Sale for the land, the building contract or outside the contract(s) e.g. offered by the land developer and/or the builder can be considered as contribution funds on the following conditions:

- The amount of any payment is used to meet the land purchase and/or construction cost; and
- The payment is not used to meet the 5% genuine savings for loans where the LVR exceeds 80%.

Funds not held in an Australian bank account at the time of the application must be converted to AUD at the XE.com or RBA Exchange Rate on the day of the application and discounted to 80%. Exchange rate, calculations and converted amount are to be noted and held on file.

Only in exceptional circumstances may the above criteria be waived (the mortgage insurer must be advised if LMI is to be taken). Exceptions must be approved by the DLA level, or higher, specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
5	3	3	2

#### 15.1.1 'Genuine Savings'

Genuine savings are required as follows:

LVR	Restrictions
≤ 80%	5% Genuine Savings NOT required
> 80%	5% Genuine Savings required

#### 15.1.2 Verification of contribution funds

# Other verification requirements

Savings / Contribution	Verification	Requirements
Genuine Savings	<p>Appropriate documentation in the name of the applicant(s) includes:</p> <ul style="list-style-type: none"> <li>• Transaction history showing an established savings pattern.</li> <li>• Share certificates.</li> <li>• Superannuation statement showing available funds (including funds available under 'First Home Super Saver Scheme').</li> <li>• Deposit held in an account accumulated over a 3 month period</li> <li>• Real estate equity determined from the Contract of Sale, agency agreements, valuations, market estimates, etc.</li> <li>• Proceeds from relationship settlement confirmed via a solicitor prepared separation agreement or court order</li> <li>• After tax bonus from employer. NB if tax bonus used as income, cannot be used as genuine savings.</li> </ul>	<p>Where 'genuine savings' is required, evidence of 3 months of savings must be demonstrated.</p> <p>It must be verified and a copy of the appropriate documentation held on file.</p> <p>Where applicable, the LMI provider's requirements must also be met.</p> <p>Exceptions to the above criteria must be approved by <a href="#">DLA 5</a> / <a href="#">DLA 7</a> and must be accepted by the LMI provider.</p>

# Other verification requirements

First Home Buyers who are currently renting, may use rental payment history in lieu of genuine savings, provided the following are met:

- Limited to owner occupied;
- Purchase of an established dwelling; or
- Vacant land and construction (house and land package); or
- Vacant land where a simultaneous loan application is also being undertaken for the future build and an approval in principle is granted. Any approval in principle must be finalised within 90 days/3 months; and
- Verified via either:
  - The most recent 6 months rental statements from the real estate agent managing the property, evidencing rent paid in the name of at least one borrower; or
  - The most recent 6 months transaction history of an account in the name of at least one of the borrowers, showing clearly identified rental payments.
- Rental history must show consistent and timely payments. Any payment overdue by 7 days or more is unacceptable.

# Other verification requirements

Other Contribution Funds	<p>Appropriate documentation includes:</p> <ul style="list-style-type: none"> <li>• Term deposits or savings account transaction history.</li> <li>• Real estate agent/solicitor receipts.</li> <li>• Proceeds from a relationship settlement confirmed via a solicitor prepared separation agreement or court order</li> <li>• Solicitor's advice confirming inheritance/compensation etc.</li> <li>• Share certificates (for publicly listed stock).</li> <li>• Superannuation statement showing available funds (including funds available under 'First Home Super Saver Scheme').</li> <li>• Commission statements.</li> <li>• Borrowed funds are only acceptable as follows: <ul style="list-style-type: none"> <li>○ Must be borrowed against equity in a property. All other borrowings, such as a credit card or personal loan are unacceptable.</li> <li>○ Where borrowed funds are from a private loan agreement, additional documentation may be required, refer section <a href="#">22 Second mortgages</a>.</li> <li>○ Must be verified and included as a commitment.</li> <li>○ Where LMI is required, the LMI provider requirements must also be met.</li> </ul> </li> <li>• Gifts from parents, grandparents, siblings or children of the applicant(s), including a 'gift' via an advantageous purchase/reduced purchase price, substantiated by a Statutory Declaration from the donor, declaring that it is not repayable. (A Statutory Declaration from a spouse, included a de facto spouse, is not required). Applications involving gifts from any other party must be approved by <a href="#">Processing Centre DLA7 (LendFast DLA 5)</a> or higher.</li> </ul>	<p>Other contribution funds must be held in the name of the applicant(s) and reviewed to understand the source of the contribution and whether the funds are repayable.</p> <p>Exceptions to the above verification criteria must be approved by the DLA level, or higher, specified in the table below and must be acceptable to the Lender's Mortgage Insurer where LMI is being taken.</p>
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# Other verification requirements

- Real estate equity determined from the Contract of Sale, agency agreements, valuations, market estimates etc.
- 'First Home Owners Grant (FHOG) Application Form'.
- Federal or State government construction related grants where the following applies:
  - Pre-approval from the grant provider is available. Where the pre-approval is conditional, the applicant and/or the Bank must be able to fulfil the conditions of the pre-approval; and
  - The grant is paid to the Bank or the Bank acts as an agent for payment.
- Funds from builder's or developer's incentives, cash backs, 'sweeteners' or 'save as you build' schemes or borrowings cannot be considered 'genuine savings' or form part of the contribution funds. These arrangements must also be disclosed to the LMI provider (where LMI is required) and to the valuer.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
5	3	3	2

## 15.1.3 Transaction history

Must be confirmed using digitally captured transaction data from one of the Bank's authorised financial position service providers or Bank statements provided by the applicant. Refer to [14.9 Transaction history verification](#) for requirements.

## 16 Loan to valuation ratio (LVR)

The maximum LVR applicable is dependent on loan size, applicant type, product type, loan purpose and security type.

The valuation figure used for the LVR calculation is the lower of the purchase price/Fixed Building Contract Price and the Bank's Valuation. The above criteria may be varied on an exception basis only and approved by the DLA level as specified in the table below (Mortgage Insurers to agree if LMI is to be taken).

# Other verification requirements

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 16.1 Maximum LVR matrix

**Note:** There are current COVID-19 Restrictions please refer [Temporary Additional Lending Requirements](#)

**Note:** There are current TPB restrictions in place for Interest Only lending, refer to Newsline 1371 issued 22 February 2019.

The following table shows the various product, applicant, loan purpose and security LVR guidelines.

For maximum loan amount and LVR per security, refer to [13 Loan sizes](#).

For maximum LVR's with capitalised LMI, refer to section [23.3 Capitalised LMI premiums](#).

Where multiple restrictions apply, the lowest LVR is to be applied.

Where LMI is required, the mortgage insurer may have further restrictions on the maximum LVR, refer LMI provider guidelines.

Category	Value	Section	Max LVR without LMI	Max LVR with LMI
Applicant type	Non permanent Australian residents/Non residents	<a href="#">6.6 Non permanent Australian residents/Non residents</a>	N/A	N/A
Product type	Owner Occupied principal and interest loans		80%	95%
	Investment principal and interest loans		80%	90%
	Interest only loans	<a href="#">16.2 Approval of interest only loans</a>	80%	90%
	Bridging finance	<a href="#">34 Bridging finance</a> and <a href="#">16.2 Approval of interest only loans</a> .	80%	Not acceptable
Loan purpose	Owner occupied (including construction) principal and interest	<a href="#">14 Loan purpose.</a>	80%	95%
	Owner occupied (including construction) interest only	<a href="#">14 Loan purpose</a> and <a href="#">16.2 Approval of interest only loans</a>	80%	90%
	Investment/holiday home (including construction)	<a href="#">14 Loan purpose.</a>	80%	90%
	Vacant land	<a href="#">14 Loan purpose.</a>	80%	90%
	Refinance	<a href="#">14.6 Refinances and debt consolidations</a>	80%	90%
	Debt consolidation	<a href="#">14.6 Refinances and debt consolidations</a>	80%	90%



# Other verification requirements

	Cash out	<a href="#">14.7 Cash out</a>	80%	90%
	Home improvement	<a href="#">14.3 Construction of residential property or home improvements</a>	80%	90%
	Bridging finance	<a href="#">34 Bridging finance</a>	80%	Not acceptable
	Collateral security		80%	90%
Security	Category 1 locations	<a href="#">20.1 Location categories.</a>	80%	95%
	Category 2 locations	<a href="#">20.1 Location categories.</a>	80%	95%
	Category 3 locations	<a href="#">20.1 Location categories.</a>	80%	95%
	Category 4 locations	<a href="#">20.1 Location categories.</a>	60%	80%
	High density units/apartments	<a href="#">19.2 High density units/apartments</a>  Refer to <a href="#">19.7 High risk locations</a> for high density units in postcodes 0800, 0810, 0812 and 0820	70%	Refer to LMI guidelines
	Vacant land	<a href="#">14 Loan purpose.</a>	80%	90%
	Units/townhouses ≤3 in a single development	<a href="#">19.1 Multiple units in a single development.</a>	80%	Refer to LMI guidelines
	Units/Townhouses ≥4 in a single development	<a href="#">19.1 Multiple units in a single development.</a>	65%	N/A
	Units/Townhouses ≥5 (excluding applicant's primary owner occupied residence)	<a href="#">19.8 Residential property investors</a>	Where serviceability is predominantly reliant on rental income, the application can only proceed under commercial lending assessment requirements.	
	Rural living ≤ 10ha	<a href="#">17 Security.</a>	80%	90%
	Second mortgages	<a href="#">22 Second mortgages.</a>	70%	70%*

\* Second mortgages behind a Defence Service Home Loan are acceptable to 85%.

Where an application falls outside any of the above conditions, acceptability must be determined and approved by the DLA level (or higher) as specified in the table below (and acceptable to the Mortgage Insurer if LMI is to be taken).

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

# Other verification requirements

## 16.2 Approval of interest only loans

**Note:** There are current TPB restrictions in place for Interest Only lending, refer to Newsline 1371 issued 22 February 2019.

The maximum LVR (including any capitalised LMI premium) for any loan with an interest only component is 90%.

Any exception to these requirements can only be considered by the DLA level as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	9	(refer Processing)	6

## Security

### 17 Security

A residential loan may be secured by property. More than one property may be used to secure a loan.

For property valuations requirements, refer to [21 Valuations](#).

Residential property offered as security, including a house, unit, duplex, townhouse, block of units/apartments and vacant land in good condition and readily saleable will be considered suitable security, if it complies with the conditions outlined below:

Criteria	Acceptable	Specialised	Unacceptable
Title type	<ul style="list-style-type: none"> <li>Torrens Title</li> <li>Strata Title</li> <li>Old System Title</li> <li>Community title</li> <li>Crown Leases (inc ACT leases)</li> </ul>	N/A	<ul style="list-style-type: none"> <li>Moiety titles (SA)</li> <li>Purple Titles (WA)</li> <li>Leasehold properties other than listed in acceptable securities</li> <li>Company Titles</li> <li>Stratum Titles</li> <li>Miscellaneous shack leases</li> </ul>
Zoning/town planning classification	Residential, Rural residential, Rural living, or equivalent	N/A	Industrial, commercial or equivalent
Property use	Residential purposes: <ul style="list-style-type: none"> <li>Owner occupied</li> <li>Investment</li> </ul>	N/A	<ul style="list-style-type: none"> <li>Commercial purposes</li> <li>shared use property e.g. shop and house on one title</li> <li>Income producing rural property (IPRP)</li> </ul>
Maximum number of mortgaged properties that are or will be owned as a result of the application being considered (or own an interest in).  Ownership includes sole, joint or via directorship in a holding company or as trustee of a trust.	≤4 excluding primary owner occupied residence	≥5 excluding the applicant's primary owner occupied residence, refer to <a href="#">19.8 Residential property investors</a>	N/A

# Security

Dwelling area excluding balcony & car parking / storage	≥50 m²	See below for additional conditions for units/apartments in a complex	<50m²
Land area (with improvements or vacant)	≤10 hectares/24.7 acres	N/A	>10 hectares/24.7 acres
Property requirements	All properties must have electricity, all weather road access and water must be available		<p>Must not be:</p> <ul style="list-style-type: none"><li>• subject to restrictive statutory interest (e.g. road widening, housing improvement orders etc.)</li><li>• subject to contamination or any adverse environmental factor</li><li>• in a retirement/mature age complex</li><li>• a mobile home</li><li>• subject to the Western Lands Act</li><li>• within a scheme to purchase at a later date</li><li>• property with a lease of life covenant</li><li>• a time share property</li><li>• Subject to a split contract* that is part of a development where multiple dwellings share common walls, footings or roof.</li></ul>
Unit/apartment in a complex			
Unit/Apartment type	All other unit/apartment types can be considered in line with policy.	High density units /apartments. Refer <a href="#">19.2 High density units/apartments</a> for additional requirements	<ul style="list-style-type: none"><li>• Serviced</li><li>• Resort</li><li>• hotel style and</li><li>• university/student apartments</li></ul>
Dwelling area excluding balcony & car parking / storage	≥50 m2	<p>High density units:</p> <ul style="list-style-type: none"><li>• ≥50 m² - Studio or 1 bedroom or</li><li>• ≥60 m² – 2 or more bedrooms</li></ul> <p>Refer <a href="#">19.2 High density units/apartments</a> for additional requirements</p>	<50m2
Number of units in a complex	≤50	>50 refer <a href="#">19.2 High density units/apartments</a> for additional requirements	N/A

# Security

Number of stories in a complex (excluding car parking)	≤5	>5, refer <a href="#">19.2 High density units/apartments</a> for additional requirements	N/A
The same borrower relationship owns a number of units in a single development (whether on separate titles or on one title)	≤3	4, refer <a href="#">19.1 Multiple units in a single development</a> ≥5, refer <a href="#">19.1 Multiple units in a single development</a> and <a href="#">19.8 Residential property investors</a>	N/A
Potentially Combustible Cladding	Any dwelling in a complex with known or unclear non-compliant cladding present for a new to Bank security is unacceptable. For existing security, refer <a href="#">17.1 Potentially combustible cladding</a> .		

\*Split contracts involving separate contracts for the land purchase and construction of a unit/dwelling which are part of a multi unit/dwelling residential development of greater than 2 and which share common walls, flooring and/or roof are not acceptable for the land purchase or during construction. This type of property can only be considered as acceptable security once the construction is complete. The requirements of [19.4 'Off the plan' purchases](#) and [21.3.2 Valuation completed on an 'as if complete' basis](#) must be met.

Additional property criteria	
Heritage listed property	Heritage Listed property is acceptable.  Where renovations or property development is required, details of the heritage listing restrictions and statement of works must be obtained and considered prior to approval
NRAS (Federal Government's National Rental Affordability Scheme)	NRAS housing is acceptable for 'house' category only.
Display/Exhibition Homes purchased with a lease back arrangement	Display/Exhibition homes are acceptable  To be assessed as an investment property using normal market rent as specified by valuer (rent paid to the purchaser may be inflated under lease).  Full valuations are required.

# Security

PFAS	<p>Property located in postcodes 0850 &amp; 0852 (Katherine NT and surrounds) connected to town water or where PFAS levels can be confirmed under drinking water guidelines.</p> <p>Confirmation must be obtained to one of the following:</p> <ul style="list-style-type: none"> <li>• Letter from local water authority confirming the property is connected to town water;</li> <li>• Water bill no greater than 6 months old confirming consumption of town water; or</li> <li>• Confirmation from approved water testing authority that PFAS concentrations in drinking water are under Federal Government Department of Health drinking water guidelines.</li> </ul>
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NB this list is not exhaustive. Please check with Processing Centre if unsure.

Where a property falls outside of any of the above conditions, acceptability must be determined and approved by the DLA level (or higher) as specified in the table below (and acceptable to the Mortgage Insurer if LMI is to be taken).

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 17.1 Potentially combustible cladding

Any Class 2<sub>1</sub> apartment in a complex or any other habitable building (excluding a Class 1a<sub>2</sub> personal residence) of 3 or more storeys (2 or more in NSW) must be assessed for potential combustible cladding.

<sup>1</sup> "Class 2\* Domestic apartment buildings – a building containing two or more sole-occupancy units where people live above or below each other.

<sup>2</sup> "Class 1a\* A single dwelling being a detached house, or one of a group of two or more horizontally attached dwellings, each being a building, including a row house, terrace house, town house or villa unit".

\*As defined in the National Building Code

Where it is possible that potentially combustible cladding may be present in other buildings under 3 storeys, then this policy is to be applied.

Written confirmation that the building has no non-compliant/potentially combustible cladding can be obtained via a Contract of Sale, Body Corporate/Owners Corporation (or similar) minutes, or the Local Council.

Where confirmation cannot be provided that the building has no non-compliant/potentially combustible cladding, certification that the building meets the required state or territory legislative performance standards, including confirmation any attached dwellings are separated by a fire resisting wall, or is exempt, is to be sought, via:-

- A report prepared by an accredited fire safety engineer; or

# Security

- A building surveyors report prepared by a registered building surveyor; or
- A certificate by the relevant government authority or fire authority

in that state or territory.

Where an acceptable confirmation, certification or exemption is received then standard valuation policy and LVR requirements apply. In all instances, a unit meeting the high density settings requires a full valuation.

Where an acceptable confirmation, certification or exemption is not available:

- Any new to the Bank security is not acceptable;
- For existing security held by the Bank, the following must be met:
  - A full valuation, including inspection, is mandatory and the valuer is to be instructed to comment on the presence of potentially combustible cladding;
  - For residential property, valuations Risk Ratings must be assessed as outlined in [21.3 Valuation requirements](#);
  - Where the valuation identifies potentially combustible cladding is present and the application is to proceed, the loan purpose is limited to remediation of the cladding and/or to meet any cladding related legislative requirements (e.g. improvements to smoke detection or sprinkler systems);
  - Completion of remediation work must be certified in accordance with local council or other legislative requirements;
  - Loan funds are to be released to the Owners Corporation/Body Corporate or the licenced builder;
  - Where valuation commentary is unclear if potentially combustible cladding is present, applications can only be considered on a case by case basis;

Where LMI is required, authorised LMI provider's requirements must also be met.

The application is to be decisioned by:

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 18 Reserved

## 19 Specialised security

The following properties are considered specialised security and are subject to additional conditions and in some cases reduced LVRs.

## 19.1 Multiple units in a single development

Number of units - whether on separate titles or on one title	Ownership	Criteria	Valuation	Additional requirements
≤3	Units are owned by the same borrower relationship within the same development. Ownership includes sole, joint or via directorship in a holding company or as trustee of a trust.	Standard lending criteria applies	<p>If two or more units are constructed on the one title a full valuation is required.</p> <p>If units are on separate titles standard valuation requirements apply.</p>	<ul style="list-style-type: none"> <li>Units in the development must meet acceptable security criteria, refer <a href="#">17 Security</a>.</li> <li>Units must be equal to or greater than 50m<sup>2</sup>, excluding balcony &amp; car parking/storage.</li> <li>The requirements of <a href="#">19.2 High density units/apartments</a> must also be considered.</li> </ul>
4		Standard lending criteria with reduced LVR's apply. Reduced LVR applies even if the bank is not the mortgagee of all units owned by the applicant(s). Refer section <a href="#">16.1 Maximum LVR matrix</a> .	Full valuation required	



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≥5		Standard lending criteria with reduced LVR's apply. Reduced LVR applies even if the bank is not the mortgagee of all units owned by the applicant(s). Refer to <a href="#">19.8 Residential property investors</a> for further detail.		
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## 19.2 High density units/apartments

Apartment complexes with more than 50 units/apartments or more than 5 storeys (excluding car parking) are considered high density. Other residential complexes e.g. gated communities, with low rise townhouses, regardless of the number of properties in the development, are not considered high density.

For apartments in Darwin, refer also [19.7 High risk locations](#).

The following restrictions apply to high density units/apartments:

- The unit/apartment must have the following attributes:
  - Every habitable room [bedroom(s) and living room(s)] must have a window or glass door receiving natural light;
  - A separate bathroom;
  - A kitchen (shared or communal kitchen not acceptable); and
  - Laundry facilities (shared or communal laundry facilities not acceptable).
- The following minimum dwelling size applies:

Number of bedrooms	Minimum living area (excluding balcony & car parking/storage)	Maximum LVR
Studio or 1 bedroom	50m <sup>2</sup>	70% without LMI
2 or more bedrooms	60m <sup>2</sup>	Maximum of LMI providers guidelines

# Security

- Full valuation is required;
- For untenanted property, the market rental from valuation must be used for serviceability, real estate agents appraisals are not acceptable;
- When LMI is taken, the LMI providers' requirements must be met
- The impact of potentially combustible cladding on any high density unit/apartment must be considered as outlined in [17.1 Potentially combustible cladding](#).

Refer section [19.6 Concentration exposure within a development](#) for restrictions on lending to a single development.

Exceptions to any of the above criteria must be approved by the DLA level (or higher) as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	7	Refer Processing	5

## 19.3 Reserved

## 19.4 'Off the plan' purchases

'Off the plan' purchases include:

- Those purchased 'off-the-plan';
- Those purchased 'during construction';
- Those purchased at the completion of construction in an 'off-market' transaction between the developer (or their agent) and the purchaser (i.e. not at public auction/sale).
- Full valuation is required. Additional valuation requirements apply, refer section [21.3.3 Valuations completed on 'off the plan' properties](#).
- If the development meets the high density definition, then additional requirements apply, refer [19.2 High density units/apartments](#).
- Dwelling size must be equal to or greater than 50m<sup>2</sup>, excluding balcony & car parking/storage, and the property attributes of [19.2 High density units/apartments](#) must also be considered.

Off the plan purchases are acceptable under standard residential lending with the development type determining the maximum LVR (e.g. high density, etc.) refer [16.1 Maximum LVR matrix](#) for guidelines.

Off the plan purchases are acceptable on the condition the 'as if complete' valuation is no greater than 3 months old at the time of formal approval. The valuation must be completed:

- At a time the valuer can access the unit/apartment; or
- The unit/apartment has reached practical completion.

The approval and loan contract are valid for 90 days from the date of disclosure unless otherwise authorised and as outlined in the Loan Contract. After this time, the application will need to be reassessed based on updated supporting data and the policy requirements at the time of the reassessment.

Refer section [19.6 Concentration exposures within a development](#) for restrictions on lending to a single development.

## 19.5 Reserved

### 19.6 Concentration exposure within a development

In instances where a partner is approached by a developer or agent to become a preferred financier within an apartment complex or sub-division, the following conditions must be met:

- Any potential lending volume exceeding 20% of the total units/apartments or vacant blocks of land within any one development must be referred to the Processing Centre, who will conduct a review on the development.
- Lending for units within a group of more than 50 units or more than 5 storeys is also subject to the conditions in section [19.2 High density units/apartments](#).
- Comments on the development are to be obtained from a panel valuer, refer to section [21.3.5 Valuations completed for concentration exposure requests](#) and the Valuers recommendations/comments will be used to assist in determining suitability and maximum LVR.
- The Processing Centre will take into consideration any special conditions and LMI availability to determine maximum exposure and criteria.
- Each development will be assessed on its merits. The Processing Centre may place special conditions or set maximum LVRs and exposures within a specific development/group.
- A database is established for each development to enable the Bank to monitor the total exposure within the development.

In all instances, where the Processing Centre has approved a maximum number of units within a development, valuations are to be spread between at least two Valuers.

### 19.7 High risk locations

Defined as locations which for geographic, economic or other reasons are considered higher risk. These include:

- Category 4 security locations (refer [Bendigo and Adelaide Bank Security Location Categories](#) for current locations).
- Apartments/unit(s) located within Darwin postcodes 0800, 0810, 0812 & 0820 that are part of a complex which has more than 2 stories and/or more than 6 apartments/units; and
- Any property identified with contamination, including any property valuation with a Risk Rating 4 for Environmental Issues due to contamination.

The following restrictions apply to high risk locations:

- A full valuation must be completed;
- Maximum LVR 60% without LMI;
- When LMI is taken, maximum LVR 80% inclusive of LMI premium;

# Security

- Maximum loan size \$500,000;
- Units/apartments must be equal to or greater than 50m<sup>2</sup>, excluding balcony & car parking/storage and the property attributes of [19.2 High density units/apartments](#) must also be met;
- Interest only products are not acceptable;
- Rental income from these properties must be discounted to 60% of the market rent as noted on the valuation report.

## 19.8 Residential property investors

Applicants who:

- Are applying for a residential investment loan; and
- Own or will own as a result of the application being considered (or own an interest in) 5 or more mortgaged residential properties (excluding the applicant's primary owner occupied residence); and
- Are predominantly reliant on rental income to meet minimum serviceability requirements (i.e. rental income forms more than 50% of their total gross income for serviceability)

are considered for residential lending purposes to be 'property investors' and must be assessed as a commercial application.

Mortgaged residential property

- Includes:
  - All residential dwelling types (e.g. unit, house, high density, etc);
  - Each dwelling where multiple dwellings are held on one title;
  - Granny flats or similar that are part of an investment property and that are rented out separately from the main dwelling.
- May be owner occupied or investment
- May be mortgaged by either BEN or other funders
- Excludes:
  - Unmortgaged residential properties
  - Vacant land
  - Granny flats or similar that are part of the applicants primary owner occupied residence.
  - Granny flats or similar that are part of an investment property that are not rented out separately from the main dwelling.

Ownership includes sole, joint or via directorship in a holding company or as trustee of a trust.

Exceptions to this policy may incur additional capital requirements. Override of the policy requirements is not recommended and can only be approved by [Processing Centre DLA 9](#) / [Lendfast DLA 6](#).

Where the borrower is an individual or trust with individual(s) as trustee, a regulated loan must be provided unless exempted under NCC. Refer [2 National Credit Code \(NCC\)](#) for further details.

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## 20 Security locations

### 20.1 Location categories

Security locations are divided into four categories:

Category	Description	Maximum LVR
Category 1	Capital cities (inclusive of specified surrounding rural living areas) & major regional cities.	95%*
Category 2	Regional centres & large country townships.	95%*
Category 3	Country townships/Other locations.	95%*
Category 4	Locations which for geographic, economic or other reasons are considered higher risk. Refer <a href="#">19.7 High risk locations</a> for further lending restrictions	60% without LMI 80%* with LMI

\*Including LMI premium. In situations where LMI is to be taken the maximum LVR acceptable to mortgage insurer may apply.

Refer [Bendigo and Adelaide Bank Security Location Categories](#) for current locations. All lending greater than 80% requires LMI cover. However this may vary according to product specific policies.

Exceptions to any of the above criteria must be approved by the DLA level (or higher) as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

### 20.2 Location list review

It is the responsibility of Group Risk to review the list of locations and categories, annually or when required. Changes must be recommended and approved within relevant Credit Committee Charters.

## 21 Valuations

### 21.1 Valuation types

The following tables indicates the required valuation type based on the security location, LVR and loan amount: For maximum loan amount and LVR per security, please refer to [13 \(a\) Loan sizes](#) – OLAS / ABE; or [13 \(b\) Loan sizes](#) - LendFast.

Requirements for acceptance of valuation documents are outlined in:

[21.1.1 Full valuations](#);

[21.1.2 Electronic Valuation Reports \(Desktops\) and Automated Valuation Models \(AVMs\)](#);

# Security

## [21.1.3 Contract of Sale](#); and

Where multiple valuation documents are held for the one security property, the Bank's valuation type hierarchy is:

Valuation method (most reliant to less reliant)
1. Full valuation
2. Electronic Valuation Reports (Desktops)
3. Contract of Sale
4. Automated Valuation Method (AVM)

Unless the requirements outlined in [21.4 Discrepancies between valuation and purchase price](#) apply, the most reliant valuation method must be accepted e.g. an AVM value higher than a full valuation cannot be accepted and the full valuation must apply.

The following tables outline the maximum LVR and loan amount for each valuation type:

# Security

Category 1 (excluding Sydney metro and Melbourne metro)	
Full valuations	
LVR ≤80% Any loan amount	LVR >80% Any loan amount
Desktops	
LVR ≤80% \$1,200,000	LVR >80% Not acceptable
AVMs	
LVR ≤80% Any loan amount	LVR >80% Not acceptable
Contract of Sale	
LVR ≤80% \$1,000,000 (Property value)	LVR >80% Not acceptable
Existing BEN mortgage borrower >3 years** \$1,500,000 (Property value)	
LVR ≤50% \$1,500,000 (Property value)	LVR >50% Refer to ≤ 80% above
Existing BEN mortgage borrower > 3 years** Any property value limited to maximum loan amount \$3,000,000	

\*\*To qualify **all** applicants must be a borrower or guarantor to a BEN Residential, Business or Commercial 'real property' mortgage loan and have a strong CCR score, refer [8.2.2.1 Comprehensive Credit Report score](#).

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Sydney Metro Category 1*	
Full valuations	
LVR ≤80% Any loan amount	LVR >80% Any loan amount
Desktops	
LVR ≤80% \$1,200,000	LVR >80% Not acceptable
AVMs	
LVR ≤80% Any loan amount	LVR >80% Not acceptable
Contract of Sale	
LVR ≤80% \$1,500,000 (Property value)  Existing BEN mortgage borrower > 3 years** \$2,000,000 (Property value)	LVR >80% Not acceptable
LVR ≤50% \$2,250,000 (Property value)  Existing BEN mortgage borrower > 3 years** Any property value limited to maximum loan amount \$3,000,000	LVR >50% Refer to ≤ 80% above

\* Refer [Bendigo and Adelaide Bank Security Location Categories](#) for postcode in these locations.

\*\*To qualify **all** applicants must be a borrower or guarantor to a BEN Residential, Business or Commercial 'real property' mortgage loan and have a strong CCR score, refer [8.2.2.1 Comprehensive Credit Report score](#).



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Melbourne Metro Category 1*	
Full valuations	
LVR ≤80% Any loan amount	LVR >80% Any loan amount
Desktops	
LVR ≤80% \$1,200,000	LVR >80% Not acceptable
AVMs	
LVR ≤80% Any loan amount	LVR >80% Not acceptable
Contract of Sale	
LVR ≤80% \$1,250,000 (Property value)  Existing BEN mortgage borrower > 3 years** \$1,500,000 (Property value)	LVR >80% Not acceptable
LVR ≤50% \$2,000,000 (Property value)  Existing BEN mortgage borrower > 3 years** Any property value limited to maximum loan amount \$3,000,000	LVR >50% Refer to ≤ 80% above

\* Refer [Bendigo and Adelaide Bank Security Location Categories](#) for postcode in these locations.

\*\*To qualify **all** applicants must be a borrower or guarantor to a BEN Residential, Business or Commercial 'real property' mortgage loan and have a strong CCR score, refer [8.2.2.1 Comprehensive Credit Report score](#).

Category 2	
Full valuations	
LVR ≤80% Any loan amount	LVR >80% Any loan amount
Desktops	
LVR ≤80% \$1,200,000	LVR >80% Not acceptable
AVMs	
LVR ≤80% Any loan amount	LVR >80% Not acceptable

Category 2	
Contract of Sale	
LVR $\leq$ 80% \$600,000	LVR >80% Not acceptable
LVR $\leq$ 50% \$550,000	LVR >50% Refer to $\leq$ 80% above

Category 3	
Full valuations	
LVR $\leq$ 80% Any loan amount	LVR >80% Any loan amount
Desktops	
LVR $\leq$ 80% \$1,200,000	LVR >80% Not acceptable
AVMs	
LVR $\leq$ 80% Any property value	LVR >80% Not acceptable
Contract of Sale	
LVR $\leq$ 80% \$400,000	LVR >80% Not acceptable
LVR $\leq$ 50% \$375,000	LVR >50% Refer to $\leq$ 80% above

Category 4	
Full valuations	
LVR $\leq$ 60% Any loan amount up to \$500,000	LVR >60% to $\leq$ 80% Any loan amount up to \$500,000
Desktops	
Not acceptable	
AVMs	
Not acceptable	
Contract of Sale	
Not acceptable	

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Where a concern over a particular property/location exists a full valuation must be undertaken.

## **21.1.1 Full valuations**

For guidelines regarding when a full valuation can be accepted, please refer to section [21.1 Valuation types](#).

Full valuations are required in the following circumstances:

- Full valuations are required for LMI applications;
  - Category 4 security locations (refer section [19.7 High risk locations](#) for further lending restrictions);
  - Any new security and/or existing security property where the valuation is more than 6 months old located in postcodes; refer to [21.5 Timing and frequency of valuations](#):
    - 2713
    - 4737
    - 4740
    - 4741
    - 4750
    - 4751
    - 4753
    - 4754
    - 4805
  - Any security property located in postcodes 2318 and 4401 (locations known to be subject to PFAS contamination);
  - NRAS (National Rental Affordability Scheme) investment loan applicants;
  - Non Permanent Australian resident applicant(s), refer to section [6.6 Non permanent Australian residents/Non residents](#);
  - The purchaser resides in different state or country than security property;
- NB Full valuations are not required for applicant(s) purchasing within an area where it is reasonable to expect that they know the market.
- New dwellings or properties that have previously never been occupied (including house and land & display packages);
  - Display/Exhibition Homes
  - Multi-dwelling properties (i.e. where two or more residences are constructed on the one title);
  - Securities listed under Specialised Security, unless stipulated otherwise in section [19 Specialised security](#);
  - Vacant Land;
  - Purchases completed without the intervention of a real estate agent (non 'arm's length' transactions);
  - Purchase involves rental guarantees, furniture packages or other non real estate components or 'trade dollars';
  - Second mortgages;
  - On the property to be sold for bridging loans, unless an unconditional Contract of Sale is held (refer section [34.9 Valuations](#));
  - Construction and structural home improvements (refer section [21.3.2 Valuations completed on an 'as if complete' basis](#)).

## **21.1.2 Desktops (Electronic Valuation Reports – EVRs) and Automated Valuation Models (AVMs)**

All requests for a Desktop or AVM must be completed as outlined in [21.1.5 Valuation process and assessment](#).

### **21.1.2.1 Desktop (Electronic Valuation Report – EVR)**

Desktops are acceptable for established single use residential dwellings and established single use residential home units, villas or townhouses where the land size is less than 2 hectares.

Desktops must be critically reviewed for any inconsistency (e.g. photos showing conflicting or outdated data). Where any inconsistency is identified, this must be rectified by the valuer or a full valuation completed.

Refer also 21.1.2.3 Desktops and AVM exclusions and [21.1.1 Full valuations](#).

### **21.1.2.2 Automated Valuation Method (AVM)**

AVMs are acceptable for established single use residential dwellings and established single use residential home units, villas or townhouses where the land size is less than 2 hectares.

The maximum LVR is based on Forecast Standard Deviation (FSD) which is calculated in the bank's approved valuation system. Maximum LVRs based on FSD are as follows:

FSD	Maximum LVR
≤11%	80%
12%	78%
13%	76%
14%	74%
15%	71%
>15%	0%

Refer also [21.1.2.3 Desktops & AVM exclusions](#) and [21.1.1 Full valuations](#).

### **21.1.2.3 Desktop and AVM exclusions**

In addition to the requirements outlined in [21.1.1 Full valuations](#), the following are not acceptable for Desktops or AVMs:

- Where the partner/DLA holder is aware the dwelling is in poor condition;
- Residential property where the valuation is based on development potential;
- Vacant land;
- 'As if complete' valuations, including property under construction or with incomplete construction;
- Property with land area ≥2 hectares;
- Studio apartments;
- Property located within 50m of high voltage power lines;

Refer also [21.1.1 Full valuations](#).

## **21.1.3 Contract of Sale**

For guidelines regarding when a Contract of Sale can be accepted, please refer to section [21.1 Valuation types](#).

A Contract of Sale will be accepted where the following conditions are met:

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- The application is not subject to the full valuation criteria, refer [21.1.1 Full valuations](#);
- A fully executed Contract of Sale is to be supplied at assessment and must not be greater than 6 months old.

An unsigned Contract of Sale may be used at assessment and the loan formally approved, subject to "receiving a fully executed Contract of Sale dated within 90 days of the approval, being provided prior to settlement confirming that (address of property) was purchased for \$(dollar amount) by (purchasers)". The fully executed Contract of Sale details must be the same as the unexecuted Contract of Sale submitted for assessment, if not settlement must not proceed and loan is to be re-assessed.

- The purchase price is to be adopted and used to determine LVR and valuation type required;
- Any Contract of Sale used for this purpose must be a bona fide, arms length transaction (e.g. no related parties, etc.)
- Must be negotiated through a licensed Real Estate Agent;
- Vacant land unacceptable;
- Category 4 locations unacceptable;
- Not acceptable for properties subject to 'Split' contracts;
- Not acceptable where a Contract of Sale contains restrictive conditions or covenants that may affect the saleability of the property;
- Not acceptable for properties with a development approval;
- Not acceptable for construction or refinance applications;
- No concessional rebates can apply to the transaction;
- Contract of Sale price must be adopted on a GST exclusive basis.

## **21.1.3.1 Verification requirements**

Verification of the Contract of Sale is to be done as follows:

- The real estate agent must be verified by checking agent name, address and contact number provided against Telstra White Pages, Yellow Pages or other reliable independent source.
- The validity of the Contract of Sale and sale must be confirmed by phoning the Real Estate Agent's office, using a verified phone number and appropriate file notes made outlining confirmation details. The real estate agent must not be contacted via a mobile phone for confirmation, unless the agent's mobile phone number has been confirmed at the real estate agent's office.

Where validity of the Contract of Sale and sale cannot be confirmed a full valuation must be undertaken.

## **21.1.4 Reserved**

## **21.1.5 Valuation process and assessment**

All full valuations and Desktops are to be undertaken by qualified valuers who are members of the Bank's panel.

Full valuations, Desktops and AVMs must only be requested through the Bank's automated valuation management system, unless a specific exemption has been granted for this requirement.

All valuation documents must also be read and reviewed as outlined below. The DLA holder must decide based on the information in the report that the property will provide appropriate security for the proposed loan(s) and the credit risk being considered by the Bank.

Valuation type	Minimum valuation requirements	Minimum DLA holder review requirements
Full valuation	Refer <a href="#">21.3 Valuation Requirements</a> (Full valuations)	<ul style="list-style-type: none"> <li>- Property address;</li> <li>- Property Summary, particularly zoning, floor area, land/site size and property use;</li> <li>- Risk analysis, particularly property risk ratings 4 and/or 5;</li> <li>- All comments particularly those relating to property risk ratings 4 and/or 5 and those indicating adverse features of the property;</li> <li>- Selling period greater than 6 months; and</li> <li>- Photos for any adverse features or inconsistencies.</li> </ul>
Desktop	Refer <a href="#">21.3 Valuation Requirements</a> (Desktops)	<ul style="list-style-type: none"> <li>- Property address;</li> <li>- Property details, particularly zoning, floor area and land size;</li> <li>- Any Risk Analysis rating above 750;</li> <li>- Photos for any adverse features or inconsistencies; and</li> <li>- Valuer's comments including any mitigants to adverse findings.</li> </ul>
AVM	Refer <a href="#">21.3 Valuation Requirements</a> (AVMs)	<ul style="list-style-type: none"> <li>- 'Estimated value' to be accepted;</li> <li>- Property address;</li> <li>- Forecast Standard Deviation (FSD); and</li> <li>- Attributes used for the report, particularly floor area, land size and land use.</li> </ul>
Contract of Sale	Refer <a href="#">21.1.3 Contract of Sale</a>	<ul style="list-style-type: none"> <li>- Property address;</li> <li>- Property zoning;</li> <li>- Any adverse restrictions e.g. Management Agreements evident in the Contract of Sale;</li> <li>- Items noted on the No Valuation Contract of Sale Verification Form.</li> </ul>

Full valuations conducted for parties other than the Bank can only be accepted if reassigned via the automated valuation management system. The Bank will not accept a Desktop or AVM conducted for other parties.

Full valuation reports, Desktops or AVMs are not the property of the applicant(s) and must not be provided to them. The valuer's details are not to be released to the applicant(s) and the follow up of any aspect of the full valuation report or Desktop must be completed by the DLA holder directly with the valuer.

- Only under exceptional circumstances and with [DLA 7 Processing Centre](#) ([LendFast DLA 5](#)) approval can a request for a second full valuation and/or Desktop be arranged. Lenders must accept the lower of the two valuations and in line with the valuation method hierarchy outlined in [21.1 Valuation types](#). Use of the higher valuation (value) or lower valuation method (hierarchy) will require approval by [DLA 7 Processing Centre](#)

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(LendFast DLA 5). Both valuations must be retained on file. Note – These requirements do not apply to progress payment valuation requests that have been reallocated to the original valuer.

Allocation of work to Panel Valuers:

- Allocations for a valuation firm in category 1 locations are not to exceed 25% unless less than 4 panel valuers exist.
- Allocations for a valuation firm in category 2 or Category 3 are not to exceed 50% unless they are the sole panel valuer.

Any allocations outside of these parameters are to be approved by the Manager of Relationships and Performance.

## 21.1.6 Exceptions

The DLA level, or higher, as specified in the table below may vary any of the valuation requirements by exception (Mortgage Insurer to agree if LMI is required). Where concern over a particular property/location exists a full valuation must be undertaken.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 21.2 Valuer criteria

All valuers completing full valuations must be:

- Independent and at arms length from the vendor, developer, purchaser, real estate agent, introducer and mortgage originator or mortgage manager.
- A member in one of the Australian Property Institute's (API) classifications (or Royal Institute of Chartered Surveyors equivalent classifications) as outlined in the ABFI Residential Valuation Standing Instructions; and
- A registered or licensed valuer where required in that state or territory.

All full valuations and progress inspections must be completed and signed off as outlined in the ABFI Residential Valuation Standing Instructions.

Where LMI is required, authorised LMI provider's requirements must also be met.

All valuers completing Desktop valuations must be:

- A member of the API who are either a Certified Practicing Valuer (CPV) or Residential Property Valuer (RPV); and
- A registered or licensed valuer where required in that State or Territory; and
- Currently engaged in the provision of property valuations in the same geographical area as the subject property; and
- Have sufficient knowledge of the area within which the subject property is located.

## 21.3 Valuation requirements

### Full valuations

All full valuation reports must meet the following criteria:

- Include a statement that it is for the use of Bendigo and Adelaide Bank, its Agent and the Mortgage Insurer's and has been prepared for mortgage lending purposes.
- Must be completed according to API standards.
- A property description including a title reference and/or Lot and Plan of Subdivision (or similar) details and/or street address confirming the identity of the property;
- All area measurements of the building(s) (including garage, carport, outbuildings, etc.)
- Comments regarding easements (where applicable);
- The zoning of the land including confirmation that occupancy is permitted and restrictions should the dwelling require rebuilding;
- Description of comparable sales must include the number of bedrooms, living area of property and site area;
- Where appropriate, details and evidence of current rental/sale arrangements;
- The Market Value and the effective date of the valuation;
- Existence of any separate planning scheme or other plans that may adversely affect value;
- Summary comments on:
  - Location attributes;
  - Positive and negative features;
  - Impact of prevailing market conditions relevant to the property;
  - Quantification of the effects on value of foreseeable and likely changes to the condition of the property;
  - Environmental concerns, with recommendations for appropriate audit where doubts exist.
- Comparative sales must include resales and sales in other developments. Valuations based solely on comparative sales of new properties within the same development are not acceptable.
- Where the security property is part of a large complex the total number of properties (units, townhouses, etc.) in the complex must be noted.
- Must exclude items not related to the likely resale of the property, such as furniture, any trade dollars component to the sale price, unreasonable marketing costs, and rental guarantees.
- Must be carried out on a vacant possession basis.
- Must exclude additional value attributable to development approvals.

### Full valuations impacted by Government mandated lockdowns

Where the valuer cannot complete an internal inspection due a mandated Government lockdown, one of the following modified full valuation methods is acceptable:

1. A full external street frontage inspection of the property, which may include but is not limited to a complete walk-around of the main building and ancillary improvements; OR
2. A partial external inspection of the property for areas that are assessable but at a minimum from the road frontage. This may be conducted from the vehicle to avoid face to face contact and/or maintain social distancing stipulations.



# Security

Valuation reports where the valuer has not been to the property (including but not limited to external inspection using satellite images, such as 'street view', or video conferencing with the occupant) are not acceptable to the Bank.

The valuation is to be completed on the proforma valuation report or long form valuation report and the valuer must clearly identify within Section 8 "Additional Comments" the extent of the external inspection conducted and alternate resources that have been relied upon to complete the valuation. This may include using photos from real estate portals, prior valuation reports, discussions with the occupant, photos/videos captured by the occupant through a live virtual inspection, etc.

Valuers must also apply a risk rating of 4 or 5 to the "Improvements" risk rating if one of these modified valuations have been completed.

Full valuations must be approved by the DLA level (or higher) as specified in the table below.

Application comments or notes must clearly address and mitigate these exceptions.

Refer to section [21.1.5 Valuation process and assessment](#) for the minimum lender/DLA holder review requirements.

Risk Analysis Rating	Mortgage Manager		Processing	
	OLAS / ABE	LendFast	OLAS / ABE	LendFast
Risk rating 3 or below	1		1	
A risk rating 4 for Environmental Issues for Bushfire/Wildfire and/or flooding overlays only	1	1	1	1
All Market Risk Ratings of 4 on the conditions <b>(COVID-19 related only)</b> : <ul style="list-style-type: none"> <li>The reason is clearly defined as being due to the impact of COVID-19 only*</li> <li>There is no comment or indication of a selling period of more than 12 months; and</li> <li>The property is not a specialised security as defined in <a href="#">19 Specialised security</a></li> </ul>	1	1	1	1
No more than two 'Market Risk' rating 4s ( <b>non-COVID 19</b> related only) Must meet the requirements outlined at the foot of this table**	1	1	1	1
Risk rating 4(s) for any issue(s) <b>AND</b> LMI cover is approved.	3	2	3	2
Risk rating 4(s) that do not meet criteria listed above	(refer Processing)	(refer Processing)	7	5
Any risk rating 5	Unacceptable security		Unacceptable security	

\*Additional care must be taken where a risk rating of 4 applies to Local/Regional Economic Impact category in postcodes known to be adversely impacted by COVID-19 restrictions e.g. areas heavily reliant on tourism.

\*\*No more than two 'Market Risk' rating 4s can be accepted subject to the following:

# Security

- Property cannot be located in a high risk location;
- Loan(s) secured by the property must be on principal and interest arrangements;
- No 'Property Risk' rating 4 other than for 'Environmental' related to bushfire or flooding overlays;
- Where LMI does not apply, a reduction of 10% to the LVR weighting is required e.g. standard LVR 80% is reduced to 70%, refer "Maximum LVR without LMI" column in [16.1 Maximum LVR matrix](#). Any DLA holder can accept provided the application does not exceed this discounted LVR. Any application exceeding the discounted LVR can only be approved by **DLA 5** / **DLA 7** or higher;
- Where LMI applies, standard valuation risk rating policy applies as outlined in the table above; and
- The valuation report does not identify a selling period greater than 6 months.

Exceptions to any of the above criteria must be approved by the DLA level (or higher) as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	7	Refer Processing	5

## Desktops

Desktops require the valuer to be specifically instructed to not undertake certain aspects of the processes involved in preparing usual valuations including, but not limited to the physical inspection of the Subject Property.

All Desktops must meet the following criteria:

- Instructing party must be the Bank or an officer of the Bank;
- Must be completed according to API standards;
- A property description including a title reference and/or Lot and Plan of Subdivision (or similar) details and/or street address confirming the identity of the property;
- Area of the site and the building;
- Comments regarding easements (where ascertainable);
- The zoning of the land including confirmation that occupancy is permitted and restrictions should the dwelling require rebuilding;
- Description of comparable sales must include the number of bedrooms, living area of property and site area;
- The Assessed Value and the effective date of the Desktop;
- Comparative sales must include resales and sales in other developments. Valuations based solely on comparative sales of new properties within the same development are not acceptable;
- Where the security property is part of a large complex the total number of properties (units, townhouses, etc.) in the complex must be noted;
- Must exclude items not related to the likely resale of the property, such as furniture, any trade dollars component to the sale price, unreasonable marketing costs, and rental guarantees;

# Security

- The valuer must highlight any adverse feature or risk that is readily observable from the data/imagery which is provided to identify and assess the subject property;
- Must be carried out on a vacant possession basis;
- Must exclude additional value attributable to development approvals.

The valuer must highlight any adverse feature or risk that is readily observable from the data/imagery which is provided to identify and assess the subject property.

## **AVMs**

All AVMs must meet the following criteria:

- A property description including a title reference and/or Lot and Plan of Subdivision (or similar) details and/or street address confirming the identity of the property;
- Area of the site;
- The land use and property type;
- Description of comparable sales must include the number of bedrooms and site area;
- The Estimated Value and the effective date of the AVM (to be adopted for valuation purposes);
- Estimated Price Range (not to be used for valuation purposes);
- Forecast Standard Deviation (FSD);
- Comparative sales must include resales and sales in other developments. Valuations based solely on comparative sales of new properties within the same development are not acceptable.

### ***21.3.1 Valuations completed for 'new' properties***

In addition to the standard valuation requirements, the following applies:

- A full valuation is required – refer [21.1.1 Full valuations](#)
- The mark-up ('premium') reflecting the new state of the premises must be reasonable, exclude excessive marketing costs and based on the local buyer market rather than absentee investor buyers.

### ***21.3.2 Valuations completed on an 'as if complete' basis***

In addition to the standard valuation requirements, the following applies:

- A full valuation is required – refer [21.1.1 Full valuations](#)
- In cases of new dwellings yet to be constructed and existing dwellings which are to undergo structural extension, the Valuer is required to review building contracts (including any variations to contracts and progress payment schedule), council-approved plans, building finishes and specifications.

Where Council approved plans are not available at the time an 'as if complete' valuation is arranged, these must be reviewed by the lender / assessor against the plans provided for the valuation to ensure there are no changes which will result in a reduction to the value. Council approved plans must be provided (and reviewed against the plans provided for the valuation) prior to the first progress payment. Where any doubt exists the approved plans must be provided to the Valuer for a review of the 'as if complete' valuation report.

- Comments regarding the reasonableness of the construction costs and payment terms must be included. If no building contract is available and/or the contract is not with a licensed builder, it must be noted in the valuation report.

- In cases of existing dwellings which are to undergo renovations and/or extensions, the valuer must provide an 'as is' and 'as if complete' valuation.
- Extras which are to be completed by an independent contractor (e.g.: swimming pool, new kitchen, fencing, paving etc) should only be included in the 'as if complete' calculation if formal contracts or quotes have been provided which clearly state the payment terms.
- In cases of a second storey addition, notes must be included advising if an area of existing roof cover is to be removed as part of the works.
- Any incentive or 'sweetener' payment either included in the Contract of Sale for the land, the building contract or outside the contract(s) e.g. offered by the land developer and/or the builder must be advised to the LMI provider (where LMI is required) and to the valuer.

### **21.3.3 Valuations completed on 'off the plan' properties**

In addition to the standard valuation requirements, the following applies:

- A full valuation is required – refer [21.1.1 Full valuations](#); and
- Valuation is acceptable for a period of up to 3 months, subject to LMI acceptance.

### **21.3.4 Reserved**

### **21.3.5 Valuations completed for concentration exposure requests**

In addition to the standard valuation requirements, the following applies:

- Valuer must comment on the market rent;
- Must comment on management agreement restrictions, where applicable;
- Must comment on the location and quality of the development; and
- Must comment on the saleability and demand.

## **21.4 Discrepancies between valuation and purchase price**

Where the purchase price (real estate component only) exceeds the full valuation the following applies:

Variance calculation is applied as follows:

$$\text{Purchase Price} - \text{Valuation} = \text{Variance}$$

$$\text{Variance} \div \text{Valuation} = \text{Variance \%}$$

E.g.

$$\text{Purchase Price } \$200,000 - \text{Valuation } \$180,000 = \text{Variance } \$20,000$$

$$\$20,000 (\text{Variance}) \div \$180,000 (\text{Valuation}) = 11.11\%$$

- In situations where the purchase price (real estate component only, e.g. excluding furniture packages etc.) exceeds the valuation by more than:
  - 15% - Will be considered on an exception basis only.

Note: When the application involves both land and construction, the variance rules noted above must be applied separately to the land and construction portions.

# Security

- Where the valuation exceeds the purchase price (real estate component only) by any amount, or the purchase price exceeds the valuation, the lesser value is to be accepted for valuation purposes. Exceptions to this must be approved by the DLA level as specified in the table below with the LMI provider to agree, if applicable.

Acceptance of these applications must be obtained from the DLA level, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 21.5 Timing and frequency of valuations

Residential Security provided to the bank must have an acceptable valuation completed prior to formal approval subject to the following conditions.

### 21.5.1 New security to the Bank

- The valuation must meet the minimum guidelines as per section [21.1 Valuation types](#); and
- The full valuation, Desktop or AVM must not be aged more than 3 months prior to the application.

### 21.5.2 Existing security held by the Bank

Existing AVMs, EVRs and full valuations may be utilised for principal increases and additional lending; where the existing valuation does not meet the following, then a new full valuation, Desktop or AVM is required.

The existing full valuation, AVM or EVR must meet the following requirements:

- Must meet the maximum LVR loan size requirements of [21.1 Valuation types](#).
- The existing value is considered to be aligned, or lower than, current market value. Lenders must make comment addressing this requirement. Where there is some doubt as to the value of the security, a new full valuation must be undertaken. For example, specific locations experiencing falls due to economic circumstances, general declines in the real estate market, or the lender has been advised/suspects there has been a material change to the property.
- The maximum age requirements of each valuation type is as follows:

Application type or security location	Full valuation	EVR	AVM
Unless restricted below, category 1 or 2	12 months	6 months	6 months
Unless restricted below, category 3	12 months	N/A	N/A
LMI applies	3 months	N/A	N/A
Category 4 locations	3 months	N/A	N/A

# Security

Valuation had Risk Ratings of 4 or 5 (Refer section <a href="#">21.3 Valuation requirements</a> for exceptions)	3 months	N/A	N/A
Security valuation exceeds: \$1,500,000 Sydney/Melbourne Metro \$1,250,000 Category 1 \$1,000,000 Category 2 \$750,000 Category 3	3 months	N/A	N/A
Security located in postcodes 4737, 4740, 4741, 4750, 4751, 4753, 4754, 4805, 2713	6 months	N/A	N/A

An existing Contract of Sale can only be used as outlined in [21.1.3 Contract of Sale](#).

Exceptions to the above criteria must be approved by the DLA level as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 22 Second mortgages

Second Mortgages are only acceptable in the following cases:

- Limited to maximum aggregate LVR 70%;
- Behind a Defence Service Home Loan (acceptable to max 85% LVR), subject to LMI, refer to LMI provider guidelines for criteria;
- For bridging finance where a mortgage exists over the property(ies) to be sold;
- Full valuation has been obtained;
- Over collateral security to strengthen the Bank's recourse position where Bendigo and Adelaide Bank holds first mortgage over the primary security.

Second Mortgages are not acceptable behind Private First Mortgages.

If a private loan agreement or arrangement exists but is not registered as a First Mortgage then the following must occur:

- If no formal agreement is held, then a Statutory Declaration must be obtained confirming any repayment arrangements and that no formal loan agreement exists which identifies the property offered as security to the Banks as security;
- If a formal agreement exists, a copy must be obtained and the following steps taken:

# Security

If the agreement includes any reference to the property offered as security to the Bank, a Deed of Priority noting Bendigo and Adelaide Bank must be obtained to ensure the Bank holds first mortgage position.

If the agreement does not include any reference to the property offered as security to the Bank, no further action is required.

Applications must be approved by DLA level (or higher) as specified in the table below; and

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
2	3	1	2

Applications outside the above criteria must be approved by the DLA level, or higher, as specified in the table below, e.g. stand alone second mortgage behind another bank or building society.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	9	(refer Processing)	6

## 23 Lender's mortgage insurance (LMI)

### 23.1 Authorised mortgage insurers

The Banks current authorised Mortgage Insurer is Helia Insurance Pty Ltd.

Refer to LMI provider specific policies, maximum loan amounts, LVRs and location guides.

Refer to the [Helia website](#) for the current Helia Underwriting Standards and Guidelines.

### 23.2 LMI requirement matrix

The following table shows the LVR at which LMI is required. Where multiple restrictions are applicable the restricting with the lowest LVR is used to determine LMI requirements.

Other LVR and loan size restrictions may apply refer to [13 Loan sizes](#), [16.1 Maximum LVR matrix](#) and [16.2 Approval of interest only loans](#).

Loan Type	Product	LVR	LMI Required	Section
Fully Verified	Standard	> 80%	Yes	N/A
	Specialised Security	Varies	Yes - subject to LMI providers requirements	<a href="#">19 Specialised security</a>
Non permanent Australian residents / Non residents	All	Not acceptable	Not acceptable	<a href="#">6.6 Non permanent Australian residents/Non residents</a>

## 23.3 Capitalised LMI premiums

**Note:** There are current TPB restrictions in place for Interest Only lending, refer to Newsline 1371 issued 22 February 2019.

Unless noted in the table below, LMI premiums may be capitalised onto a loan provided the resultant LVR, including premium, does not exceed 95%.

Refer [16.1 Maximum LVR matrix](#) for maximum LVR based on loan type, loan purpose and/or security type.

LMI loans involving	Maximum LVR
Interest only	90% including any capitalised LMI
High risk location (Category 4)	80% including any capitalised LMI

Any exception to this requirement can only be considered by DLA level as specified below:

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	9	(refer Processing)	6

## 23.4 Changes to existing loan contracts

Renegotiation of loan conditions to an existing Mortgage Insured loan, must be approved by Helia unless continuation of LMI is not required.

### 23.4.1 Principal increases and additional loans where LMI is currently in place

**Note:** There are current TPB restrictions in place for Interest Only lending, refer to Newsline 1371 issued 22 February 2019.

Applicant(s) must pay a premium on any principal increase/additional loan above the original loan amount. This excludes any redraws on the original loan.

For additional or increased loan requests the following also applies:

- Insured loans may be increased by a principal increase to an existing loan or an additional loan against the same security. If the additional loan amount is to be insured, a premium will be payable;
- An updated full valuation is required if it is greater than 3 months old unless the LMI provider is prepared to accept otherwise;
- Cover for the additional loans must not extend beyond the maturity date of the originally insured loan. If necessary an application may be forwarded to Helia requesting approval for an extension to the maturity date of the original LMI policy.

Exceptions



# Security

- Where the original loan was LMI insured and any subsequent principal increase no longer requires LMI cover (refer security and product restrictions) no LMI is payable.
- Where an increase was written for a category 3 location prior to September 2010 LMI will be in place. Any subsequent principal increases/additional loans using the same security and where the proposed LVR is under 80% LMI will not be required.

This policy does not apply to loans with Blanket LMI cover. These loans are subject to separate processes. Please contact the Processing Centre should the loan being increased fall into this category.

## ***23.4.2 Principal increase and additional loans where LMI is currently not in place***

**Note: There are current TPB restrictions in place for Interest Only lending, refer to Newsline 1371 issued 22 February 2019.**

Where approval is granted for a principal increase to an existing facility that is not currently LMI insured, or creates an additional new loan using the existing security and the new LVR now requires LMI cover, a proposal for the total loan amounts (existing and new) must be submitted.

# Post Settlement

## Post Settlement

### 24 Redraw

#### 24.1 Redraw

Redraw of all or any of the amount paid in excess of the required repayments can be made in line with product and documentation requirements.

### 25 Additional lending to existing residential mortgage borrower(s)

**Note: There are current TPB restrictions in place for Interest Only lending, refer to Newsline 1371 issued 22 February 2019.**

Additional lending to existing residential mortgage borrowers can be considered as a principal increase to an existing loan or as an additional loan. For guidelines on increases to EFM facilities, please contact Consumer Credit Policy.

Unless noted in this policy, standard lending criteria applies, including NCC requirements, refer [2 National Credit Code \(NCC\)](#).

The reduced verification requirements outlined in this section are subject to:

- Satisfactory loan and account history as outlined in [10 Verifying an applicant's financial position, account conduct and repayment history](#). The review of Repayment History Information is only required for the most recent 6 months.
- Any Financial Hardship Information (FHI) on the applicant's comprehensive credit report must be acceptable as defined in [10.1.2.2 Acceptable FHI](#).

Additional lending criteria is as follows:

#### 25.1 Borrowing Structure

- The borrowing structure, including the borrowers or guarantors cannot be changed.
- Where a company or trust exists, the structure cannot be amended e.g. Directors and/or Trustees.
- Where a guarantee is in place for existing lending:

Loan type	Guarantee requirements
Principal increase to existing facility: Loan number, security and borrowing structure remain the same.	A new guarantee is not required. The guarantor(s) must receive a copy of the guarantee extension and written acceptance must be received from the guarantor(s)*.
Additional loan being loaded and/or existing loan being refinanced with continued reliance on existing guarantor(s):	A new guarantee is required from the guarantor(s)*.

# Post Settlement

\*Guarantor(s) to be assessed as outlined in [7 Guarantor\(s\) and Third Party Mortgages](#)

## 25.2 Income and employment

Type	% used for servicing	Verification Documents
<p><b>PAYG (primary income)</b></p> <p>No minimum employment period if consistent employment history evident.</p> <p>All other income must be verified and accepted as outlined in <a href="#">9.1 Employment and income matrix</a>.</p>	<p>100%</p> <p>Casual employment is to be annualised as outlined in <a href="#">9.1 Employment and income matrix</a>.</p>	<p>Any one of the following:</p> <ul style="list-style-type: none"> <li>Two months transaction history showing regular and consistent payroll credits satisfies employment and income requirement in full; OR</li> <li>Current payslip showing YTD figures; OR</li> <li>Employment contract or letter from employer; OR</li> <li>PAYG income and employment details verified by phone as outlined in <a href="#">9.2 Minimum supporting documentation standards</a>; OR</li> <li>Income statement 'Tax ready' from <a href="#">MyGov.au</a> website and recent payroll credit to transaction history.</li> <li>Current Financial Year Income Statement 'Year to date' pay information from <a href="#">myGov.au</a> website, no older than 45 days old;</li> </ul>
<p><b>Sole Trader</b></p>	<p>100%</p>	<ul style="list-style-type: none"> <li>Most recent personal tax return with the most recent Notice of Assessment no older than 18 months.</li> </ul> <p>Existing Low Doc applicant(s) must be fully verified, as outlined for PAYG or Self Employed, Company or Trust.</p>

# Post Settlement

Type	% used for servicing	Verification Documents
Partnership, Company or Trust	100%	<ul style="list-style-type: none"> <li>Most recent company or business tax return and financials no greater than 18 months old;</li> <li><b>and</b></li> <li>Each director/ partner on the loan must also provide their recent tax returns with the most recent Notice of Assessment no older than 18 months.</li> </ul> <p>Existing Low Doc applicant(s) must be fully verified, as outlined for PAYG or Self Employed, Company or Trust.</p>

## 25.3 Credit scorecard

The reduced verifications in this policy do not apply for any application returning a 'High Risk' 'High Risk – Refer/Decline' scorecard decision and a full assessment of the application will be required.

## 25.4 Cash out

Refer to [14.7 Cash Out](#) for guidelines

## 25.5 Principal increase

Loan product and term cannot be changed.

Existing loans cannot be increased if they are:	<ul style="list-style-type: none"> <li>In a fixed or discount variable rate period;</li> <li>Uninsured and now require LMI;</li> <li>Bridging finance;</li> <li>A legacy loan product;</li> <li>The applicant is a trading company. Refer <a href="#">6.7 Company applicants and trustees</a></li> <li>Requiring a Deed of Priority.</li> </ul>
Where these circumstances apply, a new loan facility is to be created and can be assessed under this policy.	

# Post Settlement

## 25.6 Lenders Mortgage Insurance

If existing LMI is held, refer to section [23.4 Changes to existing loan contracts](#).

For any additional lending requiring LMI, standard policy applies. LMI provider's requirements must also be met.

## 25.7 Approval authority

Principal Increase applications must be approved by the DLA level, or higher, as specified in the table below.

Applications must be approved by the appropriate DLA level, or higher, for the total Bank exposure.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
1	1	1	1

Exceptions must be approved by the DLA level, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	7	(refer Processing)	5

## 26 Post settlement variations to an existing contract/facility – no additional funds

The requirements for post settlement variations to an existing contract/facility where no additional funds are requested are outlined in the following policies:

- 26.2 [Product conversion applications](#);
- 26.3 [Change of term applications](#);
- 26.4 [Partial Discharge of security applications](#); and
- 26.5 [Substitution of security applications](#)

Under these policies:

- No additional funds/principal increase requests can be considered;
- Any request involving hardship must be referred to Mortgage Help;
- BEN accounts must be reviewed for last 3 months as outlined in [10 Verifying an applicant's financial position, account conduct and repayment history](#). Any post settlement variation under this policy with adverse conduct must be critically reviewed prior to approval, refer [10.1.1.1 Review of RHI](#) and [10.2.1](#)

# Post Settlement

[Adverse conduct using transaction history](#) for guidelines. Any loan in arrears at the time of the request is to be considered case by case in consultation with Mortgage Help and [DLA 5](#) / DLA 7 or higher;

- No changes to the loan structure (borrower and/or guarantor) are acceptable;
- Where mortgage insurance applies, the LMI provider's requirements must also be met unless LMI is no longer required. Approval from the LMI provider must be sought and a copy held on file;
- DLA Holder must ensure that Responsible Lending obligations must be met with comments documenting discussions with the borrower(s), including how the variation meets the borrower(s) requirements and objectives, refer section [2 National Credit Code \(NCC\)](#), especially when the variation involves:
  - Conversion to an interest only product; and/or
  - The interest rate is higher on any new or varied loan; and/or
  - Costs/fees for each facility have been considered; and/or
  - The overall loan term increases, thereby increasing the total cost of the loan.

## 26.1 Serviceability and supporting documentation assessment

In addition to the above, the following serviceability assessment and supporting documentation requirements must be completed where outlined in [26.2.4.2 Product Conversion assessment / product split](#), [26.3.2 Change of term assessment](#), [26.4.2 Partial discharge assessment](#) or [26.5.2 Substitution of security assessment](#):

- An updated assets and liability statement must be completed;
- An updated credit report(s) must be completed as outlined in [8.2 Credit report assessment](#).

**Note** – before a credit report is completed, an updated Privacy Acknowledgement must be accepted by all individual borrowers and individual guarantors.

The credit report must be reviewed as follows:

- Review of Repayment History Information (RHI) and Financial Hardship Information (FHI) as outlined in [10.1 Verification of credit history using Comprehensive Credit Reporting](#). Where RHI and FHI data are not available on a Comprehensive Credit Report, the requirements outlined in [10.2 Verification of account conduct and loan history using transaction history](#) must be met;
- All enquiries must be cross checked to accounts (loans) listed in the credit report and the information provided by the borrower(s). Any anomaly or inconsistency with the borrower's declared financial position must be investigated, verified and included in the serviceability calculation as appropriate. Where RHI is not available, external loan account statements must be provided.
- Comments must be included to explain the omission and justify why the application should proceed. Blatant cases of non-disclosure or unsatisfactory credit conduct must be declined.
- A serviceability assessment for the borrower(s) and any guarantors as outlined in [11 Serviceability](#) and [6.10 Applicant structure matrix](#) must be completed with income, living expenses and commitments to be verified as outlined below.

Any exceptions to this policy for residential mortgage loan applications are Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.

# Post Settlement

Verification item	Verification requirements
Employment	No minimum employment period required however refer income verification requirement below of self employed borrower(s).
Income – PAYG & Centrelink	<p>Most recent 3 months BEN or OFI transaction history; or</p> <p>Most recent payslip showing YTD income no greater than 31 days old; or</p> <p>Employment contract or letter from employer; or</p> <p>PAYG income and employment verified by phone; or</p> <p>Centrelink statement no greater than 31 days old; or</p> <p>Any other document(s) outlined in PAYG section of <a href="#">9 Employment and income</a></p>
Income – Self employed	<p>Most recent accountant prepared tax return or financial statements. Documents to be no greater than 18 months old.</p> <p>Notice of Assessment (or similar) is required where the tax return or financial statements are not prepared by an accountant.</p>
Income – all other (including Low Doc loans)	Standard policy requirements as outlined in section <a href="#">9 Employment and income</a>
ATO position	No verification required unless ATO arrears are evident from transaction history or tax return/financial statements. Where ATO arrears are evident, this must be discussed with the borrower and the application referred to DLA7 or higher
Living expenses	Declared Living Expenses to be collected as outlined in <a href="#">11.4 Calculation of Living Expenses</a>
External loans & credit cards	No transaction history required however transaction history provided by the applicant(s), BEN account(s) and credit history report(s) must be reviewed for anomalies. Where anomalies are identified and RHI is not available on all current debts, transaction history must be obtained as outlined in <a href="#">10 Verifying an applicant's financial position, account conduct and repayment history</a> to confirm the correct position.

# Post Settlement

If serviceability does not meet the Banks requirements as per section [11 Serviceability](#) and the position can be mitigated, the post settlement variation request can be considered by exception with Third Party Mortgage Operations recommendation to [DLA 5 / DLA 7](#) or higher for assessment. [DLA 5 / DLA 7](#) or higher retain the right to request a full serviceability assessment and/or modify or decline any variation request.

**Note:** All other post settlement variations to an existing contract/facility where no additional funds are requested are to be processed via a new application.

The following additional policies must also be considered:

[6.2 Aged applicant\(s\)](#)

[6.3 Vulnerable applicant\(s\)](#)

[6.4 Conflict of interest](#)

## 26.2 Product conversion applications

A product conversion application allows a borrower(s) to request a conversion of all or part of the current residential mortgage loan balance (including any redraw) or limit for revolving credit facilities to a different product. This policy includes conversion from an investment property loan to an owner occupied loan.

The security(ies) must meet standard security, valuation and maximum LVR policy requirements as outlined in [16.1 Maximum LVR matrix](#) and [17 Security](#), [19 Specialised security](#), [21.1 Valuation types](#) and [21.5.2 Existing security held by the Bank](#). **Note** – A product split as outlined in [26.2.4.1 Product Split](#) are exempt from this requirement.

**Note:** Product conversions are not available on all products.

**Note** – Interest only loans with automatic conversion to principal and interest repayments are exempt from product conversion requirements subject to the original loan conditions being met. Any request to change to the interest only and/or principal and interest terms will require reassessment as outlined [26.2 Product conversion applications](#) or [26.3 Change of term applications](#).

### 26.2.1 Product conversion eligibility

With the exception of switching to a Home Equity Loan, any product specific restrictions or exclusions noted in [26.2.2 Product conversion exclusions](#), all other products are suitable for variation.

### 26.2.2 Product conversion exclusions

This policy excludes the following:

- Conversion from or to any business or commercial loan;
- Interest Only loans where the total interest only loan term exceeds 5 years;
- Original loan term 10 years or less;
- Increases to an existing line of credit facility; facility can only be reduced or closed;
- Switching from a Regulated to an Unregulated product;
- Existing EFM loans cannot be converted to interest only. In the instance of internal refinance, to ensure that no Bendigo and Adelaide Bank loans can be interest only, all loans against an EFM security are to be refinanced as part of the application;
- Conversions to any legacy product.



# Post Settlement

## **26.2.3 Product conversion exceptions**

The following product conversions are exempt from assessment under [26.2 Product conversion applications](#) subject to the qualifying criteria being met:

- Any interest only loan converting to principal and interest repayments where the serviceability assessment at origination included a principal and interest term, and the principal and interest term was correctly documented in the Loan Contract (i.e. from 4<sup>th</sup> October 2016); and
- Early conversion from interest only to principal and interest repayments where the serviceability assessment included a principal and interest term, and the principal and interest term was correctly documented in the Loan Contract (i.e. from 4<sup>th</sup> October 2016).

Qualifying criteria:

- Discussions must be held with borrower(s) regarding their requirements and objectives with appropriate comments to be completed;
- The Loan Contract issued at origination includes the same principal and interest term as used in the serviceability assessment;
- No change to the total loan term approved at origination (i.e. the interest only and principal and interest terms combined). If a change to the total loan term is required, the conversion request must be assessed as outlined in [26.3 Change of term applications](#);
- No decrease to the principal and interest term used for serviceability assessment at origination. If a shorter principal and interest term is required, a serviceability assessment must be undertaken as outlined in [26.3 Change of term applications](#); and
- Satisfactory BEN account and loan conduct as defined in [10.1.1.1 Review of RHI](#) and [10.2.1 Adverse conduct using transaction history](#);
- Any Financial Hardship Information (FHI) on the applicant's comprehensive credit report must be acceptable as defined in [10.1.2.2 Acceptable FHI](#).

Where any doubt exists in regard to material changes to the borrower's financial position since origination of the loan and/or the Loan Contract issued at origination and/or the borrower's ability to meet the principal and interest payments, the DLA holder can request additional information, including a serviceability assessment at their discretion.

## **26.2.4 Product conversion assessment / product split**

### **26.2.4.1 Product split**

A product split allows an existing loan to be split into more than one loan with no credit assessment required subject to the following:

- There is no product restriction;
- There is no change to the repayment type (the principal and interest loan repayment type or interest only repayment type must remain in place);
- There is no change to the occupancy type (the owner occupied or investment nature of the existing loan must remain in place).

Where a product is not suitable for splitting, the requirements of [26.2.4.2 Product conversion assessment](#) can be considered.

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## 26.2.4.2 Product conversion assessment

The maximum loan term for the product chosen cannot be exceeded. There is no restriction on when an interest only term can be requested however the total interest only term(s) cannot exceed 5 years for all loan purposes and the maximum overall loan term cannot exceed 30 years. Any request for interest only term(s) in excess of a total of 5 years will only be considered by exception with recommendation by Third Party Mortgage Operations and such requests must be approved by [DLA 5](#) / [DLA 7](#) or higher.

In addition to the requirements in [26 Post settlement variation applications to an existing contract/facility - no additional funds](#), all product conversion requests require assessment as follows:

- All contractual requirements must have been met on the account(s) to be converted prior to settlement (e.g. bridging finance, progress payments);
- The current LVR must meet the LVR restrictions of the new product;
- Serviceability & supporting documentation assessment as outlined in [26.1 Serviceability & supporting documentation assessment](#).

## 26.2.5 Product conversion approval

A product conversion must be approved by the DLA level or higher as outlined in the table below:

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	3	Refer Processing	2

Exceptions to the above criteria must be recommended by Third Party Mortgage Operations and approved by the DLA level, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	7	Refer Processing	5

## 26.3 Change of term applications

A change of term application allows a borrower(s) to request an extension or reduction to the term of their loan(s).

### 26.3.1 Change of term eligibility

This policy is only available for residential owner occupier and investment loans term loans (not available for Line of Credit facilities). Term extensions must be restricted to the product term, i.e. the total loan term cannot exceed 30 years from the settlement of the initial facility and the total interest only term(s) cannot exceed 5 years for all

# Post Settlement

loan purposes.

Any request for interest only term(s) in excess of a total of 5 years will only be considered by exception. Such requests must be approved by [DLA 5](#) / [DLA 7](#) or higher.

All contractual requirements must have been met on the account(s) to be converted prior to settlement (e.g. bridging finance, progress payments);

A change of term for any of the following will only be considered by exception:

- Any loan to be extended is a Bridging Loan. Refer [34.13 Bridging period extensions](#);
- Any loan to be extended is secured by non-residential property;
- Any loan extension that contradicts a specific approval condition on the initial loan.

## **26.3.1.1 Change of term exceptions**

Early conversions from interest only to principal and interest repayments where there is no change to the total loan term are to be assessed as outlined in [26.2.3 Product conversion exceptions](#).

## **26.3.2 Change of term assessment**

In addition to the requirements in [26 Post settlement variation applications to an existing contract/facility - no additional funds](#), all change of term requests require assessment as follows:

- The current LVR must meet the LVR restrictions of the updated loan arrangements;
- Serviceability & supporting documentation assessment as outlined in [26.1 Serviceability & supporting documentation assessment](#);
- The security(ies) must meet standard security, valuation and maximum LVR policy requirements as outlined in [16.1 Maximum LVR matrix](#), [17 Security](#), [19 Specialised security](#), [21.1 Valuation types](#) and [21.5.2 Existing security held by the Bank](#).

## **26.3.3 Change of term approval**

A change of term request must be approved by the DLA level or higher as outlined in the table below:

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	3	Refer Processing	2

Exceptions to the above criteria must be recommended by Third Party Mortgage Operations and approved by the DLA level, or higher, as specified in the table below.

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OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	7	Refer Processing	5

## 26.4 Partial discharge of security applications

A partial discharge application occurs when one (or more) of multiple securities linked to a loan(s) is released with the debt(s) continuing to be secured by the remaining security(ies).

### 26.4.1 Partial discharge eligibility

The loan(s) product and term cannot be changed.

If the existing loan(s) is subject to progress payments, then LVR calculations must allow for full draw down of loan.

If the existing loan(s) is subject to bridging finance conditions, the loan(s) must be reduced to the loan amount specified in the loan contract, or lower.

Partial discharges are not permitted for an EFM associated loan.

### 26.4.2 Partial discharge assessment

In addition to the requirements in [26 Post settlement variation applications to an existing contract/facility – no additional funds](#), all partial discharge requests require assessment as follows:

- The remaining security(ies) must meet standard security, valuation and maximum LVR policy requirements as outlined in [16.1 Maximum LVR matrix](#), [17 Security](#), [19 Specialised security](#), [21.2 Valuation types](#) and [21.5.2 Existing security held by the Bank](#);
- The requirements of [26.1 Serviceability & supporting documentation assessment](#) based on the type of partial discharge must be completed as outlined in the table below:

Partial Discharge conditions	Verification requirements	
	Employment, income & serviceability	Conduct on BEN loans and accounts
Security(ies) discharged and full net proceeds applied to outstanding loan(s)	x	x
Security(ies) to be released is to be/has been sold and borrower(s) retains a portion of the sale proceeds and as a result income will <b>not</b> reduce	x	x

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Partial Discharge conditions	Verification requirements	
	Employment, income & serviceability	Conduct on BEN loans and accounts
Security(ies) to be released is to be/has been sold and borrower(s) retains a portion of the sale proceeds and as a result income will reduce	✓	✓
Security(ies) to be released is part of new or additional borrowings at OFI. Serviceability must include any new debt(s) with OFI.	✓	✓
Bridging Finance*	x	x

\* Residual debt must be reduced to the loan amount specified in the loan contract, or lower.

## 26.4.3 Reserved

## 26.4.4 Partial discharge Approval authority

A partial discharge must be approved by the DLA level or higher as outlined in the table below:

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	3	Refer Processing	2

Exceptions to the above criteria must be recommended by Third Party Mortgage Operations and approved by the DLA level, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	7	Refer Processing	5

# Post Settlement

## 26.5 Substitution of security applications

A substitution of security application occurs when a security(ies) is released and is replaced by an alternative security(ies).

### 26.5.1 Substitution of security eligibility

The loan(s) product and term cannot be changed.

If the existing loan(s) is subject to progress payments and/or bridging finance conditions, these must be finalised before the substitution can be processed.

New security cannot be under construction or to commence construction.

Substitution of security is not permitted for an EFM associated loan.

### 26.5.2 Substitution of security assessment

In addition to the requirements in [26 Post settlement variation applications to an existing contract/facility – no additional funds](#), all substitution of security requests require a modified assessment as follows:

- The new and any remaining security(ies) must meet standard security, valuation and maximum LVR policy requirements as outlined in [16.1 Maximum LVR matrix](#), [17 Security](#), [19 Specialised security](#), [21.1 Valuation types](#), [21.5.1 New security to the Bank](#) and [21.5.2 Existing security held by the Bank](#);
- The requirements of [26.1 Serviceability & supporting documentation assessment](#) based on the type of substitution of security must be completed as outlined in the table below:

Substitution conditions	Verification requirements	
	Employment, income & serviceability	Conduct on BEN loans and accounts
Security(ies) to be released is to be/has been sold and as a result income will <b>not</b> reduce	x	x
Security(ies) to be released is to be/has been sold and as a result income will reduce	✓	✓
Security(ies) to be released is part of new or additional borrowings at OFI. Borrower(s) have refinanced or not sold. Serviceability must include any new debt(s) with OFI	✓	✓

# Post Settlement

## 26.5.3 Reserved

### 26.5.4 Substitution of security approval authority

A substitution of security must be approved by the DLA level or higher as outlined in the tables below:

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	3	Refer Processing	2

Exceptions to the above criteria must be recommended by Third Party Mortgage Operations and approved by the DLA level, or higher, as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	7	Refer Processing	5

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# Product Specific Policy

## Product Specific Policy

### 30 Credit card increases

#### Credit card increases

Applications for an increase to an existing credit card may only be accepted from individuals who hold a current unsecured Adelaide Bank credit card. Increases to an existing secured credit card limit are not available.

##### 30.1 Maximum limits

The maximum aggregated credit card limit(s) with the Group is \$20,000.

##### 30.2 Residency

Limit increase applications will be accepted from Australian Citizens or permanent Australian residents. Applications involving non-permanent Australian residents / non residents can only be considered by exception.

##### 30.3 Borrowing structure

Existing credit card structures cannot be amended.

##### 30.4 Credit references

Requirements as outlined in [8 Credit references](#) and [10 Verifying an applicant's financial position, account conduct and repayment history](#) apply.

##### 30.5 Credit scorecard

Credit card increases are excluded from Credit Scorecard assessment however applications must be critically reviewed and where the assessor has any doubts regarding the applicant's credit character, the application must be referred to a higher DLA holder. The review of Repayment History Information is required for the most recent 6 months. A review of Financial Hardship Information is required for the most recent 12 months.

##### 30.6 RHI and Internal loans and accounts

RHI information as outlined in [10.1 Verification of credit history using Comprehensive Credit Reporting](#) is to be used to verify loan and or credit/store card conduct. Where this information is not available, the following requirements apply:

The Bank's systems are to be used to verify repayment history and account conduct on all existing and repaid facilities as follows:

- Review all current accounts and loans for the most recent 2 months; and
- Review all loans repaid in the prior 2 months for the 2 months prior to repayment.



# Product Specific Policy

All of the applicant(s) account(s) with the Bank must have been conducted in a satisfactory manner as defined in [10.2 Verification of account conduct and loan history using transaction history](#).

## **30.6.1 RHI and External loans and accounts**

Any Financial Hardship Information (FHI) on the applicant's comprehensive credit report must be reviewed as outlined in [10.1.2 Financial Hardship Information \(FHI\)](#).

RHI as outlined in [10.1 Verification of credit history using Comprehensive Credit Reporting](#) is to be used to verify loan and or credit/store card conduct.

For non BEN customers where RHI is not available on an external loan or credit card and the serviceability ratio is <1.25, verification of all external loans to transaction history covering at least one month (no greater than 45 days old) is required;

- Where RHI is not available on an external loan or credit and the serviceability ratio is  $\geq 1.25$  and all other credit card policy requirements have been met, OFI transaction history is not compulsory however may be requested at the discretion of the approving DLA holder.

Where the application involved a refinance of an external credit card facility, refer [30.6.2 Refinances](#).

## **30.6.2 Refinances**

Any Financial Hardship Information (FHI) on the applicant's comprehensive credit report must be reviewed as outlined in [10.1.2 Financial Hardship Information \(FHI\)](#).

RHI is to be reviewed as outlined in [10.1 Verification of credit history using Comprehensive Credit Reporting](#).

Where RHI is not available on an external credit card, the most recent transaction history (no greater than 45 days old) on any OFI credit card where the balance (in part or in full) is to be taken over is to be provided and reviewed for adverse conduct (as outlined in [10.2 Verification of account conduct and loan history using transaction history](#)) and confirmation of the limit.

## **30.7 Employment requirements and income verification**

### **30.7.1 PAYG (Permanent employment)**

No minimum period of employment is required.

Income verifications are completed as per standard policy requirements, refer [9.1 Employment and income matrix](#) for guidelines.

#### **Note:**

#### **Employment and/or income adversely impacted by a Government mandated lockdown.**

At the time of the loan assessment, if any applicant's employment and/or income is adversely impacted by a Government mandated lockdown, the following additional requirements apply:

#### *Continuance of employment*

This must be completed within the 7 days prior to formal approval by:

- Including a diary note verifying continuance of employment, or
- Written confirmation from the employer on letterhead and dated

A change in foreseeable circumstances must also be recorded for all changes to hours, duties or income.

# Product Specific Policy

Where ongoing employment and/or income required for serviceability cannot be confirmed, the application should be held over until these can be confirmed or referred to [LendFast DLA 5 or higher](#) / [ABE/OLAS DLA 7 or higher](#).

## **30.7.2 PAYG (Non permanent or casual employment)**

Minimum 6 months current employment or 2 years in same industry. Income is to be calculated on the current YTD figure and annualised over 48 weeks (40 weeks for education staff employed on a casual basis).

- Either a phone call verification to the employer must be completed or 3 months transaction history showing income credits, refer [9 Employment and income](#) for guidelines; or
- Income verifications are completed as per standard policy requirements, refer [9.1 Employment and income matrix](#) for guidelines.

### **Note:**

#### **Employment and/or income adversely impacted by a Government mandated lockdown.**

At the time of the loan assessment, if any applicant's employment and/or income is adversely impacted by a Government mandated lockdown, the following additional requirements apply:

#### *Continuance of employment*

This must be completed within the 7 days prior to formal approval by:

- Including a diary note verifying continuance of employment, or
- Written confirmation from the employer on letterhead and dated

A change in foreseeable circumstances must also be recorded for all changes to hours, duties or income.

Where ongoing employment and/or income required for serviceability cannot be confirmed, the application should be held over until these can be confirmed or referred to [LendFast DLA 5 or higher](#) / [ABE/OLAS DLA 7 or higher](#).

## **30.7.3 Self employed applicant(s)**

Minimum 6 months self employed in the same business.

Self employed applicants are limited to maximum aggregated credit card limits with the Group of \$5,000 using this reduced documentation process. Acceptable income verifications:

- Most recent certified ATO tax return no older than 18 months; or
- Most recent ATO notice of assessment no older than 18 months; or
- A letter confirming estimated taxable income from the applicant(s) accountant on letterhead, signed and dated.

Applicants seeking higher aggregated limits must provide full income verifications as per standard policy requirements, refer [9.3 Self employed applicant\(s\) income](#) for guidelines.

## **30.7.4 Other employment and income source(s)**

Must meet standard employment and income verification requirements, refer [9 Employment and income](#) and [9.1 Employment and income matrix](#) for guidelines.

## **30.8 Serviceability**

Serviceability must be determined using the Bank's approved serviceability calculator. The net surplus ratio must be 1.0 or higher. Refer [11 Serviceability](#) for full details.

# Product Specific Policy

## 30.9 Approval authority

Applications must be approved by the DLA level (or higher) as specified in the table below.

OLAS / ABE	
Mortgage Manager	Processing – Consumer Connection
(refer Processing – Consumer Connection)	3

Exceptions to any of the above criteria must be approved by the DLA level (or higher) as specified in the table below.

OLAS / ABE	
Mortgage Manager	Processing
(refer Processing)	7

# Product Specific Policy

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## 32 Reserved

## 33 Equity Finance Mortgage (EFM) associated loans

For guidelines on existing EFM loans, please contact Consumer Credit Policy.

## 34 Bridging finance

**Note: There are current TPB restrictions in place for Bridging finance, refer TPB Communication sent 28<sup>th</sup> February 2022**

### 34.1 Acceptable applicants, loan purposes and loan terms

A Bridging loan is available to individual and company borrowers (including family or discretionary trusts).

Where the applicant(s) do not require interest capitalisation, standard residential mortgage policy requirements must be met.

A Bridging Loan must meet the following conditions:

- For the purchase of an owner occupied residential property or residential investment property and associated costs;
- Not available for any other personal or non-residential property investment purposes;
- Limited to the sale of one property to reduce or clear the peak debt;
- Interest must be capitalised to the loan amount and applicant(s) must be advised of interest capitalisation and maximum bridging period in all instances; and
- The following maximum Bridging periods apply:

Loan purpose	Maximum Bridging period
Purchase of existing/complete owner occupied or residential investment property	6 months
Purchase of land and construction of owner occupied or residential investment property	12 months
Construction of owner occupied or residential investment property	12 months

# Product Specific Policy

## 34.1.1 Applicant structure

Guarantees are acceptable for married/defacto and other joint applicants and are subject to standard policy requirements, refer section [6.10 Applicant structure matrix](#).

All other third party security structures are unacceptable.

## 34.2 Credit references

Standard requirements as outlined in [8 Credit References](#) apply.

## 34.3 Calculation of estimated end debt

In all instances, the Bridging Finance Calculator must be used to calculate the capitalised interest and estimated end debt.

Where an unconditional sale on the property to be sold has been achieved, the sale price must be used to calculate the estimated end debt.

Where an unconditional sale of the property to be sold has not been achieved, a full valuation on the property is required with the value used to calculate the estimated end debt.

Where the bridging calculation indicates a nil estimated end debt, and there is no unconditional Contract of Sale in place, the valuation on the property to be sold must be discounted by 20% and a second estimated end debt calculation completed using the discounted value.

Serviceability of the peak and estimated end debt must be completed as outlined in [34.4 Employment, income and serviceability requirements](#).

## 34.4 Employment, income and serviceability requirements

Serviceability of the peak and estimated end debts must be completed as outlined below.

Standard employment and income requirements apply as outlined in [9 Employment and income](#).

In addition to the requirements outlined in [11 Serviceability](#), the following requirements must be met.

### Serviceability assessment of peak debt

Serviceability of the peak debt must be assessed as outlined in the table below:

Unconditional sale of property to be sold	Calculation of commitment on peak debt	Minimum serviceability ratio
No	Serviceability based on the peak debt on an interest only basis using the actual interest rate of the application* must be evident.	1.0
Yes	Serviceability based on the peak debt on an interest only basis using the actual interest rate of the application*	<u>N/A</u>

# Product Specific Policy

\*No buffer on the interest rate is required.

## **Serviceability assessment of the estimated end debt**

Serviceability of the estimated end debt (as outlined in [34.3 Calculation of estimated end debt](#)) must meet the following serviceability requirements:

Loan purpose	Minimum serviceability ratio
Purchase of established dwelling	1.15
Construction of a dwelling	1.25
Where an unconditional Contract of Sale is held on the property to be sold	1.00

Exceptions to any of the above criteria must be approved by the DLA level (or higher) as specified in the table below.

OLAS / ABE		LendFast	
Mortgage Manager	Processing	Mortgage Manager	Processing
Refer Processing	7	Refer Processing	5

## **34.5 Credit scorecard**

Credit scorecard requirements as outlined in [12 Credit scorecard](#) apply.

## **34.6 Documented evidence**

In addition to the documented evidence as outlined in [14.8 Supporting documentation](#), the following additional requirements apply:

- Confirmation the property to be sold is on the market within 10% of the valuation must be provided prior to settlement of the new loan for purchases or at the time of the final progress payment when a construction is involved;
- Where a Contract of Sale is held, a copy must be held on file. If an unconditional Contract of Sale, the applicant's conveyancer must confirm in writing that the Contract of Sale is unconditional and this must be held on file.

Lenders must also complete the Bridging Finance Calculator to calculate the capitalised interest on Bridging Loans.

## **34.7 Reserved**

# Product Specific Policy

## 34.8 Acceptable security

Standard policy applies for the property being purchased, refer [17 Security](#) and [19 Specialised security](#), however vacant land is unacceptable unless part of a land and house construction package.

The following property types are acceptable for the property to be sold:

- All security as outlined in [17 Security](#).
- High density units/apartments.
- Security located in categories 1, 2 & 3. Category 4 locations are not acceptable.

In addition, the following requirements must also be met:

- The Bank must hold a first mortgage position over the property to be sold. Second mortgages are only acceptable behind Bendigo and Adelaide Bank Group entities or Defence Service Loans. Any application where a second mortgage is to be provided on the property to be sold (other than behind Bendigo and Adelaide Bank Group entities or Defence Service Loans) must be approved by [DLA5](#) / [DLA 7](#) or higher and the Bank's mortgage must be registered;
- Any additional security required to secure the peak and/or end debts must meet LVR requirements as outlined in [16.1 Maximum LVR matrix](#); and
- Lenders/DLA holders must consider the impact of a location remote from the applicant's usual residence (e.g. interstate) on the ability to clear or reduce the Bridging Loan within the approved term. Where lenders/DLA holders are not confident of the applicant(s) commitment to sell the property within the approved term, the application must only be considered with a confirmed unconditional sale or is to be declined.

## 34.9 Valuations

Standard valuation requirements apply on the property to be purchased. Refer [21 Valuations](#);

The following requirements apply on the property to be sold:

- Where an unconditional Contract of Sale is held, it is to be used for valuation purposes. A full valuation is not required, even if required in other sections of policy. The applicant's conveyancer must confirm in writing that the Contract of Sale is unconditional;
- Where an unconditional Contract of Sale is **not** held, a full valuation on the property to be sold is mandatory and is to be used for valuation purposes.
- Lenders must check the valuation to ensure it is within 10% of the borrower's estimate of the selling price. Lenders and DLA holders must pay particular consideration to comments in the valuation report covering:
  - The saleability of the property;
  - A likely sale period greater than 6 months;
  - Any aspect of the property likely to cause a delay to the sale or a possible reduction to the valuation amount in order to achieve a timely sale (e.g. the property is tenanted, including by family members); and

# Product Specific Policy

- Any aspect of the local property market likely to cause a delay to the sale or a possible reduction to valuation amount in order to achieve a timely sale (e.g. comments on vendor discounting, property softening, level of property on the market in the location).

Where lenders/DLA holders are not confident of the applicant(s) commitment to sell the property within the approved term, the application must only be considered with an unconditional sale or be declined.

## 34.10 Maximum LVR requirements

Maximum LVR 80% on the peak debt including capitalised interest. The end debt LVR must meet the requirements of [16.1 Maximum LVR matrix](#).

Where specialised security or security with reduced LVRs are provided as security, maximum LVRs as outlined in [16.1 Maximum LVR matrix](#) must apply.

## 34.11 Lenders Mortgage Insurance (LMI)

LMI is not available. The maximum LVR without LMI will apply as outlined in [16.1 Maximum LVR matrix](#).

## 34.12 Principal increases

Principal increases on a Bridging Loan will only be considered for loans where the bridging period will be extended, to cover the interest capitalisation on the extended bridging period, and/or urgent property repairs required to sell the property. Comments must include a clear exit strategy.

A new full valuation must be obtained and reviewed as outlined in [34.9 Valuations](#), unless an unconditional Contract of Sale is held. All other requirements in [34 Bridging finance](#) must be met.

Applications must be approved by [DLA5](#) / [DLA7](#) or higher.

## 34.13 Bridging period extensions

Where the borrower(s) fails to meet the maximum bridging period arrangements (i.e. the bridging loan is not cleared within the maximum bridging period), consideration will need to be given to transfer of the loan to Mortgage Help.

In the case of inaction by the borrower to meet the approved loan term or where there are concerns regarding the ability or commitment of the borrower to sell the property, referral of the existing Bridging Loan to Mortgage Help rather than providing an extension is to be at the discretion of the [DLA5](#) / [DLA7](#) or higher.

A new full valuation must be obtained and reviewed as outlined in [34.9 Valuations](#) unless an unconditional Contract of Sale is held. All other requirements in [34 Bridging finance](#) must be met.

Bridging period extensions on a Bridging Loan beyond the maximum terms outlined [34.1 Acceptable applicants, loan purposes and loan terms](#) must include a clear exit strategy.

Applications must be approved by [DLA5](#) / [DLA7](#) or higher.

## 34.14 Substitution of security

Substitution of security is not permitted.



# Product Specific Policy

## 34.15 Approval

All applications must be approved by the DLA level, or higher, as specified below.

Where an unconditional sale on the property to be sold has been achieved and confirmed:

LendFast		OLAS/ABE	
Mortgage Manager	Processing	Mortgage Manager	Processing
3	3	3	3

Where there is a conditional Contract of Sale, or no Contract of Sale in place on the property to be sold:

LendFast		OLAS/ABE	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	5	(refer Processing)	7

Exceptions to any of the above criteria must be approved by the DLA level, or higher, as specified in the table below.

LendFast		OLAS/ABE	
Mortgage Manager	Processing	Mortgage Manager	Processing
(refer Processing)	5	(refer Processing)	7

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# Revision History

## Revision History

Date	Author	Change	Section
18/12/2006	S Barlow	Initial release in revised format.	-
25/01/2007	S Barlow / P Nayda	Addition of refinance / consolidation requirements Waiver of legal and financial advice for guarantors Clarification of guarantor structure requirements.	15.7.3 6.4 6.1.2
23/03/2007	P Nayda	EFM – additional income & employment restrictions when LMI is required. Acceptability of non-permanent residents. Full Valuation requirements list updated.	24 24.5 28.1.4
15/05/2007	P Nayda	Defined verification criteria for all supporting documentation (Memo 4571) EFM Prime Loan LVR increased to 80% LVR & Aggregate LVR restricted to 95% LVR (Memo 4594)	9.2 24.1
06/04/2007	P Nayda	Lo-Doc Lending requires clear credit history GST Registration threshold increased from \$50,000 to \$75,000 EFM Policy update	23.5 9.2 24
25/07/2007	P Nayda	Tax Scale Changes (Memo 4661) EFM High Density (Memo (4662) EFM Cash Out Changes (Memo 4662) No Valuation Policy Update GST Reg requirements for S/E applicants extended to related entities where income >\$75,000	16.1.2 24.7 24.13 28.1.2 9.3.2
10/10/2007	P Nayda	Full Documentation Credit History Requirements Benchmark increased to 9.32% from 8.82% Lo-Doc Net Surplus Ratio Increased to 1.25x from 1.20x Uninsured Lo-Doc Product >60% LVR unavailable from 22/10/2007 (Memo #4740)	10.2.5 15.2 16.1 23
1/3/2008	P Nayda	Benchmark Rate increased 9.32% to 11.25%	16.2
1/8/2008	P Nayda	Benchmark Rate reduced to 10.9% Tax Scales Updated Living Expenses Adjusted EFM Update Low Doc PAYG Update	16.2 16.1.1 16.1.1 24 23.3.1
3/3/2009	L Barnes	Benchmark Rate reduced to 7.40%	16.2

# Revision History

Date	Author	Change	Section
2/11/ 2009	L Barnes	Age of Applicant	6.1.1
		Applicant Structure Matrix	6.1.2
		Family Trusts	6.3
		Foreign Investors	7..2
		Income Matrix	9.1
		Self Employed Applicant income	9.2
		Credit Bureau Report Assessment	10.2
		Approval Matrix	10.2.5
		Loans to related parties	11
		Credit Scoring	12
		LVR Dollar Limits for loans without LMI	13.3
		Owner Occupation	15.1.1
		Investment	15.1.2
		Go-between loans	15..5
		LMI requirement matrix	18.1
		PAYG Applicants	23..3.1
		Constructions loans	23.8.1
		Vacant Land Purchase	23.8.2
		Lenders Mortgage Insurance (LMI)	23.12
		Security	23.13
		Equity Mortgage Finance – Maximum LVR	24.1
		Equity Mortgage Finance – LMI not required	24.2.1
		Equity Mortgage Finance – Security	24.4
		Equity Mortgage Finance – Applicant	24.5
		Acceptable Security	25
		Serviced, Resort, Hotel and retirement/mature age style apartments	26.3
		Location List review	27.2
		Desktop Valuations	28.1.3
		Second Mortgages	29
		Cross Collateralisation	30
1/12/2009	L. Barnes	Calculation of Net Income	16.1.2
		Benchmark Rate	16.2
01/02/2010	L. Alford	Redraw	19.1
28/02/2010	L. Alford	Currency of Valuation	28.2
		Credit Increase – Valuations.	19.2.4
		Partial Discharges – Valuations	31.2

# Revision History

Date	Author	Change	Section
01/07/2010	L. Alford	Purchase of Residential Property (House or Unit) – Qld Requirements	15.1
		Credit Increases – original facility must be operational for a minimum of 3 months	19.2
		After tax business add backs - to a maximum of 20% of Business Taxable income	9.2.3
		Taxable Income Rate Adjustments	16.1
23/08/2010	L. Alford	Maximum LVR Matrix – Owner Occupied Loans to 95% LVR	14.1
		Visa Limits with Home Loans Increase \$10,000 to \$20,000 secured, from \$5,000 to \$10,000 unsecured	23.9
		Category 3 Security Locations – acceptable to 95% therefore Category 3 location specific policy removed.	27.1.1
		Policy for Visa Facilities Approved with Residential Loans has been added to this policy document	25
27/09/2010	S. Morrow	Lo Doc loans to 70% LVR do not require LMI	23
		No Cash out with Lo Doc loans >60% to 70% LVR	23.8.4
		PAYG borrowers must fully verify income by normal policy requirement	23.3.1
		Lo Doc on additional income only if joint borrower with self employed borrower (ie bonuses, commission etc)	23.3.1
		Accountant verification of the borrowers' declaration of income and employment is required on all Lo Doc applications.	23.3
01/12/2010	M. Hamoy	Income requirements for Retirees and Home Duties updated	
		Permanent overtime requirements expanded	8.1
		Benchmark rate increased to 9.30%	9.1
		Reference numbering updated throughout entire document	16.2
			Multiple
01/01/2011	L. Alford	<b>(Administration)</b>	
		New Section – Introduction. This section provides an overview of the Bank's and DLA Holder's requirements under the National Consumer Credit Protection Act (NCCP).	
		New Section – Conflict of Interest. Borrowers cannot be disadvantaged by a conflict of interest.	1
		<b>Applicants</b>	
		Overview of Responsible Lending Requirements at the beginning of the Applicant Section. Also Language Capacity to be considered when assessing borrower's ability to understand the contract.	4
		New Section – Disadvantaged Borrowers. Covers the requirements for all disadvantaged borrowers.	8
		<b>Facility</b>	8.1.2

# Revision History

Date	Author	Change	Section
		Overview of Responsible Lending Requirements at the beginning of the Facility Section.	14
		Purchase/Construction of Residential Property for investment purpose is now Regulated under NCCP.	18.1.2
		FHOG – Removed reference to \$7000 of the FHOG and reworded to Bank may advance the expected FHOG, State and Rural Bonuses at land Settlement.	18.3.1
		When refinancing or consolidating debt the DLA Holder must ensure the new contract does not place the borrower in any substantial hardship.	18.7.1
		Requirement to make borrower aware of potential break or exit costs for refinanced facilities.	18.7.4
		Deposits must be held in an account accumulated over a 6 month period.	20.2.1
		The facility must be assessed to ensure the credit increase satisfies the borrower's objectives and does not place the borrower in any substantial hardship.	22.2
		The product conversion must be assessed to ensure that it satisfies the borrower's objectives and does not place the borrower in any substantial hardship.	22.3
		Section of policy referring to Interest Only for the full term of the loan, has been removed as this product is no longer available.	25
		Overview of Responsible Lending Requirements at the beginning of the Lo Doc Section.	26
		Overview of Responsible Lending Requirements at the beginning of the EFM Section.	27
1/03/2011	M. Hamoy	Depreciation after tax business addbacks increased to 100%	11.2.3
		Capitalised LMI section updated to note that Lo Doc loans can capitalise over 80% LVR	21.4
		Inclusion of hyperlink to Lo Doc Plus product guidelines	26
		Desktop valuations for Lo Doc applications acceptable to maximum 60% LVR	26.15
		Block of flats removed as 'Acceptable Security', retained as 'Specialised Security'	30
		Purchase contracts removed as an acceptable valuation type for LVR's above 80%	33.1.1
23/03/2011	M. Hamoy	Correction to Mortgage Manager approval authority DLA. Backdated to 2/11/2009	26.16
4/07/2011	M. Botten	Employer ABN verification requirements incorporated reflecting current procedures	11.3.1
		Reference to credit checks etc being conducted for Directorships expanded to include Proprietorships.	12.1.2

# Revision History

Date	Author	Change	Section
		Clarification of the way LMI premiums can be capitalised to ensure consistency throughout policy.	17
		Statement requirements – Refin & Debt Consol – ‘no statements’ $\leq 75\%$ LVR removed from policy	18.7.3
		Net Surplus Living Expenses Updated	19.1.2
		HECS/HELP debts are already included as a commitment and liability for servicing requirements. Now included in the commitment list reflecting current procedures.	19.1.3
		Amendment required to Lo Doc Construction Loans to maintain consistency with other sections of policy. A cross reference and hyperlink to 18.3.1 Progress Payments has also been added.	26.8.1
		Clarification re limitation on the number of approved Secured Visa facilities available per customer.	26.9 & 28
		Amendment required following a change to QLD legislation and a ValEx system upgrade. Also, final bullet point reworded to ensure consistency throughout policy.	33.1.4
15/8/2011	M. Botten	Income matrix updated to reflect recent legislative changes to Family Benefits part A & B Parenting Payments. Age reference has been deleted.	11.1
		Payslips – due to a number of Government Departments, Hospitals etc not having an ABN, policy requirement of Employer ABN’s being shown on all payslips has been removed	11.3.1
		Loan sizes - Reference to Credit Committee authority and requirement of Credit Risk Officer review and support removed. Requirements added relating to (1) loans < \$5M and (2) loans > \$5M	16
		Lo Doc product specific policy amended/reworded to maintain consistency with other sections of policy and provide clarity in order to ensure correct interpretation.	26
		Accountant verifications requirements amended for Lo Doc applications necessitating actual contact to be made with Accountant to verify they have signed Lo Doc declaration	26.3
12/10/2011	M. Hamoy	Wording amended with variance calculations to be applied to separate land and construction components for house and land applications.	33.4
28/11/2011	L. Barnes	Benchmark Rate reduced to 9.05%	19.2
5/12/2011	M. Botten	<b>Residency</b> Permanent Australian residents residing overseas and Non permanent residents will be subject to the same lending restrictions which have been modified and added to as follows: Category 1 security locations only Power of Attorney required Evidence of funds to complete and income verifications must be translated into English	9.1 9.2

# Revision History

Date	Author	Change	Section												
		Full valuations required in all circumstances Maximum loan size - \$1M per security Maximum aggregate exposure per borrowing group - \$2.0M Foreign income to be converted to AUD and assessed at 90% Maximum LVR – 70% without LMI	11.1 21.1												
30/12/11	L. Alford	Benchmark Rate reduced to 8.80%	19.2												
21/2/2012	L. Alford	Benchmark Rate increased to 8.95%	19.2												
27/3/2012	A Byrne	Genuine savings term reduced to 3 months. Valuer and valuation criteria amendment to section to remove instructions for panel Valuers	20.2.1 33.3												
30/5/2012	L. Alford	<b>Living Allowances</b> adjusted in accordance with the HPI: Single \$15,003 to \$16,005 Couple \$21,117 to \$23,268 Subsequent Adult \$ 6,812 to \$ 7,263 Dependant \$ 5,602 to \$ 5,656 <b>Benchmark Rate</b> reduced from 8.95% to 8.60% The Introduction and Applicant sections have been enhanced to cover the NCCP requirement for consideration of any planned future events which may affect the borrower’s objectives and serviceability to be explored with the borrower.	19.1.2  19.2 1 & 8												
18/6/2012	M. Botten	NRAS – National Rental Affordability Scheme investment loan criteria included covering: Income Matrix – rental income & Federal Government tax offset treatment Loan Purpose – NRAS criteria fully detailed Lo Doc – NRAS investment properties specifically excluded Acceptable security properties – ‘house’ category only; apartments/units etc are unacceptable Full valuations required in all circumstances	11.1 18.1.2 26.8 30 33.1.4.2												
29/6/2012	L. Alford	<u>Loans to related parties</u> – This policy has been update, the new policy incorporates ‘The Bank’s Business Partners and their staff’ and ‘Loans to family, and where a relationship is evident via shared directorship, shareholding or proprietorship’. <u>Tax Scales</u> amended to the following: <table><tr><th>Net income</th><th>Tax payable</th></tr><tr><td>Nil - \$18,200</td><td>Nil</td></tr><tr><td>\$18,201 – \$37,000</td><td>19c for each \$1 over \$18,200</td></tr><tr><td>\$37,001 - \$80,000</td><td>\$3,572 plus 32.5c for each \$1 over \$37,000</td></tr><tr><td>\$80,001 - \$180,000</td><td>\$17,547 plus 37c for each \$1 over \$80,000</td></tr><tr><td>\$180,001 - \$300,000</td><td>\$54,547 plus 45c for each \$1 over \$180,000</td></tr></table>	Net income	Tax payable	Nil - \$18,200	Nil	\$18,201 – \$37,000	19c for each \$1 over \$18,200	\$37,001 - \$80,000	\$3,572 plus 32.5c for each \$1 over \$37,000	\$80,001 - \$180,000	\$17,547 plus 37c for each \$1 over \$80,000	\$180,001 - \$300,000	\$54,547 plus 45c for each \$1 over \$180,000	13  19.1.1
Net income	Tax payable														
Nil - \$18,200	Nil														
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\$80,001 - \$180,000	\$17,547 plus 37c for each \$1 over \$80,000														
\$180,001 - \$300,000	\$54,547 plus 45c for each \$1 over \$180,000														



# Revision History

Date	Author	Change	Section
		<u>Benchmark Rate</u> changes from 8.60% to 8.40%	19.2
21/9/2012	L. Alford	<u>33.3 Valuers and Valuation Criteria</u> Reference to Internal Valuers removed.	33.3
10/10/2012	A Byrne	<u>26.8.4 Maximum Cash Out</u> A limit of 20%, up to a maximum cash out of \$100,000 has been added to the low doc policy for LVR ≤ 60%	26.8.4
21/12/2012	L. Alford	<u>Non Permanent Residents</u> Guidance added around conversion of foreign income and process required.	9.2
		<u>Income Matrix</u> - Guidance added around conversion of foreign income and process required. - 'No verification of overtime or shift allowance requirement for essential services'. - Child Care Benefits added to Income Matrix with guidance when to allow use of this form of income.	11
		<u>Serviceability</u> <b>Living Allowances</b> adjusted in accordance with the HPI: Single \$16,005 to \$13,728 Couple \$23,268 to \$25,428 Subsequent Adult \$ 7,263 to \$11,700 Dependant \$ 5,656 to \$ 4,888	19.1.2
		<b>Benchmark Rate</b> reduced from 8.20% to 8.00%	19.2
15/02/2013	M. Hamoy	<b>Hindsight reviews</b> Details of hindsight reviews to be completed relocated to separate hindsight review policy.	6.
		<b>Serviceability</b> Inclusion of DLA authority levels for exceptions to minimum servicing levels.	19.
		<b>Interest only product specific policy</b> Inclusion of maximum loan terms for P&I and LOC products.	25.
08/05/2013	M. Hamoy	<b>Employment requirements</b> Unemployed/welfare removed as an acceptable employment type.	10.1
		<i>"Genuine Savings"</i> Minimum term for deposits held in an account reduced to 3 months.	20.2.1
		<b>Valuation requirements</b>	33.1
		<i>Purchase contract</i>	33.1.1

# Revision History

Date	Author	Change	Section
		Clearer guidelines included directing lenders to ensure that the full valuation criteria are checked prior to acceptance of a purchase contract. <i>Valuer General's capital value</i>	33.1.2
		Clearer guidelines included directing lenders to ensure that the full valuation criteria are checked prior to acceptance of a Valuer General's capital value. <i>Desktop valuations</i>	33.1.3
		Clearer guidelines included directing lenders to ensure that the full valuation criteria are checked prior to acceptance of a desktop valuation. <i>Kerbside valuations</i>	33.1.4.1
		Clearer guidelines included directing lenders to ensure that the full valuation criteria are checked prior to acceptance of a kerbside valuation.	
27/05/2013	M. Hamoy	<b>Calculation of available income</b> Living expenses increased in line with cost of living as follows: First adult: from \$13,728 to \$13,780 Couple: from \$25,428 to \$25,636 Each additional adult: from \$11,700 to \$11,856 First child: from \$4,888 to \$4,940 Each additional child: from \$4,888 to \$4,940 <b>Benchmark rate</b> Reduced from 8.00% to 7.75%	19.1.2          19.2
26/08/2013	M. Hamoy	<b>Non permanent residents</b> Requirement for Power of Attorney for non permanent residents has been removed. <b>Staff lending</b> Inclusion of a new staff lending policy <b>Investment</b> New wording added excluding hybrid agreements for NRAS applications. <b>Benchmark rate</b> Reduced from 7.75% to 7.50% <b>Product conversion (no additional credit advanced)</b> Reference to 30 year term amended to maximum product term. <b>Loan sizes</b> Maximum LVR for lo doc loans corrected from 76% to 80%. <b>Development exposures</b> Responsibility for completing assessment on development exposures has been amended from Credit Risk to the Processing Centre. <b>Location categories</b>	9.2    13.1  18.1.2  19.2  22.3  26.7  31.1  32.1

# Revision History

Date	Author	Change	Section
		Footnote amended to note that maximum LVR is exclusive of LMI premiums. <b>Full valuations</b> Inclusion of requirement to ensure that the valuation report complies with the Bank's standard instructions and that the valuation must be accepted by an appropriate DLA holder.	33.1.4.2
01/10/2013	M. Hamoy	<b>Introduction of the Integrated Bendigo and Adelaide Bank Residential and Consumer Policy into the Third Party Mortgage Lending Credit Policy</b> The following is a high level list of material amendments made to the policy. Records of all amendments made are held by Group Risk. <b>Introduction</b> Section reworded with all NCCP related material relocated to separate NCCP section. <b>National Consumer Credit Protection (NCCP)</b> All NCCP related policy from throughout the document relocated to this section. <b>Distribution of Policy</b> Included under Introduction section. <b>Applicants</b> Borrower/guarantor definitions consolidated into single section; wording amended to remove age references; table expanded to allow third party mortgagors with applicable restrictions included. <b>Guarantor(s) and third party mortgages</b> Inclusion of clear guidelines when a guarantee must be taken; inclusion of guidelines for borrowing entities with multiple directors – previously guidelines only given for sole director entities; Unit trusts no longer acceptable; references to company applicants has been relocated to <i>Borrower/Guarantor definition</i> section <b>Employment</b> Expanded to include Borrower(s) employed by family and to excluded share trading & speculative developments <b>Income matrix</b> Now includes Borrower(s) employed by family; verifications for Centrelink recipients expanded to allow use of 6 months statements; Child support payments must be verified with both CSA assessment notice <b>and</b> 6 months statements; travel and meal allowances are specifically excluded. <b>Before tax business add backs</b>	1.  2.  N/A  7.  8.  9.  10.2  10.3.3

# Revision History

Date	Author	Change	Section
		New section allowing interest on refinanced debt and abnormal expenses to be added back prior to tax.	10.3.4
		<b>After tax business add backs</b>	
		Section expanded to include rental income, interest on existing term loans and interest on overdrafts.	10.4.1
		<b>Self employed financial statements</b>	
		GST registration required if <i>turnover</i> is greater than \$75,000, previously required if <i>income</i> was greater than \$75,000.	11.
		<b>Credit references</b>	
		References to Veda Advantage amended to Veda or replaced with 'credit history report'; explanation of default listings and default judgments consolidated into single clause <i>Adverse credit history</i> .	12.
		<b>Credit scorecard</b>	
		Existing table expanded to include reference to 'Low Risk' applicants and the associated DLA sign off requirements.	14.
		<b>Loan to valuation ratio (LVR)</b>	
		Explanation how to calculate LVR has been removed. Maximum LVR matrix has been expanded to include additional security types and the maximum LVR that the Bank will consider before requiring LMI cover.	15.
		<b>Loan purpose</b>	
		Section simplified and consolidated where possible: <i>Purchase of residential property</i> now covers owner occupied, investment and vacant land purchases; <i>Construction of residential properties</i> and <i>Home improvements</i> have been combined; <i>Progress payment requirements</i> has been expanded to include specific construction types, including a new section for kit homes; Business purposes has been simplified to cap at 20% of total loan amount; <i>Refinances and debt consolidation</i> now includes a definition of adverse conduct; new inclusion for <i>Equity release</i> ; all documentation requirements for each loan purpose now located in <i>Supporting documentation</i> table.	16.
		<b>Serviceability</b>	
		Table included listing minimum servicing ratios; taxable income rates removed and replaced with link to ATO website; living expenses simplified with examples of how to load applications for different types of household structures; qualifying rate replaced with, "qualified by calculating repayments at an interest rate 1.5% above the standard variable rate"	17.
		<b>Deposit/equity and savings history</b>	18.
		Applicants utilising borrowed funds for applications less than 80% LVR no longer require evidence of 10% own funds.	

# Revision History

Date	Author	Change	Section
		<b>Lender's mortgage insurance (LMI)</b> LMI requirement matrix expanded to include additional products; Bridging finance (Go-between) now notes max LVR 85% <i>including</i> capitalised LMI; <i>Changes to existing loan contracts</i> expanded to include further guidelines for credit increases; <i>Level of cover</i> , <i>Mortgage Protection Insurance (MPI) premiums</i> , <i>Prudential limits</i> , <i>Master policy agreement</i> , and <i>Review and monitoring</i> have been removed.	19.
		<b>Redraws, credit increases and product conversions</b> Minimum redraw amount \$500 included; requests for product conversions due to hardship must be referred to Mortgage Help for assistance	N/A
		<b>Interest capitalisation, Principal and interest product specific policy and Interest only product specific policy</b> Sections of policy removed as product related.	20.
		<b>Lo Doc product specific policy</b> Inclusion of new table outlining acceptable/unacceptable borrowers; Off the plan purchases no longer acceptable	N/A
		<b>Final assessment</b> Section relocated to NCCP section.	23.
		<b>Acceptable security</b> Inclusion of new table outlining acceptable security types/requirements	24.
		<b>Unacceptable security</b> New section included with multiple security types noted as unacceptable, previously was not clearly defined.	25.
		<b>Specialised security</b> Retirement/mature aged complexes no longer acceptable security; university/student apartments accepted subject to additional parameters; <i>Blocks of flats</i> replaced with limits on lending for more than 4 units; LVR limitations relocated to <i>Maximum LVR matrix</i> .	27.
		<b>Valuations</b> Inclusion of tables consolidating acceptable valuations type for security category locations, product type and loan amount; Purchase contracts in SA must now be verified with real estate agent; Desktop and kerbside valuations no longer acceptable; required information to be present on valuations has been expanded; valuations with risk rating 4 or higher can only be accepted by higher DLA; further valuation requirements included for 'new', 'as if complete', 'off the plan' and concentration exposure requests.	28.
		<b>Second mortgages</b>	

# Revision History

Date	Author	Change	Section
		Wording simplified; LVR limited to 70% (85% for Defence Service Home Loan & go-between); full valuations required.	
18/12/13	Marny Gardner	<p><b>National Consumer Credit Protection (NCCP)</b> Updated to include clear guidelines regarding Final Assessment.</p> <p><b>Unit Trusts</b> Heading and policy updated to include Hybrid trusts.</p> <p><b>Loan to valuation ration (LVR)</b> Updated to reflect that the less of the purchase price/fixed building contract or the Bank's valuation is to be adopted for LVR purposes.</p> <p><b>Purchase of residential property (house of unit)</b> Updated to include display/exhibition homes.</p> <p><b>Acceptable Security</b> Display/exhibition homes added to the policy including additional policy requirements. A reminder included to check LMI requirements for securities &lt;50m2.</p> <p><b>National Rental Affordability Scheme (NRAS)</b> List of Genworth approved consortiums added to policy.</p> <p><b>Second Mortgages</b> Private loan agreements and supporting documentation requirements added to policy.</p> <p><b>Multiple units in a single development</b> Separate policy included for multiple units in a single development. Up to &amp; including 3 units – maximum LVR 80% (refer to LMI guidelines for higher LVR's), four or more units – maximum LVR 65% applies.</p> <p><b>Full valuations</b> Updated to include display/exhibition homes.</p> <p><b>Maximum LVR matrix</b> Policy updated for multiple units in a single development. Up to &amp; including 3 units – maximum LVR 80% (refer to LMI guidelines for higher LVR's), four or more units – maximum LVR 65% applies.</p> <p><b>LVR requirements upon sale of a security</b> Wording amended to use 'available redraw' rather than 'ahead amount'.</p> <p><b>Ownership and Maintenance of Credit Policy</b> Policy revised to reflect change to ECC/MCC process following introduction of CPC.</p> <p><b>Location list review</b> Policy revised to reflect change to ECC/MCC process following introduction of CPC.</p>	<p>2.</p> <p>8.4.3</p> <p>14.</p> <p>15.1</p> <p>23.</p> <p>15.2</p> <p>28.</p> <p>25.1</p> <p>27.1.3</p> <p>14.1</p> <p>31.1</p> <p>3.</p> <p>26.2</p>

# Revision History

Date	Author	Change	Section
		<b>Calculation of serviceability ratio</b> Updated to include repayment on any private loan in commitments <b>Other deposit funds</b> Updated to note requirements to be met if a private loan is provided as part of the deposit funds. <b>Valuer criteria</b> Wording amended in line with LMI provider QBE's requirements for signing of valuations over \$1M. These valuations need to be signed off by a registered or licensed valuer who is a member of AAPI, CPV or PAPI CPV or equivalent. Where this requirement is not met, the valuation must be countersigned by another CPV valuer unless they are a director, partner or principal of the firm. <b>Capitalised LMI premiums</b> Reference to maximum LVR of 90% for LOC's with LMI deleted to reflect TPM product which includes P & I LOC with LVR up to 95% available with LMI enhancement.	16.1.4  17.1.2  27.2  18.3
10/12/13	Marny Gardner	<b>Unacceptable security</b> Policy updated to note that properties subject to a 'split' contract that are part of a multi-dwelling development that share common walls, footings or roof are unacceptable security <b>Purchase contract</b> Policy updated to note use of a purchase contract for property subject to a 'split' contract is not acceptable <b>Valuation requirements</b> Policy updated to provide discretion for DLA 3 and above to accept valuations with a single rating 4 that is directly due to bushfire/wildfire or flooding overlays. <b>Serviceability</b> New policy added to the EFM requirements to include both the prime (ADL) loan and the EFM loan in serviceability calculations. This has been included to meet Rismark Credit Policy amendments. <b>Loan variations</b> Policy has been updated to include both the prime (ADL) loan and the EFM loan in serviceability calculations. This has been included to meet Rismark Credit Policy amendments. <b>"Off the plan" sales</b> Guidelines relating to valuations, approvals and loan contracts, pre-approval and formal approval conditions have been reinstated.	24  27.1.1  27.3  21.6  21.12.1  25.3
5/3/14	Marny Gardner	<b>Staff Lending</b> Clarification that staff cannot process applications for themselves or their immediate family.	7.7

# Revision History

Date	Author	Change	Section
		<b>Loans to related parties</b> Clarification that business partner and their staff cannot process applications for themselves or their immediate family. Applications from family, friends to business partners must be loaded independently.	7.8
		<b>After tax addbacks</b> Clarified to note that the vehicle addback for self employed applicants is to be obtained from the profit and loss statements.	10.3.4
		<b>Declined finance due to credit eligibility information</b> Updated to include Privacy Act requirements regarding applications declined due credit eligibility information.	11.2.3
		<b>Credit history subject to a 'ban period'</b> New policy added for applications where a credit ban is in place. Application cannot proceed until the ban is removed and updated documentation may be required.	11.2.5
		<b>Internet banking statements</b> An original statement or internet banking summary may be used to confirm internet statements where the account name, account number or financial institutions logo is not evident	15.10 17.1.3
		<b>Full valuations</b> Multi dwelling properties added list of property types requiring a full valuation.	27.1.3
		<b>Valuation requirements</b> Policy updated to allow acceptance of a valuation with a rating 4 with approved LMI cover.	27.3
05/04/2014	Marny Gardner	<b>National Consumer Credit Protection (NCCP)</b> Update to include confirmation that approvals remain valid for 3 months from the date of disclosure.	2
		<b>Non permanent residents</b> Non permanent residents noted as being unacceptable as a guarantor.	7.6 8
		<b>Guarantors and third party mortgages</b> Non permanent residents noted as being unacceptable as a guarantor <b>Trusts</b>	8.4
		Self Managed Superannuation Funds (SMSF) are not acceptable for residential lending. Additional verifications are required to confirm that SMSF is not reliant on applicant(s) income.	11.1.4
		<b>Directorship/Proprietorship/SMSF Listings</b> Requirements added to complete Veda and ASIC searches for SMSF's and if held, confirmation that SMSF is not reliant on the	



# Revision History

Date	Author	Change	Section
		applicant(s) income (in line with company and business policy requirements).	16.1.3
		<b>Calculation of living expenses</b> Living expenses increased in line with cost of living as follows: Single adult: from \$13,780 to \$13,988 Couple: from \$25,636 to \$26,312 Each child: from \$4,940 to \$5,096	25.3
		<b>Valuation requirements</b> DLA sign off levels consolidated into single table. No change to policy content or requirements.	29
		<b>Lo Doc product specific policy</b> Relocated to Product Specific Policy subsection. No change to policy content or requirements.	30
		<b>Equity Finance Mortgage (EFM) associated loans</b> Relocated to Product Specific Policy subsection. No change to policy content or requirements.	
24/04/2014	M Hamoy	<b>Capitalised LMI premiums</b> LMI premiums may be capitalised onto a loan provided the resultant LVR, including premium, does not exceed 95% (previously 100%).	18.3
		<b>Location categories</b> Maximum LVR 95% including LMI premium.	24.1
22/05/2014	M Johnson	<b>Valuation Types</b> Further clarification regarding maximum loan amount dependent on valuation type.	25.1
25/06/2014	M Johnson	<b>Non Permanent Residents</b> Loans with an LVR greater than 70% require DLA7 approval.	7.6
		<b>Employment Requirements</b> PAYG applicants that are full time, permanent part time and contract workers now only require minimum 6 months in current job. Casual, second jobs and temporary workers still require minimum 12 months	9.1
		<b>Income Matrix</b> Additional types of PAYG verification documents has been added. Use of Foster Care allowance is not acceptable. Rental Income has changed to Residential Rental Income and the verifications split to Untenanted or Tenanted Property.	10.2
		A new section covering Commercial Rental Income has been added.	10.3
		<b>Self Employed Applicant(s) income.</b>	

# Revision History

Date	Author	Change	Section
		This section has been reordered and a Self employed income matrix has been added.	15.2
		<b>National Rental Affordability Scheme (NRAS)</b>	20
		Update to Genworth approved Housing Consortiums listing.	
		<b>Credit Increases</b>	24.4
		This policy has been fully rewritten and relocated from section 19.	
		<b>'Off the Plan' Purchases</b>	26.1.1
		Policy clarified to note that the LVR applicable is determined by development type.	
		<b>Purchase Contract</b>	28
		Additional clarification where restrictive conditions / covenants are part of the purchase contract or a property has a development approval.	29
		<b>Partial Discharges</b>	30.3
		This policy has been fully rewritten.	
		<b>Substitution of Security</b>	30.10
		This policy has been fully rewritten.	
		<b>Lo Doc Income</b>	
		Accountant's requirements and verifications have been amended.	
		<b>Lo Doc Serviceability</b>	
		Policy wording changed to include Lo Doc applications.	
14/07/2014	M Johnson	<b>Qualifying Rate</b>	16.2
		Introduction of minimum 'floor' limit for serviceability of 7.50%pa	
11/08/2014	M Gardner	<b>Capitalised LMI premiums</b>	18.3
		Policy updated to include the override level of Processing Centre 9 . This is already the rule in OLAS with policy updated to outline this requirement	
20/10/2014	M Johnson	<b><i>*Integration changes were made to the policy document. This changed section numbering and added some 'Reserved' sections.</i></b>	
		<b>Currency of Reports</b>	8.1.2
		Veda Reports are now valid for 60 days, previously 90 days.	
		<b>Newly Created Credit History Reports</b>	8.1.5
		Policy wording changed from 'files less than 3 months old' to 'new credit report'.	
		<b>Adverse Credit History</b>	8.2.1
		The table of defaults has been integrated to this section and the PC Shell rule failure wording updated. Override levels remain the same.	
		<b>Calculation of Living Expenses</b>	11.4

# Revision History

Date	Author	Change	Section
		<p>Living expenses increased in line with cost of living as follows:</p> <p>Single adult: from \$13,988 to \$14,144</p> <p>Couple: from \$26,312 to \$26,780</p> <p>Each child: from \$5,096 to \$5,200</p> <p><b>Credit Scorecard</b></p> <p>New Credit Scorecard implemented. Previously unscored occupation types of pensioners, students, retirees and home duties are now scored.</p>	12
03/12/2014	S Schreiber	<p><b>Income matrix</b></p> <p>Introduction of income requirements for Superannuation</p> <p><b>Visa facilities with approved residential loan</b></p> <p>Note added re secured visa facility being unavailable from 10/11/2014 for loan applications with LVR &gt;80%</p>	10.2 31
20/01/2015	S Schreiber	<p><b>National Consumer Credit Protection (NCCP)</b></p> <p>Lenders must assess and make comment on the suitability of a Line of Credit Loan or Interest Only Term Loan product including how the product meets the applicant(s) requirements and the eventual clearance arrangements.</p> <p><b>Loan purpose and documented evidence</b></p> <p>Lenders must assess and make comment on the suitability of a Line of Credit Loan or Interest Only Term Loan product including how the product meets the applicant(s) requirements and the eventual clearance arrangements.</p> <p><b>Credit References</b></p> <p>All credit checks completed must be printed, reviewed and kept on file. Comments in the application must also reflect the findings of the review of all credit checks.</p> <p><b>National Rental Affordability Scheme (NRAS)</b></p> <p>List of Genworth approved NRAS consortiums updated to reflect a change of name for Affordable Community House Ltd to include the trading name Evolve Housing.</p> <p><b>Verification of deposit funds/equity</b></p> <p>Updated to provide instruction on any incentive or 'sweetener' outside the land purchase or building contracts. These payments cannot be included in the 5% genuine savings where LVR exceeds 80%, must be used to meet the purchase of the land and/or the construction cost(s) and must be disclosed to the LMI provider (when LMI is required) and Valuer.</p> <p><b>Other deposit funds</b></p> <p>Updated to provide instruction on any incentive or 'sweetener' outside the land purchase or building contracts. These payments cannot be included in the 5% genuine savings where LVR exceeds</p>	2 14 8 14.2 15.1 15.1.2

# Revision History

Date	Author	Change	Section
		<p>80%, must be used to meet the purchase of the land and/or the construction cost(s) and must be disclosed to the LMI provider (when LMI is required) and Valuer.</p> <p><b>Valuations completed on an 'as if complete' basis</b>  Updated to provide instruction on any incentive or 'sweetener' outside the land purchase or building contracts. These payments cannot be included in the 5% genuine savings where LVR exceeds 80%, must be used to meet the purchase of the land and/or the construction cost(s) and must be disclosed to the LMI provider (when LMI is required) and Valuer.</p> <p><b>Unacceptable security</b>  Additional requirements added in regard to 'split loans' i.e. contract(s) where the property is part of a development where multiple dwellings share common walls, footing or roof. Where there are more than 2 units in the development, these properties are only acceptable once the construction is complete and must be considered based as per 'Off the plan' purchases and 'As if complete' valuation requirements.</p> <p><b>Discrepancies between valuation and purchase price</b>  When the full valuation exceeds the contract of sale/purchase price, the lesser of the valuation or contract of sale/purchase price must be accepted for valuation purposes.  The policy requirements where the contract of sale/purchase prices exceeds the valuation are unchanged.</p> <p><b>Lender mortgage insurance (LMI) (Lo Doc product)</b>  Bridging Finance (Go Between) loans must meet policy criteria with a maximum peak debt and end debt not to exceed 60% without LMI and 80% with LMI. The Bridging Finance (Go Between) loan is not available on the Lo Doc Plus product.</p>	<p>21.3.2</p> <p>8</p> <p>21.4</p> <p>30.12</p>

# Revision History

Date	Author	Change	Section
04/03/2015	S Schreiber	<b>National Consumer Credit Protection (NCCP)</b> Lenders/DLA holders must understand the customer's objectives and the suitability of the products selected meet the customer's requirements.	2
		<b>Loans to related parties</b> Staff Lending Policy reference link added into 6.8.1 and 6.8.2.	6.8
		<b>Progress payments</b> Construction must be completed and funds must be fully drawn within 12 months of the initial drawdown.	14.4
		<b>Requirements upon discharge of a security(ies)</b> The column from the Partial Discharge policy table titled 'Acceptable for Lo Doc' have been removed as they were not considered necessary.	28.3
		<b>Requirements upon a substitution of a security(ies)</b> The column from the Substitution policy table titled 'Acceptable for Lo Doc' have been removed as they were not considered necessary.	29.3
13/04/2015	S Schreiber	<b>Supporting Documentation</b>	14.9.2
		<b>'Off the plan' purchases</b>	19.4
		<b>Valuations completed for 'new' properties</b>  As the Section 27c certificate is no longer required, references in policy have been removed.	21.3.1
06/07/2015	S Schreiber	<b>Living expenses increased in line with cost of living as follows:</b> Single from \$14,144 to \$14,248 Couple from \$26,780 to \$27,144 Dependent from \$5,200 to \$5,304	11.4
		<b>Calculation of living expenses</b> Enquiries must be made into the applicant(s) fixed and variable living expenses. The living expenses used in all applications must be the greater of the applicant(s) declared living expenses or the Household Expenditure Measure.	11.4
		<b>Calculation of Serviceability ratio</b> Clarification of the calculations for servicing on existing and new loans. In particular where a portion of the new loan is Interest Only (IO), the calculation is based on the true Principal & Interest (P&I) term.	11.5
		<b>Qualifying Rate</b> Qualifying rates adjusted to the greater of 2.25% above the contracted loan rate or the floor interest rate of 7.35%.	11.6
		<b>National Rental Affordability Scheme</b>	14.2

# Revision History

Date	Author	Change	Section
		Genworth approved NRAS housing consortiums amended to include, Affordable Community Housing Ltd, Ecclesia Housing Limited, National Affordable Housing Consortium Ltd Trading as National Affordable Housing Consortium and Queensland Affordable Housing Consortium Trading as National Affordable Housing Consortium.	14.3
		<b>Construction of residential property or home improvements</b> The progress payments schedule must be in line with building industry standards. Exceptions must be approved by the Processing Centre/DLA7.	23.1
		<b>Authorised mortgage insurers</b> Any applications submitted to QBE must have the QBE serviceability calculation worksheet completed in addition to the Banks standard serviceability calculation requirements.	
06/08/2015	S Schreiber	<b>Calculation of living expenses</b> The inclusion and definition of a subsequent adult in a household has been added to the Household Expenditure Measure list. A subsequent adult is a person who is over the age of 18 and is partially or wholly dependent on the applicant(s) to cover their living expenses.	11.4
		<b>Other deposit funds</b> Deposit funds - Gifts from parents, grandparents, siblings or children of the applicant(s) must be substantiated by a Statutory Declaration from the donor, declaring that it is not repayable. Applications involving gifts from any other party can only be accepted by Processing Centre DLA7.	15.1.2
		<b>Full valuations</b> Only under exceptional circumstances and with DLA7 Processing Centre approval can a request for a second valuation be arranged. Lenders must accept the lower of the two valuations. Use of the higher valuation will require approval by DLA7 Processing Centre. Both valuations must be retained on file. The cost of the second valuation is to be met by the applicant(s).	21.1.3

# Revision History

Date	Author	Change	Section
15/09/2015	S Schreiber	<b>Employment requirements</b> PAYG full time, permanent part time and contract workers minimum time in same industry amended from 2 years to 12 months. This policy now matches the current requirements of both LMI providers.	9.1
		<b>Income Matrix</b> Amendments made to the income matrix relating to the weighting and qualification on income from overtime, bonus, commission, dividends and rental income from Commercial properties. <ul style="list-style-type: none"> <li>- Confirmation from the employer that overtime is a condition of employment must be obtained.</li> <li>- Commission payments reduced from 100% to 90% of average over 2 years added to gross income.</li> <li>- Bonus payments 80% of average over 2 years added to gross income.</li> <li>- Commercial rental income reduced from 80% to 70%.</li> <li>- Share dividends from public listed companies, 90% added to gross income.</li> </ul>	10.2
		<b>Calculation of living expenses</b> Living expenses amended to include a 20% buffer on the HEM for high income earners i.e. where the household income for an individual exceeds \$150,000pa and for a couple/more than one individual applicant exceeds \$225,000pa.	11.4
		<b>Calculation of Net Disposable Income</b> A Loan To Income ratio (LTI) introduced to include any application where the LTI exceeds 6 must be referred to DLA7 or higher.	11.5
		<b>Applicant(s) history</b> All applicant(s) require verification of existing commitments, savings, rent payable (if ongoing) and repayment history on existing loans held (including lease and Hire Purchase), whether or not the purpose of the loan is for the refinancing of these debts.	14.9.1
		<b>Full valuations</b> The Valuer's details are not to be released to the applicant(s) and the follow up of any aspect of the valuation report must be completed by the Lender directly with the valuer.	21.1.3
		<b>Authorised mortgage insurers</b> A QBE serviceability calculation worksheet is no longer required to be sent to QBE with the application.	23.1
		<b>Modification of an existing facility</b> A serviceability assessment as outlined in <a href="#">11 Serviceability</a> must be completed for the following requests: <ul style="list-style-type: none"> <li>o Principal and Interest loan for owner occupied and/or personal purposes switching to an Interest Only loan;</li> <li>o Line of Credit for owner occupied and/or personal purposes switching to an Interest Only loan</li> </ul>	26.1

# Revision History

Date	Author	Change	Section
		<b>Maximum LVR matrix</b> <b>Residential investment properties with reduced maximum LVR</b> <b>Valuation types</b> <b>LMI requirement matrix</b> Maximum LVR 80% including LMI premium (if required) to any residential investment property located in metropolitan Sydney.	16.1 20.3 21.1 23.2
17/11/2015	M Hamoy	<b>Permanent Australian Residents</b> Inclusion of link to FIRB website. <b>Staff Lending</b> <b>Loans to Related Parties</b> <b>Employment Requirements</b> <b>Income Matrix</b> Updated to include reference to Conflicts of Interest policy for definition of family. <b>Location categories</b> DLA table removed as not required – DLA levels for acceptance of security is determined elsewhere in policy <b>Valuation types</b> Correction to Category 3 to note that Lo Doc loans are not acceptable. <b>Authorised mortgage insurers</b> Website links updated.	6.5  6.7 6.8 9.1 10.2  20.1  21.1  23.1
08/01/2016	M Hamoy	<b>Credit History reports and ASIC reports</b> Replacement of “Veda” with generic “Credit History report”. <b>Income Matrix</b> Correction to superannuation payments – added back to taxable income, not gross income. <b>Self employed income matrix</b> Correction to Company and Trusts with company net profit to be included before tax, not after tax. <b>Construction of residential property and home improvements</b> Owner builders specifically noted as unacceptable. <b>Applicant(s) history</b> Statement requirements amended as follows: Term loan or line of credit - for refinance/debt consolidation - most recent 3 months or most recent 6 months where LMI is required. Term loan or line of credit – debts not being refinanced – loan statement, internet account summary, internet transaction listing or letter from Bank.	8.1  10.2  10.3.2  14.3  14.9.1



# Revision History

Date	Author	Change	Section
		<p>Credit or store card – statements required for refinance/debt consolidation only.</p> <p>Lease, hire purchase or chattel mortgage – statements required for refinance/debt consolidation only.</p> <p>Transaction account – statements no longer required.</p> <p><b>Specialised security</b></p> <p>Updated to note that each security type must have a full valuation completed.</p>	19
19/01/2016	M Hamoy	<p><b>Applicant(s) history</b></p> <p>Term loan or line of credit – debts not being refinanced – internet account summary removed as a verification.</p>	14.9
04/2016	M Hamoy	<p><b>Delegated lending authority (DLA)</b></p> <p>Submission process and approval levels included in new table.</p> <p>Policy wording simplified without changing intent.</p> <p><b>Construction by a licensed builder</b></p> <p>Panel valuer to inspect construction if borrower(s) unable to inspect.</p> <p><b>Maximum LVR matrix</b></p> <p>Matrix amended to include non permanent residents and to remove reference to Investment property location in metropolitan Sydney.</p> <p><b>Residential investment property with reduced maximum LVR</b></p> <p>Policy clause removed. Investment lending reinstated to 90% LVR for securities located in metropolitan Sydney.</p> <p><b>Valuation types</b></p> <p>Reference to reduced maximum LVR requirements for investment properties in metropolitan Sydney removed.</p> <p><b>LMI requirement matrix</b></p> <p>Reference to reduced maximum LVR requirements for investment properties in metropolitan Sydney removed.</p>	<p>4</p> <p>14.4.1</p> <p>16.1</p> <p>20.3</p> <p>21.1</p> <p>23.2</p>
18/04/2016	M Hamoy	<p><b>Serviceability</b></p> <p>Minimum Net Surplus Ratio for Lo Doc loans and LVR's exceeding 90% reduced to 1.0. (Previously 1.25 and 1.2 respectively)</p> <p><b>Calculation of serviceability ratio/Loan to income ratio (LTI)</b></p> <p>Loan to income ratio references removed.</p> <p><b>Serviceability</b></p> <p>Lo Doc specific policy updated to reduce minimum net surplus ratio to from 1.25 1.0</p>	<p>11</p> <p>11.5</p> <p>30.10</p>
30/05/2016	M Hamoy	<p><b>Non permanent residents</b></p> <p>Foreign rental income clarified to note must be discounted to 80% of the converted figure.</p>	6.6

# Revision History

Date	Author	Change	Section
		Investment property tax concessions must not be applied if the applicant(s) do not reside in Australia or if the investment property is located overseas.	10.2
		<b>Income matrix</b> Commission and bonus payments to be calculated on the lesser of the past two years; previously calculated on the average over 2 years.	
		Foreign income and Residential rental income updated to include the following wording: <i>"Investment property tax concessions (ie negative gearing) must not be applied if the applicant(s) do not reside in Australia or if the investment property is located overseas."</i>	11.4
		<b>Calculation of living expenses</b> Minimum living expenses updated to reflect movements in Household Expenditure Measure. ≤\$150,000 single applicant/≤\$225,000 couple Single adult from \$14,248 to \$14,352 Couple from \$27,144 to \$27,508 Subsequent adult from \$12,896 to \$13,156 Child from \$5,304 to \$5,356 >\$150,000 single applicant/>\$225,000 couple Single adult from \$17,098 to \$17,222 Couple from \$32,573 to \$33,010 Subsequent adult from \$15,475 to \$15,787 Child from \$6,365 to \$6,427	13.1
		<b>Processing centre DLA dollar limits</b> Processing centre DLA dollar limits for levels 1-4 have been amended as follows: DLA 1 from \$300k to \$500k, DLA 2 from \$400k to \$500k, DLA 3 from \$750k to \$1.0M and DLA 4 from \$850k to \$1.0M	17
		<b>Acceptable security</b> Minimum dwelling size definition amended (amendment in italics) to note "Must be <i>equal to or</i> greater than 40m2, excluding balcony and car parking".	18
		<b>Unacceptable security</b> Dwelling sizes less than 40m2, excluding balcony and car parking have been added to the unacceptable security table.	31
		<b>Credit Card Policy</b> Policy rewritten in full. Key amendments: Auto approved card limits to be based on the LVR of the mortgage. Inclusion of guidelines for current customers wanting an unsecured credit card post-settlement of their mortgage. Inclusion of guidelines for increases to existing unsecured credit cards.	

# Revision History

Date	Author	Change	Section
04/07/2016	S Schreiber	<b>Adverse credit history</b> Amended to include disqualified directorship as adverse credit history.	8.2.1
		<b>Multiple units in a single development</b> Wording added to highlight units in a development must meet acceptable security criteria. Inclusion of words 'equal to or' to Units must be equal to or greater than 40m2 excluding balcony and car parking	19.1
		<b>Inner city high density units/apartments</b> Inclusion of words 'equal to or' to Units must be equal to or greater than 40m2 excluding balcony and car parking	19.2
		<b>Serviced, resort, hotel style and university/student apartments</b> Wording added to highlight units in a development must meet acceptable security criteria. Inclusion of words 'equal to or' to Units must be equal to or greater than 40m2 excluding balcony and car parking	19.3
		<b>'Off the plan' purchases</b> Wording added to highlight units in a development must meet acceptable security criteria. Inclusion of words 'equal to or' to Units must be equal to or greater than 40m2 excluding balcony and car parking	19.4
30/08/2016	S Schreiber	<b>Income Matrix</b> Clarification added on how to calculate income for a non-permanent or casual employee	10.2
		<b>After tax business add backs</b> Added reference to individual rental income requirements for residential and commercial properties	10.3.4
		<b>Acceptable Security</b> Heritage Listed property added to acceptable security list	17
		<b>Discrepancies between valuation and purchase price</b> An exception clause has been added where valuation exceeds sale/purchase price if the lesser is not being used.	21.4
		<b>Redraw</b> Minimum redraw amount of \$500 removed	24.1
		<b>Hindsight Reviews</b> Moved from section 34 to section 35 with section 34 now Reserved.	34 now 35
04/10/2016	M Hamoy	<b>Net Disposable Income</b> Inclusion of requirement that the Net Surplus Calculator must be completed for all applications.	11.1
		<b>Calculation of living expenses</b> Note added that costs associated for utilities ( <b>power, gas &amp; water</b> ) and rates/property related taxes must also be included for investment properties.	11.4
		<b>Removal of HEM table; replaced with reference to source of data used to calculate income based HEM.</b>	

# Revision History

		<b>Calculation of serviceability</b> New table included for serviceability calculations on residential mortgage loans. Existing Interest Only loans must now be calculated at the 'floor' rate over a 25 year term. Previously was based on interest only repayment + 2.25%pa of total limit.	11.5
		<b>Qualifying rate</b> New table included. <b>Interest Only loans must now be calculated at the 'floor' rate over a 25 year term.</b> Previously was based on interest only repayment + 2.25%pa of total limit.	11.6
		<b>Multiple policies</b> <b>References to 'Visa' branded credit card have been replaced with 'credit card'</b>	Multiple
24/10/2016	M Hamoy	<b>Permanent Australian residents</b> Updated to support changes made to 6.6 Non permanent residents.	6.5
		<b>Non permanent residents</b> Removal of existing policy settings to support directive to cease lending to non-permanent residents in May 2016. Non-permanent resident's definitions included along with requirement to refer to DLA 7 for exceptions.	6.6
		<b>Note</b> to support these changes and ensure consistency across the policy, minor wording amendments have been made to these sections of policy: 16.1 Maximum LVR matrix, 21.1.3 Full valuations, 23.2 LMI requirement matrix and 30.1 Acceptable/unacceptable applicant(s) (Lo Doc policy)	
		<b>Income matrix</b> Foreign income (including rent) amended to refer lenders to non-permanent resident policy.	10.2
		Residential and commercial rental income for category 4 locations to be reduced to 60%.	
		<b>After tax business addbacks</b> Rental income for category 4 locations aligned with 10.2 Income matrix.	10.3.4
		<b>Applicants history</b> Loan statement and internet transaction listing requirements clarified to require a minimum 1 month	14.9.1
		<b>Maximum LVR matrix</b> Inclusion of category 4 locations and high risk locations	16.1
		<b>High risk locations</b> <i>New policy section</i> Introduction of category 4 locations which are defined as locations which for geographic, economic or other reasons are considered high risk. Also includes inner city Darwin units	19.7

# Revision History

		<p>within a complex more than 2 stories high and/or more than 6 units located within postcodes 0800, 0810, 0812 &amp; 0820.</p> <p>The following restriction apply:</p> <ul style="list-style-type: none"> <li>○ Full valuation required; ValEx overrides are not permitted.</li> <li>○ Maximum 60% LVR without LMI; 80% with LMI.</li> <li>○ Units must be greater than or equal to 40m2, excluding balcony &amp; car parking.</li> <li>○ Unacceptable for Lo Doc, Interest only or Line of Credit loans.</li> <li>○ Rental income from these properties to be discounted to 60% of market rent noted on valuation report.</li> </ul> <p><b>Location categories</b></p> <p>Updated to include category 4 locations and maximum LVR's</p> <p><b>Valuation types</b></p> <p>Category 1 table expanded to include higher maximum loans amounts for Purchase Contracts and Valuer General's assessments. Increased limits apply to metropolitan Sydney and metropolitan Melbourne. Postcodes within these metropolitan areas will be noted on the Security Location guide with an asterisk (*).</p> <p>New valuation table specifically for category 4 with full valuations to apply.</p> <p><b>Purchase contact</b></p> <p>Updated to note that category 4 locations are unacceptable.</p> <p><b>Valuer General's assessment</b></p> <p>Policy wording updated to allow use of VGA's in all states and territories (except WA). Vacant land specifically excluded.</p> <p>Updated to note that category 4 locations are unacceptable</p> <p><b>Full valuations</b></p> <p>Updated to note that full valuations are required security located in category 4.</p> <p><b>Timing and frequency of valuations</b></p> <p>Updated to note valuations that category 4 locations must not be older than 3 months.</p>	<p>20.1</p> <p>21.1</p> <p>21.1.1</p> <p>21.1.2</p> <p>21.1.3</p> <p>21.5</p>
15/12/2016	M Johnson	<p><b>Introduction of LendFast – Call Connection only</b></p> <p>All override boxes have been expanded to show the different DLA levels required for the various systems</p> <p><b>Delegated lending authority (DLA)</b></p> <p>Additions have been made to the Credit Policy to introduce the new DLA levels required for LendFast</p> <p><b>Loan sizes</b></p> <p>This section has been split to cover the differences for the various systems</p>	<p>4</p> <p>13</p>

# Revision History

		<b>Specialised security</b> Inner city high density has been split to cover the differences for the various systems <b>Lo Doc loan sizes</b> This section has been split to cover the differences for the various systems	19.2  30.7
17/01/2017	S Schreiber	Guarantor(s) who wish to waive independent legal advice. Removed business professional or experienced investor wording.	7.2.2
16/03/2017	T Worley	<b>Redraw</b> Policy reviewed to remove processes. <b>Applicant(s) history and related policies</b> Statement and account conduct requirements for accounts held by applicants have been rewritten and consolidated. Key changes include: - New requirement to check the Bank's systems for repayment history and conduct for both existing and repaid Adelaide and Bendigo accounts. This is required for standard and lo doc loans and credit cards. - Splitting the statement and account conduct requirements into external debts to be refinanced and external debts not to be refinanced and clarifying the conduct definitions. - Removing the LMI specific requirements. - Inclusion of a new <i>General Review Requirements</i> section to consolidate requirements for accounts with commonly seen payment issues. - New requirement for Lo Doc loans: 3 months statements on all external debts not being refinanced. - The number of statements for Lo Doc refinanced mortgage loans has been reduced from 6 to 3 months.	24.1  14.7 14.9.1 25.1 25.1.2.1 30.5.2 31.6
24/03/2017	M Hamoy	Due to an error between the Partner Verification Checklists and Third Party Lending Policy, two policy amendments published 16/03/2017 have been updated as follows:  <b>Applicant(s) history and related parties</b> <ul style="list-style-type: none"> <li>Letter from Bank confirming contracted repayments or limit and current interest rate no older than <del>6 months</del> 12 months.</li> </ul> <b>Loan statements (Lo Doc)</b> <ul style="list-style-type: none"> <li>The requirement to obtain 3 months statements on all external loans (including credit cards) has been removed.</li> </ul>	14.9.2  30.5.2
20/04/2017	S Schreiber	<b>Aged Applicants</b>	6.2

# Revision History

		<p>Projected superannuation contributions cannot be used to verify that the applicant(s) will be able to support the debt once they retire from existing employment.</p> <p>Lump sum payments from a superannuation fund can only be considered provided the applicant is able to access them within 12 months and must be verified via the fund manager or trustee.</p> <p><b>Adverse credit history</b> To ensure consistency, minor wording amendments have been made to section 8.2.1.</p> <p><b>Supporting documentation</b> To support recent changes to state government building regulations the requirement to obtain applicable building permits has been expanded to adopt a wider generic definition.</p> <p><b>Location categories</b> The DLA level within ABE and OLAS to accept a property that is not listed on the security location guide without LMI has been increased from a DLA 4 (Processing Centre)/DLA 5 (Mortgage Manager) to a Processing Centre DLA 7.</p>	<p>8.2.1</p> <p>14.9.2</p> <p>20.1</p>
21/06/2017	M Hamoy	<p><b>Veda references</b> All Veda references replaced with “Group’s approved Credit Reporting Body”.</p> <p><b>Applicants history</b> Verification of an external loan/debt not to be refinanced using a letter from Bank must be aged less than 6 months (previously 12 months).</p> <p><b>Loan Statements (Lo Doc)</b> The most recent 3 months statements on all external debts (including credit cards) must be obtained and reviewed (previously 3 months only on debts to be refinanced/consolidated)</p> <p>Applications where LMI is required must meet the authorised LMI provider’s requirements.</p> <p><b>High risk locations</b> Correction to policy to note maximum loan size \$500,000.</p>	<p>8</p> <p>8.1.3</p> <p>8.1.5</p> <p>14.9.1</p> <p>30.5.2</p> <p>19.7</p>
16/08/2017	S Schreiber	<p><b>Declined finance due to credit eligibility information</b> Policy updated to reflect legislative changes and to more clearly define that applications declined for the noted reasons must receive notification within 10 business days of the decision.</p> <p><b>Interest Only Lending Amendments</b> To support APRA initiatives, the Bank has made the following policy changes:</p> <ul style="list-style-type: none"> <li>• Maximum interest only period for all loans is 5 years</li> <li>• Interest only loans cannot exceed 90% inclusive of LMI premiums (i.e. LMI cannot be capitalised over 90%)</li> </ul>	<p>8.2.3</p>

# Revision History

		<ul style="list-style-type: none"> <li>Interest only lending that exceeds 90% LVR will only be completed in exceptional circumstances and require approval by a DLA 9.</li> </ul> <p>The following have been updated to reflect these changes:</p> <p><b>Loan purpose and documented evidence</b></p> <p><b>Maximum LVR matrix</b></p> <p><b>Approval of interest only loans (new section)</b></p> <p><b>LMI requirement matrix</b></p> <p><b>Capitalised LMI premiums</b></p> <p><b>National Rental Affordability Scheme (NRAS)</b></p> <p>Genworth approved consortium listing has been updated to include <i>Access Housing Australia Limited</i>.</p>	14. 16.1 16.2 23.2 23.3 14.2
20/09/2017	M Johnson	<p><b>Calculation of Living Expenses</b></p> <p>Introduction of LIXI standard declared living expenses</p> <p><b>New Valuation methods introduced – Electronic Valuation Reports (Desktops) and Automated Valuation Methods (AVMs)</b></p> <p>New sections have been added to accommodate the new valuation methods, other sections of policy have also been amended to include exceptions or hyperlinks. Some sections of policy have changed numbers</p>	11.4  14.9.1 21.1 21.1.1 21.1.2 21.1.5 21.2 21.3 21.3.1 21.3.2 21.3.3 21.4 21.5
18/10/2017	M Johnson	<p><b>Calculation of serviceability ratio</b></p> <p>When rent or board continues post settlement, a minimum rent requirement of \$150pw (\$650pm) is required.</p> <p><b>Interest only arrangement during construction</b></p> <p>Introduction of option to apply an interest only term during the construction period to a maximum of 12 months.</p> <p><b>High density units/apartments</b></p> <p>Inner City policy definition has been removed and replaced. Minimum dwelling size for 1 bedroom is 50m<sup>2</sup> or 60m<sup>2</sup> for 2 or more bedrooms. New definition of 'high density' now includes 50 units and/or more than 5 storeys.</p> <p><b>'Off the plan' purchases</b></p> <p>Update to require 'as if complete' valuation no greater than 3 months old (previously 6 months), and minimum dwelling size.</p> <p>Other sections of policy have also been updated with new minimum dwelling size requirements</p>	11.5  14.3.2  19.2  19.4 21.3.3  17 18 19.1 19.3 19.6 19.7
14/11/2017	M Johnson	<p><b>Location categories</b></p> <p>An updated security location categories listing has been released, including an additional 93 Category 4 locations</p>	20.1



# Revision History

19/02/2018	M Johnson	<p><b>Savings capacity buffer *NEW*</b> Introduction of a savings capacity buffer which is equal to one monthly repayment of the proposed loan(s) added to serviceability calculation.</p> <p><b>Line of Credit and Secured credit card offerings temporarily suspended, effective 11 December 2017 (refer MM803).</b> Notations have been added in the following sections:- Loan purpose and documented evidence Maximum LVR matrix Approval of interest only loans Capitalised LMI premiums Credit card policy</p> <p>To support some Legislative Considerations where complex Company applications are received, additional assessment of the transaction needs to be undertaken to consider 'Corporate Benefit'.</p>	<p>11.5.1</p> <p>14 16.1 16.2 23.3 31</p> <p>6.9 7.3</p>
18/04/2018	M Johnson	<p><b>Staff Lending</b> Removal of the Outlook form and replaced with referral to Payroll Mailbox</p> <p><b>Calculation of living expenses</b> Introduction of 'Buy now pay later' inclusions into declared living expenses where no limit is applicable</p> <p><b>Calculation of serviceability ratio</b> Introduction of 'Buy now pay later' inclusions into serviceability, where a limit is applicable, to use 3% of the limit or the greater</p> <p><b>General review requirements</b> Additional clarification added around requirements to review transaction or loan statements, or other suitable documentation to verify existing debts and repayment amount(s) not being refinanced</p> <p><b>Valuer General's assessment</b> Separate entry for Tasmania with addition of their new Adjusted Capital Value</p> <p><b>Employment verification</b> Changes to employment verifications to allow statements if phone verification is not available, including new section covering what requirements are needed if utilising statements</p> <p><b>Income matrix</b> Minor wording change from phone call to employment verification</p>	<p>6.7</p> <p>11.4</p> <p>11.5</p> <p>14.9.1.1</p> <p>21.1.4</p> <p>9.2 9.2.1 9.2.2</p> <p>10.2</p>
25/07/2018		<p><b>Credit references</b> <b>Credit history report assessment</b> <b>Adverse credit history</b></p>	<p>8 8.2 8.2.1</p>

# Revision History

		<p>All credit history reports are to be reviewed for any existing enquiries, adverse listings and undisclosed debts. Diary comments must address the findings of the review.</p> <p><b>Calculation of living expenses</b>  <b>Calculation of serviceability ratio</b>  Lenders must make reasonable steps to validate the adults and dependants in the household/income unit.  Supporting documentation verifications held on file must be reviewed for evidence of a spouse (including de facto) and dependants.</p> <p><b>Genuine savings</b>  <b>Other deposit funds</b>  From the 1<sup>st</sup> July 2018, eligible applicants will be able to apply to release their voluntary superannuation contributions to put towards the purchase of their first home as part of the Federal Government First Home Super Saver Scheme.</p> <p><b>Valuation types</b>  Valuation hierarchy amended</p> <p><b>Product conversions</b>  The maximum loan term for the product chosen cannot be exceeded. There is no restriction on when an interest only term can be requested however the interest only period cannot exceed 5 years for all loan purposes and the maximum overall loan term cannot exceed 30 years.</p>	<p>11.4 11.5</p> <p>15.1.1 15.1.2</p> <p>21.1</p> <p>26.1</p>
24 October 2018	M Johnson	<p><b>Income matrix</b>  Clarification around applicant(s) who receive their Centrelink Benefit via a cashless debit card.</p> <p><b>Verifying an applicant's financial position</b>  <b>Adverse conduct</b>  Policy updated with additional statement requirements. Reinforcement of good practices with all statements and supporting documents requiring review for all liabilities, living expenses, commitments and spouse or dependents verified. Any anomalies or inconsistencies investigated, verified and included in serviceability calculation.</p> <p><b>Other deposit funds</b>  Addition of Statutory Declaration requirement when 'gifted equity' via an advantageous purchase/reduced price forms part of the deposit.  Also clarification that if the 'gift' is from a spouse (including de facto) a Statutory Declaration is not required.</p> <p><b>Loan statements – Lo Doc</b>  Updated to meet the new statement requirements and verification criteria in 14.9 Verifying an applicant's financial position and 14.9.1 Adverse conduct.</p>	<p>10.2</p> <p>14.9 14.9.1</p> <p>15.1.2</p> <p>30.5.2</p>
19 December 2018	M Johnson	<p><b>Calculation of serviceability ratio</b>  Adjustment to the serviceability % for credit cards and 'buy now pay later' schemes from 3% to 4% of the total limit.</p>	<p>11.5</p>

# Revision History

		<b>Existing mortgage borrower(s)</b> Where borrowers are seeking a credit card post approval, the time that existing documents can be utilised has been reduced from 90 days to 60 days, and this is now based on date of formal approval.	31.2
			31.3
		<b>Existing mortgage borrower(s) less than 60 days</b> The calculation for serviceability of the new card limit has changed from 3% to 4% of the requested limit. The serviceability is now based on Surplus income less card limit calculation. The Net Surplus Ratio result after this calculation must be positive.	31.4
		<b>Existing mortgage borrower(s) greater than 60 days</b> The assessment criteria now includes credit limit increases as well as new credit cards. Serviceability of the credit card limit has changed from 3% to 4%. The ability to utilise 3 months statements showing income credits has been added as an optional PAYG Employment verification.	31.6
		<b>Streamline (Auto) limit increases</b> This section has now been removed.	8.1.1
		<b>Privacy disclosures</b> To support digital technology, the wording has been updated to a generic reference of 'accepting' the disclosure.	11.1 28.5
		<b>Net Surplus income method</b> Policy has been updated to reflect a generic reference for the serviceability calculator.	29.5 31.5.5
			14.9.1 21.1.2.3
		<b>Adverse Conduct &amp; Desktop and AVM exclusions</b> Additional information added where Desktops and AVM exclusions are not acceptable where adverse conduct is evident on debts held, as defined in the 'Debt to be refinanced/consolidated' section.	
		<b>Note: There are current TPB lending restrictions in place, refer to Newsline 1371 – LVR changes – Interest Only &amp; Go-Between issued 13 October 2017</b>	14
		To support Lenders the notation below has been added in the following sections: -	14.5
		Loan purpose and documented evidence	16.1
		Bridging Finance (Go-Between)	16.2
		Maximum LVR matrix	23.3
		Approval of interest only loans	23.4.1
		Capitalised LMI premiums	23.4.2
		Credit increases where LMI is currently in place	25
		Credit increases where LMI is currently not in place	25.1.5
		Credit Increase	
		Loan purpose	
25 February 2019	Michele Johnson	<b>PFAS contamination or Risk Rating 4 Environmental Issues due to contamination</b>	17 18 19.7

# Revision History

		<p>Where an area has been identified as having PFAS contamination a full valuation is required. Current postcodes are 2318 Williamtown and surrounds; 4401 Oakey and surrounds.</p> <p>Katherine NT and surrounds (0850 &amp; 0852) may have acceptable town drinking water or meet Govt drinking water guidelines, this must be confirmed, otherwise full valuation required.</p> <p>Or any valuation that has an Environmental Issue due to contamination with a Risk Rating 4.</p> <p>Where a Risk Rating 5 is returned, the security is deemed unacceptable.</p> <p><b>Postcode Amendments</b></p> <p>4 postcodes have been amended from Category 4 to either a Category 1 or 2 (4740 Mackay; 4750 Bucasia; 4751 Walkerston and 4753 Marian), although the category has changed a full valuation is still required. Security Postcode Listing has been updated. Use of an existing full valuation on these properties can only be utilised up to 6 months.</p> <p><b>Bridging Finance (Policy rewritten and relocated)</b></p> <p>Policy rewritten to include additional assessment checks and balances including:</p> <p>Maximum LVR reduced from 85% to 80% including capitalised interest;</p> <p>Minimum serviceability increased to 1.15 for purchase of existing dwelling and 1.25 for construction;</p> <p>Limited to sale of one property only;</p> <p>Property to be sold must be category 1, 2 or 3;</p> <p>Higher DLA required to approve loan applications unless a confirmed unconditional contract in place on the property to be sold;</p> <p>Confirmation from the applicant's conveyancer/solicitor, where there is an unconditional contract on the property to be sold;</p> <p>Confirmation that the property to be sold is on the market.</p> <p><b>Removal of TPB products</b></p> <p>The TPB business and Products have streamlined their product offering. To support the following products along with their associated policies have been removed: -</p> <p>Lo Doc</p> <p>Equity Finance Mortgage (EFM)</p> <p>Line of Credit</p> <p>Secured Credit cards</p> <p>The Post Settlement sections of policy have been updated to support amendments to these grandfathered accounts.</p> <p><b>Timing and frequency of valuations</b></p> <p>Policy section split into two new sub-heading: New security to the Bank and Existing security held by the Bank.</p>	<p>21.1.1 21.3</p> <p>21.1.1 21.5.2</p> <p>34</p> <p>30 33</p> <p>31 25 – 29</p> <p>21.5</p>
30 April 2019	Miriam Hamoy	<p><b>Residential Security Locations</b></p> <p>The Bank's residential security location listing has been updated as follows:</p>	

# Revision History

		<table><tr><th>Postcode</th><th>Current Category</th><th>New Category</th></tr><tr><td>0873 Ilparpa</td><td>Not listed</td><td>2</td></tr><tr><td>2325 Cessnock</td><td>1</td><td>2</td></tr><tr><td>3434 Romsey</td><td>Not listed</td><td>3</td></tr><tr><td>3440 Mount Macedon</td><td>3</td><td>2</td></tr><tr><td>3441 Mount Macedon</td><td>Not listed</td><td>2</td></tr><tr><td>3818 Drouin</td><td>3</td><td>2</td></tr><tr><td>3996 Pound Creek</td><td>3</td><td>2</td></tr></table>	Postcode	Current Category	New Category	0873 Ilparpa	Not listed	2	2325 Cessnock	1	2	3434 Romsey	Not listed	3	3440 Mount Macedon	3	2	3441 Mount Macedon	Not listed	2	3818 Drouin	3	2	3996 Pound Creek	3	2	
Postcode	Current Category	New Category																									
0873 Ilparpa	Not listed	2																									
2325 Cessnock	1	2																									
3434 Romsey	Not listed	3																									
3440 Mount Macedon	3	2																									
3441 Mount Macedon	Not listed	2																									
3818 Drouin	3	2																									
3996 Pound Creek	3	2																									
6 <sup>th</sup> May 2019	Sam Schreiber	<p><b>Income documentation verification</b> Requirement added covering income verification to support an accurate assessment of serviceability and DTI ratio.</p> <p><b>Income Matrix</b> Change to the restriction and verification requirements for Overtime and Commission payments. The % used for servicing has also been amended to 80% for both (previously 90% for commission and 100% for overtime). Essential services will remain at 100% for overtime.</p> <p><b>Calculation of serviceability ratio / Debt to income (DTI) ratio</b> Introduction of a Debt to income ratio into serviceability calculations. The current DTI is <math>\geq 6</math> times. All acceptable income is to be verified prior to referral to a higher DLA holder.</p>	<p>10.1</p> <p>10.2</p> <p>11.5</p>																								
24 <sup>th</sup> June 2019	Sam Schreiber	<p><b>Residential Security with Potentially Combustible Cladding</b> The use of potentially combustible cladding has been identified as being wide-spread in the Australian construction industry. There is a need to identify these properties and restrict the Bank's exposure to properties that have combustible cladding. Of particular risk are unit/apartment complexes that are 3 or more stories high</p> <p><b>Maximum LVR</b></p> <p><b>Acceptable security</b></p> <p><b>Unacceptable security</b></p> <p><b>High density units/apartments</b></p> <p><b>Medium density units/apartments</b></p> <p><b>Potential combustible cladding</b></p> <p><b>External valuation process</b></p> <p><b>Valuation requirements</b></p>	<p>16.1</p> <p>17</p> <p>18</p> <p>19.2.1</p> <p>19.2.2</p> <p>19.2.3</p> <p>21.1.5</p> <p>21.3</p>																								

# Revision History

	Where a valuation shows market risk rating of 4, policy will be updated to allow any DLA holder to accept the valuation provided the application meets all required parameters.	21.5.2
	<b>Existing security held by the Bank</b> A new full valuation is required if the existing full valuation held on file is greater than 3 months old and exceeds the maximum property value based for the property location.	10.3
	<b>Self employed applicant's income</b> DLA override tables have been removed from sections 10.3.3 Before tax business add backs and 10.3.4 After tax business add backs and replaced with a new section 10.3.6 Approval authority at the end of the self employed policy. Any exceptions to self employed income will require a minimum DLA 7 approval.	21.3
	<b>Valuation requirements</b> Correction to the acceptance of a risk rating 5 on a full valuation to be accepted by a DLA 7 or higher under mitigating circumstances.	32.4
	<b>Income verification matrix (Credit cards)</b> For credit cards assessed after settlement of a mortgage, casual income will be assessed by annualising income over 48 weeks.	34.8
	<b>Acceptable security (Bridging Finance)</b> Policy amended to specifically note that vacant land is not acceptable as the property being purchased.	8.1.4
	<b>Directorships/Proprietorships/SMSF listings</b> Will be amended to clarify that where a previous directorship is listed, the company searches do not need to be obtained unless there are indications of adverse credit history in any other credit report(s) or ASIC searches.	10.2
	<b>Income matrix</b> Rental income will be updated to include additional guidelines for non-arm's length rental income	14.9
	<b>Verifying an applicant's financial position</b> Will be amended to allow the use of payslips to confirm the equipment finance repayment amount where deducted direct from an applicant's pay.	26
	<b>Post settlement variations to an existing contract/facility – no additional funds</b>	

# Revision History

		<p>The following post-settlement policies have been rewritten:</p> <ul style="list-style-type: none"> <li>• Product conversions</li> <li>• Change of term (new policy)</li> <li>• Partial Discharges</li> <li>• Substitution of Security</li> </ul> <p>The new policy consolidates common requirements across the 4 different functions and outlines a new serviceability and supporting documentation assessment policy. The new assessment process will be applied to all post-settlement activities where the requested change will cause an impact on the borrower's financial situation, this includes:</p> <ul style="list-style-type: none"> <li>• Converting from IO to P&amp;I – causes an increase in the repayment amount.</li> <li>• Converting from P&amp;I to IO – reduces the residual P&amp;I term therefore increasing the repayment during the P&amp;I term.</li> <li>• Extending the IO period – reduces the residual P&amp;I term therefore increasing the repayment during the P&amp;I term.</li> <li>• Extending the loan term – will increase the amount of time the borrower will take to repay the loan.</li> </ul> <p>Any change that will cause a known impact on the borrower's income (e.g. the security property being released is an investment property that has been sold).</p> <p><b>Medium density units/apartments</b>  <b>Potentially combustible cladding</b>  All medium density securities require a full valuation</p> <p><b>ATO Change – Introduction of Income Statements</b>  An Income Statement is the new document that replaces the current PAYG Payment Summary, as it is being phased in you will still see both types of documents, so the policy has been updated to reflect the acceptance of either documents is allowed.</p>	<p>19.2.2 19.2.3</p> <p>10.1.1 10.2</p>
1 <sup>st</sup> July 2019	Michele Johnson	<p><b>Banking Code of Practice</b>  Effective 1 July 2019  Additional guidelines for personal guarantors has meant a new section to cover the 'substantial benefit' test, this has been updated in several sections.  The Applicant structure matrix has also been amended.  An increase in the timeframe for acceptance of guarantee documentation, changing from next day to 3 days after being issued.  Changes to circumstances where independent legal advice can be waived.  Disadvantaged applicants has been changed to Vulnerable applicants, with a list of who can be considered as vulnerable.  Update to Guarantors and third party mortgages.</p>	<p>6.9 6.9.1 14.7 14.8 2 6.3 7 14</p>

# Revision History

		<p>Update to NCCP covering the timeframes for provision of the Final Assessment to borrowers and guarantors.</p> <p><b>Genuine savings – acceptance of rental history</b> To assist First Home Buyers meet the genuine savings requirements we have introduced the ability to provide 6 months rental history to support not holding 5% as genuine savings for 3 months. The applicant will still be required to show evidence of funds to complete, a minimum of 5% plus costs.</p> <p><b>Statement verification requirements</b> The requirements to review BEN Group accounts has been reduced from 6 months to 3 months. Adverse conduct has been updated for transaction account overdrawings, dishonours and dishonour fees.</p>	<p>15.1.1</p> <p>14.9 14.9.1 26 31.4.3</p>
25 <sup>th</sup> July 2019	Sam Schreiber	<p><b>Qualifying rate for new residential mortgage loan</b></p> <p><b>Qualifying rate for existing loans</b></p> <p>APRA recently made changes to their guidelines regarding floor rates and buffers to be applied as part of the serviceability calculations. To support these changes, the Bank has reviewed both the floor and buffer rates applied to new and existing residential mortgage loans.</p> <p>The floor rate has been reduced from 7.35% to 5.75%. The buffer rate has been increased from 2.25% to 2.50%.</p>	<p>11.6.1</p> <p>11.6.2</p>
24 <sup>th</sup> September 2019	Sam Schreiber	<p><b>Adverse conduct</b></p> <p>Clarification of adverse conduct on a transaction account</p>	14.9.1
24 <sup>th</sup> September 2019	Sam Schreiber	<p><b>Valuation requirements</b></p> <p>Amend DLA levels for accepting Risk Rating 4 Bushfire/Wildfire and flooding overlays</p>	21.3
24 <sup>th</sup> September 2019	Sam Schreiber	<p><b>Loan Sizes</b></p> <p>Loan sizes policy updated to apply on a per security basis rather than on overall loan size.</p>	13
28 <sup>th</sup> October 2019	Sam Schreiber	<p>DELETED</p> <p>9.1 Employment requirements</p> <p>9.2 Employment verification</p> <p>9.2.1 Phone verifications</p> <p>9.2.2 Statements showing income credits</p>	Multiple



# Revision History

		<p>10.1 Income documentation verification</p> <p>10.1.1 Payslips and PAYG payment summaries</p> <p>10.2 Income matrix</p> <p>NEW</p> <p>9 Employment and income</p> <p>9.1 Employment and income matrix</p> <p>9.2 Minimum supporting documentation standards</p> <p>Parental Leave Payments, Return to Work and Fringe Benefits now included. List of acceptable Government Benefits included. Company car \$5000 addback, child care benefits, Austudy and temporary income removed. Supporting verifications updated. Minimum employment requirements now combined in single table with income verifications.</p> <p>Policy numbering amended onlym10.3 Self employed applicant income – to 9.3</p> <p>10.3.1 Self employed financial statements – to 9.3.1</p> <p>10.3.2 Self employed income matrix – to 9.3.2</p> <p>10.3.3 Before tax business add backs – to 9.3.3</p> <p>10.3.4 After tax business add backs – to 9.3.4</p> <p>10.3.5 ATO arrears – to 9.3.5</p>	
28 <sup>th</sup> October 2019	Sam Schreiber	<p><b>Valuer criteria</b></p> <p>Policy updated to include a reference to the ABFI Residential Valuation Standing Instructions. Valuer co-signatory requirements removed as covered in the ABFI standing instructions.</p>	21.2
28 <sup>th</sup> October 2019	Sam Schreiber	<p><b>Calculation of living expenses</b></p> <p>'No limit' credit cards such as AMEX or Diners are to be included as part of the applicants living expenses.</p>	11.4
28 <sup>th</sup> October 2019	Sam Schreiber	<p><b>Internet bank statements</b></p> <p>Updated statement requirements where no running balance is available.</p>	14.10
28 <sup>th</sup> October 2019	Sam Schreiber	<p><b>Verifying an applicant's financial position</b></p> <p>Updated to note that transaction account statements apply to all accounts where payroll is credited.</p>	14.9
25 <sup>th</sup> November 2019	Michele Johnson	<p><b>Employment and income matrix</b></p> <p>Additional clarification on calculation of income where permanent part time employees work varying hours</p>	9.1
		<p><b>Calculation of living expenses</b></p>	11.4

# Revision History

		<b>Calculation of serviceability ratio/Debt to Income (DTI) ratio</b> Amendment to serviceability around Savings Capacity Buffer	11.5
		<b>Verifying an applicant's financial position</b> Removal of wording '(where payroll/salary any income is credited)', as the requirement is to provide main other financial institution transaction account(s) for payroll recipients and self employed applicants	14.9
		<b>Acceptable security</b> Removal of requirement to obtain a section 149 Certificate for properties subject to mine subsidence (NSW only)	17
		<b>Product conversion exclusions</b> Removal of 'extending the existing loan term' from the product conversion exclusions, as this can now be completed concurrently	26.2.2
		<b>Policy renumbering due to section 6.7 being marked as Reserved:</b> 6.7 Staff lending - to 6.8 6.8 Loans to related parties - to 6.9 6.8.1 The Bank's Business Partners and their staff - to 6.9.1 6.8.2 Loans to family, and where a relationship is evident via shared directorship, shareholding or proprietorship - to 6.9.2 6.9 Applicant structure matrix - to 6.10 6.9.1 'Substantial benefit' confirmation - to 6.10.1 6.9.1.1 Substantial benefit via an interest in assets purchased with the loan funds - to 6.10.1.1 6.9.1.2 Substantial benefit where a reasonable proportion of funds are used to repay debts or obligations on behalf of the applicant - to 6.10.1.2	
29 <sup>th</sup> April 2020	Michele Johnson	<b>Employment and income matrix</b> Guidelines have been added to outline exceptions to policy where they are Outside Policy (Serviceability) and must be recorded by the approving DLA holders accordingly  Clarification has been added to PAYG Full time, permanent part time and casual & 2 <sup>nd</sup> jobs, where applicants have been employed with same employer for minimum of 6 months but	9.1

# Revision History

	<p>have changed from full time to part time, or casual to permanent (or vice versa) are not required to requalify for the minimum time in employment.</p> <p>For PAYG full time, permanent part time, Dependent contractor, and Casual &amp; second job clarification has been added around breaks in employment where the applicant has changed employer.</p> <p>Flexibility has been added to superannuants who may not be able to provide 6 months statements to demonstrate their payments, to provide additional verification</p> <p>Guidelines have been added to the below sections to outline exceptions to policy where they are Outside Policy (Serviceability) and must be recorded by the approving DLA holders accordingly</p> <p><b>Minimum supporting documentation standards</b></p> <p><b>Self employed financial statements</b></p> <p><b>Self employed income matrix</b></p> <p><b>Before tax business add backs</b></p> <p><b>After tax business add backs</b></p> <p><b>Serviceability</b></p> <p><b>Verifying an applicant's financial position</b></p> <p><b>Serviceability and supporting documentation assessment</b></p> <p><b>Calculation of living expenses</b></p> <p>Further clarification added 'Where serviceability assessment is reliant on living expenses less than the HEM plus serviceability', and is considered Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly</p> <p><b>Calculation of serviceability ratio / Debt to income (DTI) ratio</b></p> <p>Any residential mortgage loan application with DTI <math>\geq 8</math> is Outside Policy (Serviceability) and must be recorded by the approving DLA holder accordingly.</p> <p><b>Valuation types</b></p>	<p>9.2</p> <p>9.3.1</p> <p>9.3.2</p> <p>9.3.3</p> <p>9.3.4</p> <p>11</p> <p>14.9</p> <p>26.1</p> <p>11.4</p> <p>11.5</p> <p>21.1</p>
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# Revision History

		<p>AVM maximum LVR has been amended to allow up to 80%, as well as the maximum loan amount has been removed, this applies for:</p> <p>Category 1 (excluding Sydney metro and Melbourne metro)</p> <p>Sydney Metro Category 1</p> <p>Melbourne Metro Category 1</p> <p>Category 2</p> <p><b>Automated Valuation Method (AVM)</b></p> <p>The FSD percentages have increased from 4 categories to 9 categories, with the maximum LVR parameter outlined according to the FSD percentage.</p> <p><b>National Rental Affordability Scheme (NRAS)</b></p> <p>Mckenzie Bond Pty Ltd removed from the Genworth approved NRAS consortium list.</p>	<p>21.1.2.2</p> <p>14.2</p>
25 <sup>th</sup> May 2020	Michele Johnson	<p><b>‘Substantial benefit’ confirmation</b></p> <p>Introduction of an exception where a spouse (including de facto) still wish to be considered as a co-borrower, which can be acceptable where the requirements of BCoP s54 are met. The requirements are outlined in section <b>6.10.1.1 Spousal (including de facto) applicant without a substantial benefit.</b></p> <p><b>Guarantor(s) and third party mortgages</b></p> <p>Additional advice that where a spousal (including de facto) requests to be a guarantor, their income cannot be used for serviceability.</p>	<p>6.10.1</p> <p>6.10.1.1</p> <p>7</p>
22 <sup>nd</sup> June 2020	Michele Johnson	<p><b>Qualifying rate for new residential mortgage loans</b></p> <p>Decrease of floor rate from 5.75% to 5.25%.</p> <p>Amendment to the calculation of the qualifying rate for mortgage loans in the serviceability assessment.</p> <p><b>Qualifying rate for existing loans</b></p> <p>Change of the floor rate applies to this section too.</p>	<p>11.6.1</p> <p>11.6.2</p>
22 <sup>nd</sup> June 2020	Michele Johnson	<p><b>Employment and Income Matrix</b></p> <p>Amended to note where BEN accounts are used as sole income and employment verification and the income is not regular or consistent, then a second income verification must be provided.</p>	9.1
22 <sup>nd</sup> June 2020	Michele Johnson	<b>Residential Mortgage Lending to company applicants (NIRIL)</b>	

# Revision History

		Changes have been made to various sections of policy to cover the requirements for residential mortgage lending to company applicants, including a family or discretionary trust with a company trustee. Company applicants and trustees *NEW* Company as trustee for a family / discretionary trust Credit Scorecard Loan purpose and documented evidence DLA Groups Credit references (numerous)	6.7 7.4.2  12.1 14  4.2.2 8						
22 <sup>nd</sup> June 2020	Michele Johnson	<b>Temporary Additional Lending Restrictions</b> Inclusion of temporary additional lending requirements in response to COVID-19.	New section						
3 <sup>rd</sup> July 2020	Michele Johnson	<b>Temporary Additional Lending Restrictions – Update</b> Inclusion of rental income restrictions and funds sourced from early access to superannuation are not acceptable as equity.							
22 <sup>nd</sup> July 2020	Michele Johnson	<b>Temporary Additional Lending Restrictions – Update</b> Hardest Hit Industries list has been updated and risk rating 4s have been amended to allow any 2 Market Risk Rating 4s where there is no comment/indication of a selling period of more than 12 months and where the reason is clearly defined as being due to COVID-19 impact only.							
27 <sup>th</sup> August 2020	Michele Johnson	<b>Security Location Categories</b> Postcodes from the Category 4 list have been reviewed. The postcode listing has been updated as per below: <table><tr><td><b>0830 Houses only*</b></td><td><b>Category 1 with a full valuation required</b></td></tr><tr><td>0832 Houses only*</td><td>Category 1 with a full valuation required</td></tr><tr><td>4737</td><td>Category 2 with a full valuation required</td></tr></table> *Note – Units/Apartments in 0830 & 0832 remain category 4. The following postcodes were removed from the listing – 4671, 4741, 4754, 4805 and 2713. These changes have also been reflected in sections: <b>High Risk locations</b> <b>Full valuations</b> <b>Existing security held by the Bank</b>	<b>0830 Houses only*</b>	<b>Category 1 with a full valuation required</b>	0832 Houses only*	Category 1 with a full valuation required	4737	Category 2 with a full valuation required	20.1          19.7 21.1.1 21.5.2
<b>0830 Houses only*</b>	<b>Category 1 with a full valuation required</b>								
0832 Houses only*	Category 1 with a full valuation required								
4737	Category 2 with a full valuation required								

# Revision History

30 <sup>th</sup> September 2020	Michele Johnson	<b>Loan purposes and documented evidence</b> <p>The purchase of residential investment vacant land or construction of a residential investment dwelling has been added to the loans purposes for residential mortgage lending to company applicants</p>	14
30 <sup>th</sup> September 2020	Michele Johnson	<b>Valuation requirements</b> <p>With increased levels of full valuations with Market Risk Rating of 4 due to COVID-19 impacts a change has been made to allow DLA holders to accept a full valuation with any 2 Market Risk Ratings of 4 with the note to take additional care where a risk rating 4 applies to Local/Regional Economic Impact in postcode known to be adversely impacted by COVID-19 restrictions e.g. areas heavily reliant on tourism</p>	21.3
30 <sup>th</sup> September 2020	Michele Johnson	<b>Product conversion exceptions *NEW*</b> <p>This allows an existing I/O loan(s) converting to P&amp;I to be considered without a serviceability assessment where P&amp;I payments were calculated at the loan origination and the P&amp;I payments were correctly documented in the Loan Contract.</p> <b>Product conversion applications</b> <p>Minor wording change covering 'auto roll' loan facilities. Where approved loan terms are met, no assessment of these loans is required. Where the borrower requests a change to either the approved I/O or P&amp;I term, the request will require further assessment.</p>	26.2.3  26.2
26 <sup>th</sup> October 2020	Michele Johnson	<b>Potentially combustible cladding</b> <p>This change aligns the consumer and commercial lending policies for potentially combustible cladding.  Adjusted requirement that any apartment in a complex or any other habitable building of 3 or more storeys (2 or more in NSW) must be reviewed for potentially combustible cladding.  To confirm that the building has no non-compliant /potentially combustible cladding it must be certified by:</p> <ul style="list-style-type: none"> <li>• A report prepared by an accredited fire safety engineer; or</li> <li>• A building surveyors report prepared by a registered building surveyor; or</li> <li>• A certificate by the relevant government authority or fire authority</li> </ul> <p>In that state or territory.  certification or exemption is received then standard policy and LVR requirements apply.  Where an acceptable confirmation, certification or exemption is not available:</p> <ul style="list-style-type: none"> <li>▪ Any new to the Bank security is not acceptable;</li> <li>▪ For existing security held by the Bank there are additional requirements that must be met, including full valuation, risk ratings must</li> </ul>	17.1

# Revision History

		<p>be assessed and if the valuation identifies potentially combustible cladding the loan purpose is to be limited to remediation of the cladding.</p> <p>Reminder: Any unit/apartment meeting the high density settings requires a full valuation.</p> <p>This section was moved from Specialised Security to Acceptable Security</p> <p>As part of this change section 19.2.2 medium density policy was removed.</p>	
26 <sup>th</sup> October 2020	Michele Johnson	<p><b>Staff lending</b></p> <p>One current payslips no more than 31 days old is required. Alternatively a staff member can request an acknowledgement from Payroll via Payroll mailbox to confirm staff member's gross salary/wage details.</p>	6.8
26 <sup>th</sup> October 2020	Michele Johnson	<p><b>Change of term exceptions *NEW*</b></p> <p>To support the recent changes for early conversion from I/O to P&amp;I a link to the Product Conversion exceptions has been added.</p>	26.3.1.1
26 <sup>th</sup> October 2020	Michele Johnson	<p><b>Employment and income matrix</b></p> <p><b>PAYG Base Income - Casual &amp; second jobs</b></p> <p>The policy has been updated to allow the use of payslips without a year to date figure however in such cases, 2 payslips must be provided.</p> <p>This aligns the use of payslips for verification of income for casual and second jobs with other PAYG income sources.</p>	9.1
17 <sup>th</sup> December 2020	Colin Archer	<p><b>Employment and income matrix</b></p> <p>Amendment to employment and income verifications for PAYG Full time &amp; permanent part time employment to align TPB with Consumer Local.</p>	9.1
17 <sup>th</sup> December 2020	Colin Archer	<p><b>Employment and income matrix (Managed or Self-Managed Superannuation/Private Pension)</b></p> <p><b>Verification requirements</b></p> <p><b>Verifying an applicant's financial position</b></p> <p>Extend age of account/loan statements from no greater than 31 days to no greater than 45 days .</p>	9.1  9.2 14.9
17 <sup>th</sup> December 2020	Michele Johnson	<b>Industries Hardest Hit - Updated</b>	Temporary Lending Restrictions
29 <sup>th</sup> January 2021	Colin Archer	<p><b>National Rental Affordability Scheme (NRAS)</b></p> <p>No longer available for new applications. Genworth to be sole LMI provider.</p>	14.2

# Revision History

29 <sup>th</sup> January 2021	Colin Archer	<b>Other deposit funds</b> Clarification of acceptable equity for a property purchase	15.1.2
29 <sup>th</sup> January 2021	Colin Archer	<b>Applicant structure matrix</b> <b>Substantial benefit via an interest in assets purchased with the loan funds</b> Link to Section 6.10.1.1 included to correct two contradicting policies.	6.10 6.10.1.2
22 February 2021	Colin Archer	<b>Introduction of Comprehensive Credit Reporting (CCR) Credit References</b> <b>Verifying an applicant's financial position, account conduct and repayment history</b> (New section) <b>Verifying an applicant's financial position</b> (remove policies)  Correction of associated links due to the above.  Consumer credit policy changes to support the Bank's participation in CCR	8 to 8.2.4  10  14.9 and 14.9.1
22 <sup>nd</sup> February 2021	Colin Archer	<b>Verifying an applicant's financial position, account conduct and repayment history</b> (previously section 14.9) Review of loan conduct for borrowers who have received assistance due to the impact of COVID-19 restrictions.	10
22 <sup>nd</sup> February 2021	Colin Archer	<b>Valuation requirements</b> Temporary amendment to consumer credit policy relating to risk rating 4s due to impact of COVID-19 on residential property valuations.	21.3
22 <sup>nd</sup> February 2021	Colin Archer	<b>Valuation Types</b> Increasing maximum property value/ loan amount for acceptance of valuation methods Valuer Generals Assessment (VGA)/rates notice and Purchase Contracts where the LVR is ≤50%.	21.1
22 <sup>nd</sup> February 2021	Michele Johnson	<b>Credit References</b> Policy has amended the requirement to review the whole of the credit report to the most recent 24 months, any enquiry > \$50,000 regardless of age and all adverse listings and undisclosed debt(s)	8
29 <sup>th</sup> March 2021	Michele Johnson	<b>Desktops (EVRs) and Automated Valuation Models (AVMs),</b> <b>Purchase Contract Verification Requirements and Valuer General's assessment/Rates Notice</b>	21.1.2 21.1.3.1 21.1.4



# Revision History

		In instances where the security property is not subject to a full valuation, lenders must confirm with either the property owner or applicant (whichever is applicable) that all improvements are in good condition. Where the improvements are in poor condition, a full valuation is required. Desktop, AVM, Contract of Sale and Valuer General Assessment policies will be updated to include this requirement.	
29 <sup>th</sup> March 2021	Michele Johnson	<b>Potentially combustible cladding</b> The items that can be used to confirm whether potentially combustible cladding is present or not, have been updated to sources that are more readily obtainable for the customers, they include Local Council or Body Corporate/Owners Corporation etc.  We have also provided clarification of what constitutes a 'standalone personal residence' by providing the definitions of the Class 1a and Class 2 security types to assist Lenders identify what type of property they need to apply this policy to.	17.1
29 <sup>th</sup> March 2021	Michele Johnson	<b>Product conversion exclusions</b> Clarify that an existing product cannot be converted to grandfathered product.  <b>Splitting and rearrangements</b> Clarify that grandfathered products cannot be split or rearranged. In these	26.2.2  26.2.4.1
29 <sup>th</sup> March 2021	Michele Johnson	<b>Credit Card Policy</b> Changes have been made to the Credit Card Policy to support the decision to cease originating credit cards. The key changes are:- Removal of requirements related to the origination of new credit cards. The policy will now be limited to the assessment of increases related to existing credit card facilities; Maximum aggregated limit of \$20,000; Inclusion of amendments to support the use of RHI as the Bank's primary verification of loan conduct and additional guidelines where RHI is unavailable.	31
29 <sup>th</sup> April 2021	Brit Von Mengersen	<b>Additional lending to existing Residential Mortgage Borrowers</b> Minor policy changes & significant formatting changes have been made to better reflect the intent of this policy. Key changes include:	25

# Revision History

		<ul style="list-style-type: none"> <li>The title of the policy section renamed from Credit Increases to Additional lending to existing residential mortgage borrower(s)</li> <li>Policy has been simplified by referring lenders back to standard lending criteria and removing excessive links.</li> <li>By referring lenders back to standard lending criteria some other sections were removed</li> <li>Added a link - 10 Verifying an applicant's financial position, account conduct and repayment history, however the review of Repayment History Information is only required for the most recent 6 months.</li> <li>Amendment of DLA Approval levels</li> </ul>	
14 <sup>th</sup> June 2021	Brit Von Mengersen	<b>Verification of account conduct and loan history using statements</b> The requirement for verification of the main transaction/ trading account(s) statements held with another financial institution has been reduced from 3 months to the most recent month statement(s), no greater than 45 days old.	10.2
28 <sup>th</sup> June 2021	Brit Von Mengersen	<b>Employment &amp; Income Matrix</b> <b>Income and employment</b> An additional myGov.au document has been included as an acceptable income verification for Full time, Permanent part time, Dependent Contractor, Casual & second jobs: <ul style="list-style-type: none"> <li>Available via myGov.au, either               <ul style="list-style-type: none"> <li>PAYG Payment Summary / Income Statement 'Tax ready'; or</li> <li>Current Financial Year Income Statement 'Year to date' pay information, no older than 45 days old <i>*New*</i></li> </ul> </li> </ul>	9.1 25.2
28 <sup>th</sup> June 2021	Brit Von Mengersen	<b>Credit References</b> Policy has been updated to reflect that all enquiries from Financial Institutions not participating in CCR which are not disclosed by the applicant are to be investigated. Enquiries from Telco's and utility providers will not require investigation. A requirement to review all RHI data for participating financial institutions has been added.  <b>Review of RHI, Acceptable RHI, Adverse RHI &amp; Adverse conduct using statements</b> Minor amendments to RHI sections for clarity. Key updates include:	8

# Revision History

		<ul style="list-style-type: none"> <li>Acceptable low-level arrears apply to months 7 – 24 of the RHI.</li> <li>Acceptable RHI table updated to treat alpha RHI's (C, A, P, T, O) excluding 'R' in the same manner as a 0 (zero).</li> <li>RHI 3 included as adverse RHI.</li> <li>Adverse conduct using statements table updated to confirm late payment/arrears/default charges can be disregarded where the requirements of 10.1.1. Acceptable RHI are met.</li> </ul>	10.1.1 10.1.1.1 10.1.1.2 10.2.1
28 <sup>th</sup> June 2021	Brit Von Mengersen	<b>Temporary Additional Lending Restrictions – Update</b> The COVID-19 Temporary Additional Lending Restrictions (TALR) have been reviewed. Sections removed: <ul style="list-style-type: none"> <li>Consideration of an applicant's financial position under COVID19</li> <li>JobSeeker</li> <li>Bonus, Commission and Overtime</li> <li>Early access to superannuation</li> <li>LMI</li> </ul> Sections amended to have reduced requirements: <ul style="list-style-type: none"> <li>PAYG Employment and Income</li> <li>Rental income</li> </ul> Staff advised to consider standard credit policy for sections removed and amended.	
26 <sup>th</sup> July 2021	Brit Von Mengersen	<b>Temporary Additional Lending Restrictions – Self-employed applicants Update:</b> Changes to the assessment of Self-employed applications as follows: <b>Serviceability:</b> Deduct the amount of any government support income disclosed in the financial statements from the net profit before tax. This reduced income can then be used to complete the serviceability assessment. If this does not meet serviceability requirements interim documentation to be provided to confirm serviceability on an annualised basis. <b>Additional Documentation:</b> Trading Account Statements (including OFI) (no greater than 62 days old) to be provided for the most recent 3 months. <b>Higher DLA approval:</b> <ul style="list-style-type: none"> <li>Where Interim documentation utilised to meet serviceability requirements</li> </ul>	

# Revision History

		<ul style="list-style-type: none"> <li>Where the business was in receipt of JobKeeper between 4/1/21 and 28/3/21 or COVID-19 government support payments (including grants) in the most recent 6 months</li> <li>Where the business has been operating for less than 3 full financial years AND               <ul style="list-style-type: none"> <li>the loan purpose is refinance of OFI debts; or</li> <li>the loan purpose includes equity release.</li> </ul> </li> </ul> <p><b>Diary Comments:</b> Lenders are required to confirm with all self-employed applicants whether their business has been or will be affected by the current economic downturn caused by COVID-19, specifically:</p> <ul style="list-style-type: none"> <li>whether their business has sought any JobKeeper, Government support payments, ATO or banking, assistance made available in response to COVID-19:</li> <li>the impact of past and possible future short-term lockdown(s).</li> </ul>	
26 <sup>th</sup> July 2021	Brit Von Mengersen	<p><b>Temporary Additional Lending Restrictions – Update</b></p> <p>The below sections of the Temporary Additional Lending Restrictions have been relocated to Credit policy:</p> <ul style="list-style-type: none"> <li><b>PAYG Employment and Income:</b> Update to employment &amp; income sections as well as Cash out to manage Government mandated lockdowns.</li> <li><b>Full Valuations:</b> <ul style="list-style-type: none"> <li>Reinstate pre-COVID 19 policy relating to valuations with Market Risk Rating 4s</li> <li>Include requirement for modified full valuation methods during period of Government mandated lockdown</li> </ul> </li> <li><b>Bridging loans:</b> Unless the applicant(s) has an unconditional contract of sale on the security being sold, serviceability based on the peak debt on an interest only basis using the actual interest rate of the application (no buffer on the interest rate is required) must be evident.</li> </ul>	9.1 14.8 31.6.1 31.6.2 21.3         34.4
26 <sup>th</sup> July 2021	Brit Von Mengersen	<p><b>Genuine Savings:</b></p> <p>Proceeds from relationship settlement confirmed via a solicitor prepared separation agreement or court order can be accepted as an additional verification document to confirm genuine savings</p>	15.1.1
23 <sup>rd</sup> August 2021	Brit Von Mengersen	<p><b>Employment, income and serviceability requirements (Bridging Finance)</b></p>	34.4

# Revision History

		<p>Reintroduce the below minimum serviceability ratio requirements in relation to end debt and loan purpose:</p> <ul style="list-style-type: none"> <li>- Purchase of established dwelling – 1.15</li> <li>- Construction of a dwelling – 1.25</li> <li>- Where an unconditional sale contract is held on the property to be sold – 1.00</li> </ul> <p>This was removed in July 2021 release, but these ratios were intended to remain.</p>	
27 <sup>th</sup> September 2021	Brit Von Mengersen	<p><b>Employment and income</b></p> <p>Update to clarify input of income amount into the Bank's approved serviceability calculator. Unless indicated otherwise, the full amount of the acceptable income is to be included in the Bank's approved serviceability calculator. The serviceability calculator will apply the appropriate percentage of income to be used for serviceability.</p>	9.1
27 <sup>th</sup> September 2021	Brit Von Mengersen	<p><b>Employment and income</b></p> <p><u>Amendments to the below income types:</u></p> <ul style="list-style-type: none"> <li>• Managed and Self Managed superannuation</li> <li>• Annuities</li> <li>• Property trust distributions</li> <li>• Share dividends</li> <li>• Child support.</li> </ul> <p><u>The below income type has been introduced:</u></p> <ul style="list-style-type: none"> <li>• Managed funds</li> </ul> <p><u>The below income types have been removed:</u></p> <ul style="list-style-type: none"> <li>• Royalties</li> <li>• Interest</li> </ul> <p>All 'Supplementary Income Sources' are only acceptable in conjunction with a 'Primary Income Source'.</p> <p><b>Temporary Additional Lending Restrictions – Update</b></p> <p>Dividend income has been removed from the Temporary restrictions.</p>	9.1
27 <sup>th</sup> September 2021	Brit Von Mengersen	<p><b>Calculation of total income available for debt and housing</b></p> <p>Living expenses must be calculated as outlined in 11.4 Calculation of living expenses.</p> <p>Note - When ascertaining the income-based HEM, rental income is to be excluded from the calculation of gross household income. All living expenses related to property other than the applicant(s) principal place of residence must be included in the non-basic living expenses.</p>	11.3

## Revision History

		<p><b>Calculation of living expenses</b></p> <p>All living expenses must be collected based on Melbourne Institute methodology (absolute basic expenses, discretionary basic expenses, non-basic expenses and excluded expenses).</p> <p>The living expenses used in serviceability are to be calculated as the greater of:</p> <ul style="list-style-type: none"> <li>• The Household Expenditure Measure (HEM)* (absolute basic and discretionary basic expenses) plus Savings Capacity Buffer for residential mortgage lending; OR</li> <li>• The applicant(s) absolute basic and discretionary basic living expenses PLUS non-basic expenses PLUS excluded expenses.</li> </ul> <p>Living Expense categories have been removed.</p>	11.4
27th September 2021	Brit Von Mengersen	<p><b>Qualifying rate for existing loans</b></p> <p>Qualifying interest rate to be used in the serviceability calculation will be the greater of:</p> <ul style="list-style-type: none"> <li>• 2.50% above the contracted loan rate (excluding any short term discounted introductory or honeymoon rate); OR</li> <li>• The 'floor' interest rate</li> </ul> <p>Where verification of the existing loan interest rate is not available, a proxy interest rate equivalent to the most recent 6 month average owner occupied interest rate, (plus the 2.50% buffer) is to apply.</p> <p>Override of the proxy interest rate is not permitted by any DLA holder.</p> <p>Use of the proxy interest rate is not a substitute for requesting OFI loan statements and will only apply where the statement(s) or other documentation cannot confirm the level of information required to complete the serviceability assessment.</p>	11.6.2
		<p><b>Calculation of serviceability ratio / Debt to income (DTI) ratio</b></p> <p>With the change to collect and verify the loan interest rate, the use of a proxy loan term is no longer required.</p> <p>The wording in relation to I/O lending being considered OSP when P&amp;I payments are not evident for investment purposes has been removed.</p>	11.5
27th October 2021	Brit Von Mengersen	<p><b>Verification of deposit funds/equity</b></p> <p><b>Other Deposit Funds</b></p>	15.1 15.1.2

# Revision History

		Where the term 'deposit' is used in relation to the applicant's equity/contribution in a purchase the terminology has been changed to 'contribution funds' as per the below definition: <b>Contribution Funds:</b> Money that the borrower must have available at the time of settlement in conjunction with a loan. This may consist of genuine savings, gifts, down payment, FHOG, proceeds of sale, etc.	
27th October 2021	Brit Von Mengersen	<p><b>Minor Policy Changes</b></p> <p><b>Employment and income matrix</b> Jobseeker is the current term for unemployment benefits and has been included in the employment and income matrix confirming this is unacceptable income.</p> <p><b>Calculation of serviceability ratio / Debt to income (DTI) ratio</b> Rental commitment can be excluded from the applicant's serviceability when the purpose of the loan is for Owner Occupied construction. Future circumstances still need to be considered under responsible lending obligations including the short-term circumstances during the construction period.</p> <p><b>Other contribution funds</b> A clarification has been added that an applicant's contribution funds must be held in the name of the applicant(s) and reviewed to understand the source of the contribution and whether the funds are repayable.</p> <p><b>Staff lending</b> <b>The Bank's Business Partners and their staff</b> <b>Loans to family, and where a relationship is evident via shared directorship, shareholding or proprietorship</b> Where a loan file must be provided to the processing centre, it is no longer a requirement for a hard copy file to be sent, instead policy updated to require a loan file be 'referred' to the processing centre. This allows for the file to also be provided digitally for review.</p>	<p>9.1</p> <p>11.5</p> <p>15.1.2</p> <p>6.8 6.9.1 6.9.2</p>
27th October 2021	Brit Von Mengersen	<p><b>Calculation of serviceability ratio / Debt to income (DTI) ratio</b></p> <p>Where verification of the remaining principal and interest loan term for an existing interest only loan (including residential mortgage line(s) of credit) is not available, a maximum proxy term of 25 years is to apply. In the absence of the remaining principal and interest loan term, override of the proxy term is not permitted by any DLA holder.</p>	11.5

# Revision History

		Use of the proxy principal and interest loan term is not a substitute for obtaining and reviewing loan statements as outlined in 10.2 Verification of account conduct and loan history using statements or reviewing information available via Comprehensive Credit Report.	
27th October 2021	Brit Von Mengersen	<b>Qualifying rate for new residential mortgage loans</b> <b>Qualifying rate for existing loans</b>  The interest rate buffer for new and existing residential mortgage loans increased from 2.50% to 3.00% in line with APRA's expectations.	11.6.1 11.6.2
27th October 2021	Brit Von Mengersen	<b>Approvals and exceptions to lending policy - Delegated lending authority (DLA)</b>  Where policy does not provide an approval/exceptions table any exceptions must be approved by: <ul style="list-style-type: none"> <li>• OLAS / ABE: DLA 7</li> <li>• LendFast: DLA 5</li> </ul>	4.2.3
27th October 2021	Brit Von Mengersen	<b>Valuations (Multiple subsections updated)</b>  The requirement for the property owner or applicant to confirm improvements are in good condition when accepting valuations where a physical inspection is not completed has been removed.  The Lender/DLA holder must decide based on the information in the valuation document and their own enquiries (e.g. realestate.com.au or Google searches) that the property will provide appropriate security for the proposed loan(s) and the credit risk being considered by the Bank. Property condition, use, zoning and the requirements of 17 Acceptable Security need to be considered when conducting these enquiries.  Where adverse/inconsistent information is provided or it is identified the improvements are in poor condition a full valuation must be completed.  Lenders/DLA holders must also be alert to inflated values and where there is any doubt in regard to the purchase contract, then a full valuation must be completed.	21.1 21.1.2 21.1.3.1 21.1.4 21.1.5 21.3
22 <sup>nd</sup> November 2021	Brit Von Mengersen	<b>Terminology changes</b> Change in terminology: <ul style="list-style-type: none"> <li>• 'Split/ Splitting' to 'Product split'.</li> <li>• 'Separate loan/ new loan/ additional advance' to 'Additional loan'.</li> </ul>	



# Revision History

		<ul style="list-style-type: none"> <li>• 'Credit Increase/ Increase/ increased loan/further advance' to 'Principal Increase'.</li> <li>• Remove the reference to 'rearrangements' from Post Settlement policy.</li> </ul> <p>Policies updated:</p> <ul style="list-style-type: none"> <li>• Credit references</li> <li>• Qualifying rate for new residential mortgage loans</li> <li>• Existing security held by the Bank</li> <li>• Principal Increases where LMI is currently in place</li> <li>• Principal Increases where LMI is currently not in place</li> <li>• Additional lending to existing residential mortgage borrower(s)</li> <li>• Borrowing Structure</li> <li>• Principal increase</li> <li>• Approval authority</li> <li>• Post settlement variations to an existing contract/facility – no additional funds</li> <li>• Product conversion assessment / product split</li> <li>• Product split</li> <li>• Change of term eligibility</li> <li>• Principal increases</li> </ul>	<p>8</p> <p>11.6.1</p> <p>21.5.2</p> <p>23.4.1</p> <p>23.4.2</p> <p>25</p> <p>25.1</p> <p>25.5</p> <p>25.7</p> <p>26</p> <p>26.2.4</p> <p>26.2.4.1</p> <p>26.3</p> <p>34.12</p>
22 <sup>nd</sup> November 2021	Brit Von Mengersen	<p><b>Minor policy changes</b></p> <p>LVR corrected to show that it is less than or equal to 80%</p> <p>Amended statement dates requirement for applicants who sought COVID-19 repayment assistance.</p> <p>Include additional categories to the Vulnerable Applicant(s) policy</p> <p>Addition of the wording 'Tax ready' to Supplementary Income Sources and age of document to the Minimum supporting documents standards</p> <p>Clarification around non-recurring expenses for Small Business Enterprises (SBE) Instant Asset Write Offs</p> <p>Clarification on how to discount the LVR where there are "No more than 2 'Market Risk' rating 4s" and no LMI is required.</p>	<p>15.1</p> <p>10.2</p> <p>6.3</p> <p>9.1</p> <p>9.2</p> <p>9.3.3</p> <p>9.3.4</p> <p>21.3</p>
22 <sup>nd</sup> November 2021	Brit Von Mengersen	<p><b>Self-employed financial statements &amp; Self employed income matrix</b></p> <ul style="list-style-type: none"> <li>• Existing requirement for use of 2 years financial statements and averaging of income removed.</li> </ul>	<p>9.3.1</p> <p>9.3.2</p>

# Revision History

		<b>*New Section* Non-recurring income</b> <ul style="list-style-type: none"> <li>New requirement added that non-recurring income (including COVID-19 government financial assistance) must be deducted.</li> <li>Process outlined of deduction of non-recurring income and process for assessment of applications where income included non-recurring COVID-19 financial assistance.</li> </ul>	9.3.1.1
31 <sup>st</sup> January 2022	Michele Johnson	<b>Discrepancies between valuation and purchase price</b> Remove the need to compare an AVM and/or Desktop from comparison with a contract of sale. This will leave only full valuations and purchase contracts needing to be compared and the lesser adopted. In all other cases, the Valuation hierarchy in section 21 will apply.	21.4
31 <sup>st</sup> January 2022	Michele Johnson	<b>Amendment to Construction Loan and supporting policies</b> Clarification added to assist where Council approved plans are not available at the time an 'as if complete' valuation is arranged. This has also been included in sections: <ul style="list-style-type: none"> <li>Supporting documentation; and</li> <li>Construction of residential property or home improvements</li> </ul>	21.3.2  14.9 14.3
31 <sup>st</sup> January 2022	Michele Johnson	<b>COVID-19 repayment history affected due to deferred repayments</b> Removal due to all COVID-19 repayment deferrals have been finalised.	10.2
24 <sup>th</sup> February 2022	Brit Von Mengersen	<b>Residential Security Location Guide</b> A review has been undertaken of selected postcodes resulting in the residential security location guide being amended.	20.1
24 <sup>th</sup> February 2022	Brit Von Mengersen	<b>Relocation of the below policies into Section 9.1 Delegated Lending Authority (DLA) policy document:</b> Delegated lending authority (DLA) Aggregation Processing Centre DLA dollar limits Mortgage Manager DLA dollar limits Hindsight reviews Minor amendments have been made to the requirement for supporting, recommending and approving a DLA and have been combined with other Group DLA requirements.	4 5 13.1 13.2 35
24 <sup>th</sup> February 2022	Brit Von Mengersen	<b>Calculation of living expenses</b>	11.3 11.4

# Revision History

		Net rental income (gross rental income less investment property expenses less investment loan interest expenses) will be considered for the income-based Household Expenditure Measure (HEM) calculation.	
24th February 2022	Brit Von Mengersen	<p><b>Qualifying interest rate for negative gearing (New section)</b></p> <p>Where the application involves new or existing investment property lending, a proxy interest rate equivalent to the most recent 6 month average owner occupied interest rate is to apply. The proxy interest rate is to be reviewed at least 6 monthly.</p> <p>Override of the proxy interest rate is not permitted by any DLA holder. Use of the proxy interest rate is not a substitute for obtaining and reviewing loan statements as outlined in <a href="#">10.2 Verification of account conduct and loan history using statements</a>.</p> <p>Reference added to this new section in Calculation of net income</p>	<p>11.6.3</p> <p>11.2</p>
28 <sup>th</sup> March 2022	Michele Johnson	<p><b>High density units/apartments</b></p> <p>Removal of requirement for a higher DLA to sign off applications where high density unit/apartment is the security type.</p>	19.2
28 <sup>th</sup> March 2022	Michele Johnson	<p><b>Minor Policy Changes – December 2021</b></p> <p><u>Product Split</u></p> <p>Policy amended to be more agnostic by avoiding listing specific product restrictions when splitting products post settlement.</p> <p><u>Employment and income matrix</u></p> <p>Clarify alternative options for calculating casual income around the time of a new financial year.</p> <p><u>Savings capacity buffer</u></p> <p>Clarity provided on the savings capacity buffer.</p> <p><u>Other contribution funds and Supporting documentation</u></p> <p>Addition of verification requirements from or for a relationship settlement.</p> <p><u>Guarantor(s) and third party mortgages</u></p> <p>Due to the risk associated with taking a guarantee under Power of Attorney they are considered unacceptable.</p>	<p>26.2.4.1</p> <p>9.1</p> <p>11.5.1</p> <p>15.1.2 14.9</p> <p>7</p>
28 <sup>th</sup> March 2022	Michele Johnson	<p><b>National Consumer Credit Protection</b></p> <p>Definition of 'Exit Strategy' added to ensure that lenders take into account when applicant(s) are 50 years or older and will be older than 70 at expiry of loan and how the applicant(s) plan to clear the debt and the plan must not cause substantial hardship.</p>	2

# Revision History

28 <sup>th</sup> March 2022	Brit Von Mengersen	<b>Comprehensive Credit Report Score</b> Define what is considered a 'strong' or 'weak' Comprehensive Credit Report score: Strong: 800 – 1200 Weak: < 800	8.2.1 *new section*
28 <sup>th</sup> March 2022	Brit Von Mengersen	<b>Living expenses</b> The applicant declared living expenses can be accepted without review in the following scenarios: <ul style="list-style-type: none"> <li>Existing BEN residential mortgage loan borrower; or</li> <li>External residential mortgage loan applicant being refinanced to BEN</li> </ul> AND <ul style="list-style-type: none"> <li>CCR score is 800 or higher for all applicants.</li> </ul> OR <ul style="list-style-type: none"> <li>Applicant declared absolute basic and discretionary basic living expenses are <math>\geq 110\%</math> of HEM plus savings capacity buffer; and</li> <li>CCR score is 1000-1200 for all applicants.</li> </ul> These scenarios are not available to applications where: <ul style="list-style-type: none"> <li>The credit report shows defaults or RHI of 1-6, X or R. Refer 10.1 Verification of loan conduct using RHI</li> </ul> OR <ul style="list-style-type: none"> <li>LMI is required.</li> </ul> Where DLE is to be reviewed a detailed assessment of applicant declared living expenses including further inquiries and/or verification before using the verified living expenses in the serviceability assessment must be conducted.	
11 <sup>th</sup> April 2022	Brit Von Mengersen	<b>Valuations</b> <ul style="list-style-type: none"> <li>Acceptance of purchase contracts in category 1 locations only amended to support higher property values.</li> <li>The acceptable maximum FSD/LVR combinations simplified.</li> <li>The below removed as restriction on the use of desktops &amp; AVMs:  'Where adverse conduct is evident on any debts held, as defined in 'Debt to be refinanced/consolidated' section 10.1.1 Review of RHI and 10.2.1 Adverse conduct using statements'</li> <li>The validity of a fully executed purchase contract as a valuation method will be extended from 90 days to 6 months.</li> </ul>	21.1  21.1.2.2 21.1.2.3  21.1.3  21.1.5

# Revision History

		<ul style="list-style-type: none"><li>• The authority and ability to override the system allocated valuer removed for all C5 and C6 Mortgage Manager DLA holders. This capability is turned off within the ValEx system.</li><li>• The requirement to complete a search on the security property to ascertain that the property is in good condition will be removed and replaced by automated checks inbuilt into the valuation platform.</li></ul>	21 - multiple sub sections										
21 <sup>st</sup> April 2022	Brit Von Mengersen	<div><div><div><div><div><div><b>Cash out</b></div><div>Increased tiered dollar limits and increased maximum LVR compared with TALR will apply as outlined below:</div><table><thead><tr><th>Amount of cash out</th><th>Minimum verification requirements</th></tr></thead><tbody><tr><td>Regardless of the loans amount, where the funds are being used to purchase an investment property AND servicing is reliant on the subsequent rental income to meet serviceability.</td><td>Submission commentary and supporting verifications to demonstrate intended use of funds. Loan proceeds must be controlled at settlement.</td></tr><tr><td>≤\$100,000</td><td>Submission commentary only Cash out is limited to a maximum of \$100,000 for loans that require LMI.</td></tr><tr><td>&gt;\$100,000 to ≤\$500,000</td><td>Submission commentary and supporting verifications to demonstrate intended use of funds. Cash out greater than \$100,000 is not available on loans requiring LMI.</td></tr><tr><td>&gt;\$500,000</td><td>Submission commentary and supporting verifications to demonstrate intended use of funds. Cash out greater than \$100,000 is not available on loans requiring LMI. LendFast DLA 5 or higher / ABE/OLAS DLA 7 or higher approval is required.</td></tr></tbody></table></div></div></div></div></div>	Amount of cash out	Minimum verification requirements	Regardless of the loans amount, where the funds are being used to purchase an investment property AND servicing is reliant on the subsequent rental income to meet serviceability.	Submission commentary and supporting verifications to demonstrate intended use of funds. Loan proceeds must be controlled at settlement.	≤\$100,000	Submission commentary only Cash out is limited to a maximum of \$100,000 for loans that require LMI.	>\$100,000 to ≤\$500,000	Submission commentary and supporting verifications to demonstrate intended use of funds. Cash out greater than \$100,000 is not available on loans requiring LMI.	>\$500,000	Submission commentary and supporting verifications to demonstrate intended use of funds. Cash out greater than \$100,000 is not available on loans requiring LMI. LendFast DLA 5 or higher / ABE/OLAS DLA 7 or higher approval is required.	14.8 14.6 14.9 25.4
Amount of cash out	Minimum verification requirements												
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## Revision History

		The TALR for Cash Out will be simultaneously retired.	
21 <sup>st</sup> April 2022	Brit Von Mengersen	<b>Serviceability</b> <ul style="list-style-type: none"> <li>• Serviceability - Remove wording that a ratio of &lt; 1.0 indicates that the applicant cannot service commitments. This is already covered in this section by advising the minimum serviceability requirements.</li> <li>• Net surplus income method - Delete wording that serviceability cannot be completed in ABE/OLAS. This is already covered in this section by advising only the approved serviceability calculator is acceptable.</li> <li>• Calculation of net income – Correction to wording regarding the calculation of the tax benefit. The policy wording will align to the serviceability calculator.</li> <li>• Calculation of total income available for debt and housing Rearrangement of the content.</li> <li>• Calculation of living expenses – Remove note: All living expenses related to property other than the applicant(s) principal place of residence must be included in the non-basic living expenses. This is still a requirement, but it is no longer required in policy.</li> <li>• Calculation of serviceability ratio / Debt to income (DTI) ratio - Remove the term ‘HECS’ as ‘HELP’ is the preferred term.</li> </ul>	<p>11</p> <p>11.1</p> <p>11.2</p> <p>11.3</p> <p>11.4</p> <p>11.5</p>
21 <sup>st</sup> April 2022	Brit Von Mengersen	<b>Comprehensive Credit Reports</b> Amend Comprehensive Credit Report policy to remove references to the specific Bank’s brands. The on supply of Comprehensive Credit Reporting (CCR) information to BEN brands not participating in CCR remains unchanged and is not permitted.	8.2.2
21 <sup>st</sup> April 2022	Brit Von Mengersen	<b>Applicant - borrowers and guarantors</b> <u>Guarantor</u> Amendments to guarantor requirements: <ul style="list-style-type: none"> <li>• The guarantor(s) will be required to demonstrate the ability to meet their current commitments and the commitment for the loan being guaranteed in all instances.</li> <li>• Any acceptable asset can be provided as security by the guarantor (including the family home)</li> </ul> <u>Non permanent Australian residents / non residents</u> Update to terminology:	<p>6.10</p> <p>6.6</p>

# Revision History

		<ul style="list-style-type: none"> <li>non permanent Australian residents (which includes Migrants)</li> <li>non residents (which includes expatriates and overseas/foreign investor)</li> </ul> <p>The definitions of these applicant types have been separated into their respective sub sections.</p> <p><u>Staff lending</u></p> <ul style="list-style-type: none"> <li>LMI is not required for owner occupied staff loans for LVR up to and including 90% at the discretion of the approving DLA holder. This excludes loans that have a standard maximum LVR without LMI less than 80%, refer 16.1 Maximum LVR matrix.</li> <li>Included a reference to acceptable RHI (available in Comprehensive Credit Reports) for staff lending. If the RHI is acceptable as per policy this can be utilised in lieu of statements.</li> </ul> <p><u>Other minor amendments</u></p> <ul style="list-style-type: none"> <li>Remove note to consider a business loan if a non-trading company or trust application doesn't meet consumer policy requirements. If it is to be considered as a business loan the purpose will first need to be considered to determine if a business loan is appropriate. This is considered a process and has been removed from credit policy.</li> <li>Amended wording for conflict of interest. Lender must be satisfied there is no conflict of interest and refer to the Bank's Conflict of Interest Policy.</li> <li>Update to acceptable Borrower/Guarantor definition to include specification that companies and trusts are to be a non-trading entity.</li> <li>A reference to section 2 National Consumer Credit Protection (NCCP) has been added to the aged applicant requirements.</li> </ul>	6.8
			6.7
			6.4
			6.1
			6.2
16 <sup>th</sup> May 2022	Michele Johnson	<p><b>Purchase</b></p> <p>Clarification that a contract of sale is not acceptable for construction or refinance applications</p> <p><b>Valuer General's assessment/Rates notice – Removed</b></p> <p>Valuer General's assessments/rates notices will no longer be an acceptable valuation method. The policy and related cross references will be removed</p> <p><b>Discrepancies between valuation and purchase price</b></p> <p>Simplification of this section which includes the following:</p>	21.1.3
			21.1.4
			21.4

## Revision History

[illegible]



## Revision History

		<table><tr><th>Related policy section</th><th>Details</th></tr><tr><td>25 26 26.2.3</td><td>Where adverse FHI is evident (as defined in <i>10.1.2.3 Adverse FHI</i>) these streamlined policies cannot be followed and can only be considered under standard policy requirements.</td></tr><tr><td>11.4</td><td>Where any FHI is evident, the DLE is to be reviewed.</td></tr><tr><td>8 8.2.1 8.2..2.3 (new section) 31.5.1 31.5.2</td><td>Reminder to be included that Financial Hardship Information (FHI) (when evident) must be reviewed.</td></tr><tr><td>8.2.2</td><td>Summary included that FHI shows whether a borrower is or has been subject to a financial hardship arrangement (FHA) in the previous 12 months.</td></tr></table>	Related policy section	Details	25 26 26.2.3	Where adverse FHI is evident (as defined in <i>10.1.2.3 Adverse FHI</i> ) these streamlined policies cannot be followed and can only be considered under standard policy requirements.	11.4	Where any FHI is evident, the DLE is to be reviewed.	8 8.2.1 8.2..2.3 (new section) 31.5.1 31.5.2	Reminder to be included that Financial Hardship Information (FHI) (when evident) must be reviewed.	8.2.2	Summary included that FHI shows whether a borrower is or has been subject to a financial hardship arrangement (FHA) in the previous 12 months.	
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1 <sup>st</sup> July 2022	Michele Johnson	<p><b>Adverse credit history</b></p> <p>Adverse credit history layout will be simplified to clarify what is considered adverse for individuals and separately for non-individuals and separately for non-individuals with no change to the intent of policy.</p> <p><b>Contribution funds</b></p> <p>Addition of a note to remind lenders that all contribution funds, whether genuine savings or other, must be available at settlement.</p> <p><b>Contribution funds requirements</b></p> <p>Funds not held in an Australian Bank account must be converted to AUD and discounted to 80%.</p> <p><b>Verification of contribution funds</b></p> <p>Federal or state government construction grants are acceptable as ‘other contribution funds’ where the following applies:</p> <ul style="list-style-type: none"><li>• Pre-approval from the grant provider is available</li><li>• The lender confirms the customer and/or the Bank can fulfil the conditions of the grant</li><li>• The grant is paid to the Bank or the Bank acts as an agent.</li></ul> <p><b>Loan to valuation ratio (LVR) &amp; Maximum LVR matrix</b></p>	8.2.1   15  15.1  15.1.2  16										

# Revision History

		<p>Minor wording changes to be included to clarify the intent of policy:</p> <ul style="list-style-type: none"> <li>Define what the maximum LVR applicable is dependent on – loan size, applicant type, product type, loan purpose and security type.</li> <li>Confirm that where multiple restrictions apply, the lowest LVR is to be applied.</li> <li>Addition of wording 'in a single development' to Units/Townhouses &lt;3 &amp; Units/Townhouses &lt;4</li> </ul> <p><b>Authorised mortgage insurers</b> Update to include the current correct LMI document names.</p>	<p>16.1</p> <p>23.1</p>
1 <sup>st</sup> July 2022	Brit Von Mengersen	The Bank ceased LMI arrangements with QBE and all new LMI cover will be provided by Genworth. A 3 month transitional period applies up until 30 <sup>th</sup> September 2022.	23.1
27 July 2022	Brit Von Mengersen	<ul style="list-style-type: none"> <li>Title amended to National Credit Code (NCC)</li> <li>Policy wording added noting that Section 2 National Credit Code (NCC) policy requirements are mandatory and cannot be overridden by any DLA holder. Additional section added which advises exceptions that can be considered by a higher DLA holder.</li> <li>Conditions under which NCC does not apply and the loan must be unregulated have been added</li> </ul> <p>Responsible lending obligations updated to include:</p> <ul style="list-style-type: none"> <li>Requirement to make reasonable enquiries about the maximum credit required,</li> <li>Clarification of when a product is considered unsuitable and the banks obligations</li> <li>Product selection and the purpose of the credit application meeting the applicant(s) objectives and requirements</li> <li>Exit strategy and sale of principal place of residence</li> </ul>	<p>2</p> <p>2.1</p>
27 July 2022	Brit Von Mengersen	<ul style="list-style-type: none"> <li>Removal of 'rent paid to the purchase may be inflated under lease' for Display/Exhibition Homes – this is considered superfluous</li> <li>Addition of requirements to check Section 2 National Credit Code (NCC)</li> <li>Addition of dot point to remind lenders that a full transaction statement must be provided and that filtered statements are not acceptable</li> <li>Renumbering of sections due to the removal of section '14.5 Reserved'</li> </ul>	<p>14</p> <p>14.1</p> <p>14.6</p> <p>14.8</p> <p>14.9</p>
27 July 2022	Brit Von Mengersen	<ul style="list-style-type: none"> <li>Policy wording amended to include all adverse credit history as an exclusion for completing DLE without a review.</li> <li>Remove link to 10.1 verification of loan conduct using RHI as it is superfluous and may cause confusion. No change to intent with this proposed amendment.</li> <li>Policy wording amended / added to clarify the intent of the definition 'existing borrower' to be a 'BEN</li> </ul>	<p>11.4</p> <p>21.1</p>

# Revision History

		residential, business or commercial mortgage borrower’.	
27 July 2022	Brit Von Mengersen	<ul style="list-style-type: none"> <li>To support Debt to Income (DTI) reporting requirements for APRA, a serviceability assessment on the peak debt is required for all bridging loans.</li> </ul>	34.3 34.4
27 July 2022	Brit Von Mengersen	<ul style="list-style-type: none"> <li>Provide clearer direction on when a guarantee must be taken for a trust loan with a company as a trustee.</li> <li>Provide clearer direction on serviceability requirements for Guarantors</li> </ul>	7 7.1 7.2 7.2.1 7.2.2 7.4
27 July 2022	Brit Von Mengersen	<b>Location Categories - Postcode Review</b> A review of unlisted postcodes has been completed with a significant level of these allocated to category 3 and a lesser number to category 4. The location category for some postcodes will vary between houses and units.	20.1
27 July 2022	Brit Von Mengersen	<b>Valuations – Desktops (EVR)</b>  Expansion of Desktop valuations to all location categories, excluding location category 4, with maximum loan amount of \$1.2M.  <b>Valuations - AVMs</b>  The acceptance of AVMs has been expanded. AVMs are acceptable for Category 3 locations for any property value. Note: The maximum LVR of 80% is still based on the Forecast Standard Deviation (FSD). Refer to 21.1.2.2 Automated Valuation Method (AVM).	21.1
27 July 2022	Deidre Paddick	<ul style="list-style-type: none"> <li>Policy wording amended to confirm documentation can be provided either manually or digitally from one of the Bank’s approved providers.</li> <li>Policy wording amended to describe acceptable verification of transaction history, including digital verification.</li> </ul> Multiple sub sections updated to include change in terminology from ‘Bank statements’/ ‘statements’/ ‘transaction account statements’ to be changed to ‘transaction history’	10.2 14.9 14.10 15.1.3
27 July 2022	Brit Von Mengersen	<b>Calculation of living expenses</b> Update to existing policy covering streamlined review of living expenses for residential mortgage lending which will exclude RHI R for the months preceding the financial institution participation as a reason for the streamlined review to be not acceptable.	11.4
25 August 2022	Michele Johnson	<b>Introduction</b> Change to reflect update to business unit name.	1

# Revision History

25 August 2022	Michele Johnson	<b>Ownership and Maintenance of Credit Policy</b> Change to reflect update to business unit name. Update also made to overarching Document Governance Framework	3
25 August 2022	Michele Johnson	<b>Non-recurring income</b> Remove from policy the use of interim financial statements. Remove the 2020 financial year policy as this is no longer acceptable (>18 months old) and include 2022 financial year assessment requirements.	9.3.1.1
25 August 2022	Michele Johnson	<b>Post Settlement variations</b> A full review of this policy has been completed with the following changes made: Refer lenders to Responsible Lending obligations to ensure that the cost/fees for each facility are considered. Review of serviceability and supporting documents to simplify the requirements where possible. Update to approval of exceptions. These must be recommended by Third Party Mortgage Operations before being referred to the higher DLAs. Clarification that the standard policy requirements relating to LVR, security and valuations must be considered.  Policy updated to better outline acceptable product split requirements. Partial discharge and Substitution of security assessment updated: <ul style="list-style-type: none"> <li>An additional partial discharge/substitution of security condition included in the verification requirements to cover release of existing security property to secure new lending with another OFI. Serviceability must include the new OFI debts</li> </ul> Substitution of security eligibility has had the following addition: New security cannot be under construction or to commence construction This wording has also been added to Section 17 Acceptable Security	26  26.1  26.1 & 26.4.2 26.2, 26.3.2 & 26.4.2 26.2.4.1 26.4.2 & 26.5.2  26.5.1  17
1 October 2022	Michele Johnson	<b>Genworth LMI for loan increases, additional loans and changes to existing loans</b> Changing reference to 'original LMI provider' to be solely Genworth regardless of which LMI is currently held.	23.4 23.4.1
1 October 2022	Brit Von Mengersen	<b>LMI Changes</b> Remove transitional period of inflight applications through QBE.	23.1
1 October 2022	Michele Johnson	<b>Credit Card Increases</b> Change of policy numbering from section 31 to 30 Minor changes to policy including:- -Updated terminology for non residents -Link to review of CCR data and statements -Reduced requirement to review RHI for most recent 6 mths -Change of title to reflect use of RHI -Remove requirement to obtain OFI transaction statements	30 30.2 30.4 30.5 30.6 30.6.1

# Revision History

		-Remove wording regarding length of employment and income verifications -Remove wording related to cash out (added in error) -New requirement to annualise casuals employed in education over 40 weeks -Remove wording related to cash out (added in error) -Change of title for approving DLA holders	30.7.1 30.7.2 30.9
27 October 2022	Brit Von Mengersen	<b>Terminology change</b> References to 'Purchase contract', 'Sale Contract' or 'Contract' that is regarding a Contract of Sale in various sections of policy to be amended to 'Contract of Sale' with no change to the intent of the policy.	14.7.1 14.8 15.1 15.1.2 17.1 19.3 21.1 21.1.1 21.1.3 21.1.3.1 21.1.5 21.3.2 21.5.2 34.3 34.4 34.9 34.15
27 October 2022	Brit Von Mengersen	<b>Changes to 0830 and 0832 Postcodes</b> <ul style="list-style-type: none"> <li>Remove units in Darwin postcodes 0830 and 0832 from high risk locations category. These postcodes have reverted to security location category 1.</li> <li>Remove requirement for a full valuation for houses in postcodes 0830 and 0832. Standard valuation requirements apply.</li> <li>Remove restriction on use of a full valuation for postcodes 0830 and 0832 for existing security held by the Bank. Standard policy requirements apply.</li> </ul>	19.7 21.1.1 21.5.2
8 December 2022	Michele Johnson	<b>DTI changes</b> Inclusion of HECS/HELP and BNPL facilities with limit into the calculation of DTI to meet revisions to APRA APS220.	11.5
8 December 2022	Michele Johnson	<b>Qualifying interest rate for negative gearing</b> Methodology for calculation of negative gearing interest rate has been amended. The most recently published RBA investor interest rate is to be adopted and this rate is to be reviewed every 3 months.	11.6.3
8 December 2022	Michele Johnson	<b>Security</b> The acceptable and unacceptable security sections have been merged into a table. The content and intent are the same, with a few minor amendments:- <ul style="list-style-type: none"> <li>Removed the risk rating 5 and refer the lender to section 21 Valuations;</li> </ul>	17

# Revision History

		<ul style="list-style-type: none"> <li>• Include the approved maximum number of mortgage properties settings, ensures the property investor criteria is considered;</li> <li>• The concentration exposure settings amended to same borrower relationship rather than just the applicant.</li> </ul> <p>The below changes are existing settings, but are a new addition to this section of credit policy:</p> <ul style="list-style-type: none"> <li>• High density requirements: <ul style="list-style-type: none"> <li>○ Dwelling size <ul style="list-style-type: none"> <li>▪ ≥50 m2 - Studio or 1 bedroom</li> <li>▪ ≥60 m2 - 2 or more bedrooms</li> </ul> </li> <li>○ &gt; 50 units in a complex</li> <li>○ &gt; 5 stories in a complex (excluding car parking)</li> </ul> </li> <li>• Acceptable residential purposes: <ul style="list-style-type: none"> <li>○ Owner occupied</li> <li>○ Investment</li> </ul> </li> </ul> <p>Section 18 is now reserved.</p>	18
8 December 2022	Michele Johnson	<p><b>Specialised Security</b></p> <p>The layout has been amended to provide simplification and clarity, and addition of valuation requirements.</p> <p>Amend the definition of high density security to clarify the Banks stance with no change to intent.</p> <p>High density units/apartments have been reviewed with the addition of a glass door that allows natural lights as an alternative to a window.</p> <p>Minor wording amendments with no change to intent.</p> <p>Delete detail on the process of pre-approving an off the plan purchase.</p> <p>Minor wording amendments with no change to intent.</p> <p>Remove policy wording regarding ValEx overrides not being permitted.</p> <p><b>*NEW*</b> Residential property investors</p> <p>Provide additional guidance on the assessment of the number of mortgaged residential properties to ensure we are in line with APRA APS 113.</p>	19.1 19.2 19.4 19.7 19.8
8 December 2022	Michele Johnson	<p><b>Maximum LVR matrix</b></p> <p>Addition of Units/Townhouse ≥5 to support the introduction of the Residential property investors policy (19.8)</p>	16.1
8 December 2022	Michele Johnson	<p><b>Amend 'grandfathered' product to 'legacy' product</b></p> <p>The term 'grandfathered' has historical discriminatory connotations associated with it. Therefore the terminology to be utilised going forward will be legacy products.</p>	25.5 26.2.2
1 January 2023	Michele Johnson	<p><b>Non-recurring income</b></p> <p>In response to the COVID pandemic, changes were made to the verification of self employed income which specified the requirements for each financial year. From 1<sup>st</sup> January 2023, financial statements dated 30 June 2021 will be greater than 18 months old and will no longer meet policy requirements.</p>	9.3.1.1

# Revision History

		The current requirements of section 9.3.2 Self employed income matrix will apply from 1 January 2023.	
30 January 2023	Brit Furner	Serviced, resort, hotel style and university/student apartments policy retired.	16.1 17 19.3
30 January 2023	Brit Furner	<b>Amendment to the requirements when Repayment History Information (RHI) 'R' is present as follows:</b> <ul style="list-style-type: none"> <li>A single RHI 'R' in months 1 - 6 and any number of RHI 'R' in months 7 – 24 can be accepted without review and by any DLA holder.</li> <li>Where there are 2 or more RHI 'R's present in months 1 - 6, a transaction history for the months of the RHI 'R', that are present in months 1-6, must be obtained. Transaction history is to be reviewed to determine if the RHI 'R' was for hardship. RHI 'R' determined to be for hardship is considered adverse and can only be considered by <a href="#">DLA 9</a> / <a href="#">DLA 6</a>.</li> <li>RHI is considered acceptable where it is determined not to be hardship or where no RHI 'R' review is required.</li> <li>A temporary carve out has been included for CBA overdraft accounts. Due to current reporting issues with these facilities an RHI 'R' review is not required unless there are any other adverse credit information in the credit report. Adverse credit history is defined in – 8.2.1 Adverse Credit History.</li> <li>Removal of the requirement to review the RHI 'R' against the participation date of the financial institution.</li> </ul>	10.1.1.2 10.1.1.4
30 January 2023	Brit Furner	<b>Calculation of living expenses</b> <ul style="list-style-type: none"> <li>The applicant declared living expenses can be accepted without review for applications where all applicants have a CCR score of 800 or higher and where at least one applicant has: <ul style="list-style-type: none"> <li>a current residential mortgage loan; or</li> <li>previously held a residential mortgage loan which has been repaid within the most recent 24 months. The date of closure is to be verified by CCR information or a transaction history.</li> </ul> </li> <li>Update the RHI 'R' requirements to only require a DLE review where there is <math>\geq 2</math> RHI 'R' in the most recent 6 months and it is determined to be for financial hardship.</li> </ul>	11.4
30 January 2023	Deidre Paddick	<b>Reference to 'essential services' amended to 'emergency services'.</b>	9.1
27 February 2023	Brit Furner	<b>Cash out</b> Update to specifically note the responsible lending requirement to confirm whether the loan should be a regulated or unregulated product. Amendment to cash out amounts and verification requirements as per below;	14.7  14.7.1

# Revision History

		<table><tr><th>Amount of cash out</th><th>Minimum verification requirements</th></tr><tr><td>Any loan with LMI</td><td>Maximum cash out \$100,000. The LMI provider's requirements must also be met.</td></tr><tr><td>≤\$500,000 and ≤ 80% LVR</td><td>Submission commentary only</td></tr><tr><td>&gt;\$500,000 and ≤ 80% LVR</td><td>Submission commentary and supporting verifications to demonstrate intended use of funds.  LendFast DLA 5 or above / ABE/OLAS DLA 7 or above</td></tr></table>	Amount of cash out	Minimum verification requirements	Any loan with LMI	Maximum cash out \$100,000. The LMI provider's requirements must also be met.	≤\$500,000 and ≤ 80% LVR	Submission commentary only	>\$500,000 and ≤ 80% LVR	Submission commentary and supporting verifications to demonstrate intended use of funds.  LendFast DLA 5 or above / ABE/OLAS DLA 7 or above																													
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27 February 2023	Brit Furner	<b>Minor Policy changes</b> <ul style="list-style-type: none"><li>FHI (Financial Hardship Information) policy updated to only consider the RHI (Repayment History Information) since the latest financial hardship arrangement if there is more than 1 FHI listed.</li><li>Policy updated to clarify that RHI &amp; FHI are to be reviewed at an account level rather than at a credit report level.</li><li>Updated to remove the procedural information for the First Home Owners Grant (FHOG).</li></ul>	10.1.2.3  10  15.1.5																																				
27 February 2023	Brit Furner	<b>Genworth change of name to Helia</b> Various sections of policy updated to reflect 'Helia' in place of 'Genworth', where the LMI provider has been specified.	14.2 23.1 23.4 23.4.1																																				
27 February 2023	Brit Furner	<b>Loan sizes</b> Loan sizes have been amended to the below: <table><tr><th>LVR</th><th>Sydney and Melbourne metro Category 1</th><th>Category 1 (excluding Sydney and Melbourne metro)</th><th>Category 2</th><th>Category 3</th><th>Category 4</th></tr><tr><td>≤ 95%</td><td>\$750,000</td><td>\$750,000</td><td>\$500,000</td><td>\$500,000</td><td>N/A</td></tr><tr><td>≤ 90%</td><td>\$1,500,000</td><td>\$1,500,000</td><td>\$1,000,000</td><td>\$750,000</td><td>N/A</td></tr><tr><td>≤ 80%</td><td>\$5,000,000</td><td>\$5,000,000</td><td>\$3,000,000</td><td>\$750,000</td><td>\$500,000</td></tr><tr><td>≤ 70%</td><td>\$6,000,000</td><td>\$5,000,000</td><td>\$3,500,000</td><td>\$1,250,000</td><td>\$500,000</td></tr><tr><td>≤ 60%</td><td>\$7,500,000</td><td>\$6,000,000</td><td>\$5,000,000</td><td>\$1,500,000</td><td>\$500,000</td></tr></table>	LVR	Sydney and Melbourne metro Category 1	Category 1 (excluding Sydney and Melbourne metro)	Category 2	Category 3	Category 4	≤ 95%	\$750,000	\$750,000	\$500,000	\$500,000	N/A	≤ 90%	\$1,500,000	\$1,500,000	\$1,000,000	\$750,000	N/A	≤ 80%	\$5,000,000	\$5,000,000	\$3,000,000	\$750,000	\$500,000	≤ 70%	\$6,000,000	\$5,000,000	\$3,500,000	\$1,250,000	\$500,000	≤ 60%	\$7,500,000	\$6,000,000	\$5,000,000	\$1,500,000	\$500,000	13
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# Revision History

27 February 2023	Maryanne Hobbs	<p><b>Verifying an applicants financial position, account conduct and repayment history</b></p> <ul style="list-style-type: none"> <li>• Inclusion of a new table to: <ul style="list-style-type: none"> <li>○ Consolidate the requirements to review BEN group accounts in all instances and to verify ongoing rental payments; and</li> <li>○ Direct lenders to assessment requirements for liabilities where RHI data is or is not available.</li> </ul> </li> <li>• Removal of duplicated settings</li> <li>• Clarification of transaction account documentation and review requirements where RHI data is not available</li> </ul> <p><b>Serviceability and supporting documentation assessment (post settlement variations)</b></p> <p>No transaction history required however transaction history provided by the applicant(s), BEN account(s) and credit history report(s) must be reviewed for anomalies. Where anomalies are identified and RHI is not available on all current debts, transaction history must be obtained as outlined in 10 Verifying an applicant's financial position, account conduct and repayment history to confirm the correct position.</p>	<p>10</p> <p>10.1.1</p> <p>10.2</p> <p>10.2.1</p> <p>10.3</p> <p>26.1</p>
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