

03.04 Security Collateral Value Assessment

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1. About this policy

1.1 Why this policy

This policy lists the rules you must apply when assessing residential security collateral risk for consumer mortgage lending.

Note: Non-specialised commercial security collateral may be considered on an **exception** basis when approved by Credit.

The bank performs several validation checks in our origination system. These additional checks form part of the overall valuation strategy and policy.

Refer to this policy in conjunction with [Acceptable Security Collateral](#) and [Loan to Value Ratio \(LVR\)](#) > *Calculating the LVR and Security value*.

For definitions relating to this policy, refer to [Glossary](#).

If the loan application requires mortgage insurance, refer to [Lenders Mortgage Insurance](#) where required.

1.2 Security collateral value - Market Value

Market value for real estate is defined as:

- 'The estimated amount which a seller would expect to receive from an informed purchaser for the property in the current resale market with normal marketing support through an Australian based real estate agency. The market value is determined on a vacant possession basis and must exclude purchase incentives, non-fixed chattels, legal / stamp duty costs and rental guarantees.'

A market value assessed on this basis will **not** reflect the mortgagee in possession or other forced sale circumstances.

Also see:

- [More than one market value](#)
- [Contract of Sale \(COS\)](#)

1.3 What are acceptable real estate valuation methods?

The bank accepts the following real estate valuation methods and will apply the below hierarchy where multiple valuations are held within the acceptable age limit:

1. Residential & Construction Long Form valuation
2. Residential & Construction Short Form valuation
3. Desktop valuation
4. Automated Valuation Model (AVM) (also known as Modelled Estimate, Electronic Assessment, E-Val)
5. Contract Verification Service (CVS) – cannot be used as an existing valuation

e.g. If the existing valuations are AVM, Desktop and Short Form, then use the Short Form

2. Rules you must apply

2.1 Customer estimated market value

The customer estimated market value is the estimated dollar value the customer provides us of their residential real estate property.

During the R&O conversation a discussion would be had with the customer about the amount of funding they require and what the funds would be used for. It is reasonable to assume the customer estimate value of their property is sufficient to meet their needs in line with the R&O.

The customer estimated market value is not to be amended within an application once a valuation (any type) has been completed.

Also see [Automated Valuation Model \(AVM\)](#).

2.2 Assessing security collateral value using the valuation report

Valuation reports are only to be accepted from valuers on the Westpac Group approved Residential Valuer panel. All valuation reports are to be addressed to the Bank.

2.3 Requesting a Valuation Report

A valuation report:

- can only be requested by an authorised staff member or Broker of Westpac Banking Group and must be ordered via Property Hub
- **cannot be** requested for the purchase of a property where the offer has not been accepted by the owner (to assist a prospective purchaser e.g. pre-purchase valuations are not permitted)

2.4 Ownership of Valuation Report

All valuation reports remain the property of the Bank and should not be offered to the customer. Reports are prepared for and addressed to the Bank for residential mortgage lending purposes.

If a customer requires a copy of the bank valuation to support their application for a grant, the customer is to complete the ' Customer declaration and acknowledgement ' form and only on receipt of the signed form can the valuation be provided to the customer.

2.5 Risk Ratings and reading valuation reports

Non-mortgage insured Includes applications assessed with LMI waived under: <ul style="list-style-type: none"> • 'Special Packages' LMI waiver policies, or • Lenders Mortgage Insurance policy > Existing insured loans - Variations and Top Up premiums > LMI waiver – Legacy LMI providers 'QBE and Helia (formerly Genworth)' Note: Except for living area <40sqm the below table only relates to acceptable security properties, refer to Acceptable Security Collateral			
Scenario	Risk ratings (in all cases ignore a 4 'risk rating' for 'Improvements' in 'to be erected valuations')	Valuation report must be read by the broker / assessor	Refer to Credit (When a credit referral is required credit must also read the valuation report)
Any Product	4 for: <ul style="list-style-type: none"> • Land • Improvements 	Yes	No
Any Product	Any 5 (excluding a Market Direction risk rating)	No	Yes
Living area less than 40sqm	Any		Yes
Where the security requires repairs less than or equal to \$25k and the valuer has not advised an expert opinion is required	4 for: <ul style="list-style-type: none"> • Improvements 	Yes	No
Where the security requires repairs greater than \$25k	Any		Yes
Valuation type is a long form	Any	Yes	Only when any of the above scenarios also apply Refer to the ' How to read a long form valuation ' guide

Mortgage insured

Mortgage Insured 'refer to Credit rules' will apply where the LVR is greater than 80% **and** the Bank is either paying the Mortgage insurance premium on behalf of the borrower **or** the borrower is paying a reduced mortgage insurance premium.

For example if the Bank is running a campaign for First Home Buyers with a \$1 MI premium and the LVR is greater than 80%, follow Mortgage Insured rules.

Note: Except for living area <40sqm the below table only relates to acceptable security properties, refer to [Acceptable Security Collateral](#)

Scenario	Risk ratings (in all cases ignore a 4 'risk rating' for 'Improvements' in 'to be erected valuations')	Valuation report must be read by the broker / assessor	Refer to Credit (When a credit referral is required credit must also read the valuation report)
Any Product	4 for: <ul style="list-style-type: none"> Location Land Environment Market Segment Conditions 	No	Yes
Any Product	Any 5	No	Yes
Living area less than 40sqm	Any	No	Yes
Where the security requires repairs less than or equal to \$10k and the valuer has not advised an expert opinion is required	4 for: <ul style="list-style-type: none"> Improvements 	Yes	No
Where the security requires repairs: <ul style="list-style-type: none"> Greater than \$10k or When the valuer has advised an expert opinion is required 	Greater than or equal to 4 for: <ul style="list-style-type: none"> Improvements 	Yes	Yes
Valuation type is a long form	Any	Yes	Only when any of the above scenarios also apply Refer to the 'How to read a long form valuation' guide

2.6 More than one market value

In situations where more than 1 market value is available on the one valuation report, use the lower of the values except where:

- Credit (or other Credit Risk authorised staff) have approved using a higher value, or
- Where the below applies

Where the security collateral is subject to a Defence Housing Authority (DHA) sale and leaseback arrangement, the panel valuer's valuation report will contain 2 property values. The lower figure represents the vacant possession value. The higher figure is the vacant possession value plus the worth of the government rental guarantee. Where the loan is mortgage insured or requires a valuation, then the higher figure is acceptable if:

- The rental guarantee assessment is **not** greater than 110% of the vacant possession assessment

- The loan is amortising
- The lease has 6 or more years to run excluding options to renew. Where the loan is **not** subject to mortgage insurance or the LVR \leq 80%, then the higher valuation figure is acceptable.

2.7 Contract of Sales (Purchase Price)

A Contract of Sale (COS) is not to be used in isolation as a security collateral value assessment.

Also see:

- [Contract Verification Service \(CVS\)](#).

2.7.1 Requirements to obtain a COS

A fully executed contract by the vendor and purchaser **must be held prior to settlement** where:

- The application is to be mortgage insured
- The application includes a First Home Owner Grant (FHOG)
- The CVS is being used to validate the purchase price as the security valuation method. You must identify if the purchase price includes any non-fixed chattels, rebates or incentives offered.

A full copy of the COS (does not need to be fully executed) must be held when an SDR assessment is required on the property being purchased.

For all other circumstances a full copy of the COS is preferred but not mandatory.

2.7.2 Review of COS

A COS received during the application process must be reviewed to:

- ensure the security meets the below criteria :
 - the property must be zoned to allow residential usage. For further information refer to [Acceptable Security Collateral](#) policy > Assessing security collateral requirements
 - the cost / value of any chattels (e.g. furnishings) and / or rebates or incentives being offered by the vendor are to be deducted from the total purchase price to determine the security value. Refer to [Chattels, Rebates and Incentives](#)
 - the security is being purchased
- Request a valuation report via Property Hub where it is identified that:
 - the transaction is **not** being completed at arm's length through an independent Australian based real estate agent (i.e. it is a private sale), or
 - the Contract of Sale indicates a 'Put and Call' contract , or
 - the Contract of Sale is older than 3 months

If the COS is undated and is **not** a First Home Owners Grant (FHOG) application, assume that the contract date is the date the Privacy Consent was obtained.

Also refer to:

- [Contract of sale \(purchase price\)](#).
- [Minimum criteria to be obtained from the Contract of Sale](#)

2.7.3 Minimum Criteria to be obtained from the Contract of Sale

Where you are required to obtain a copy of the contract of sale, the document must display the minimum criteria as per [Document Standards](#).

2.8 Chattels, Rebates and Incentives

Where a contract of sale includes any non-fixed chattels [#], Rebates or Incentives offered, the cost / value of any non-fixed chattels (e.g. furnishings) and / or the value of any rebates or incentives offered by the vendor are to be deducted from the total purchase price to determine the security value which is entered in the origination platform.

Where this adjustment to the security value is required, a CVS cannot be used to validate the COS purchase price. The CVS is not to be ordered and the next higher valuation type is to be requested.

2.8.1 Chattels

[#] The below list of chattels are to be assessed as 'fixed' and no further action is required when they are specified in a contract of sale:

- Air conditioning equipment (including heaters and fans)
- BBQs
- Built in furniture, outdoor furniture
- Carpets / floor coverings

- Clothes dryer, washing machine
- Dishwashers
- Fish tanks
- Fridges / Freezers
- Garden decor (statues, ponds, lights, plants, pots, fountains etc.)
- Garden irrigation equipment (i.e. domestic use)
- Garden sheds, clothes lines, cubby houses, bird aviary
- Kitchen island benches detached / movable
- Inbuilt Audio / Video systems (including home theatre systems)
- Lawn mowers (including ride on mowers)
- Light fittings
- Ovens (including Microwave ovens) / Cooktops / Rangehoods
- National Broadband Network (NBN) equipment
- Pool tables
- Pools, spas and equipment
- Remote control devices
- Rubbish Bins
- Security systems
- Septic tanks
- Television (including TV antennas, satellite dish or pay TV equipment)
- Wardrobes
- Water tanks / pumps
- Window treatments

2.9 Contract Verification Service (CVS)

The CVS is a tool that will either validate the purchase price (COS) or escalate it to the next appropriate valuation type. The CVS is only available where the security assessment is ordered by OBP or via Property Hub.

The CVS can be used to validate the purchase price (COS) if all of the below apply:

- no default full valuation scenarios are present, and
- The Contract of Sale does not include any non-fixed [chattels, rebates or Incentives](#) offered, and
- the security **collateral** meets criteria in the below table

Acceptable Security Type	Purchase Price only	Max LVR and Additional Requirements	
		Non-mortgage insured (excluding Mortgage Insurance Waived)	Mortgage Insured and Mortgage Insurance Waived
Fully Detached House, Semi Detached House, Terrace, Villa (excluding vacant land)	Less than or equal to \$2m	Less than or equal to 80%	Less than or equal to 90% <ul style="list-style-type: none"> • Must be Category: 1 Metro, 2 Regional or 3 Larger Country postcode only - refer to Postcode Categories • The mortgage insurer is not QBE
	Greater than \$2 m to less than or equal to \$3m	Less than or equal to 80%	Not available
Strata title unit, Townhouse, Duplex (excluding newly built: strata title unit, townhouse or duplex)	Less than or equal to \$1.5m	Less than or equal to 80%	Less than or equal to 90% <ul style="list-style-type: none"> • Must be Category: 1 Metro, 2 Regional or 3 Larger Country postcode only - refer to Postcode Categories

Acceptable Security Type	Purchase Price only	Max LVR and Additional Requirements	
		Non-mortgage insured (excluding Mortgage Insurance Waived)	Mortgage Insured and Mortgage Insurance Waived
			<ul style="list-style-type: none"> The mortgage insurer is not QBE

2.9.1 CVS Validation

The CVS validation is restricted to the specific customer and transaction it was ordered for.

CVS Result	Outcome
Pass	Purchase price (COS) is validated
Fail	Purchase price (COS) is not validated. An alternate eligible valuation method is required

2.10 Automated Valuation Model (AVM)

An Automated Valuation Model (AVM) is an electronic valuation that is completed based on recent property sales in the area. They are also known as Modelled Estimate, Electronic Assessment or E-Vals. An AVM is a brief report that indicates the amount the property is worth.

Where an AVM search on a security collateral property is successful, it is used to validate the customer estimated market value. The validation is restricted to the specific customer the AVM was ordered for.

If the AVM does not validate the customer estimated market value:

- the AVM electronic price estimate may be used, otherwise
- an alternate eligible valuation method is required

Where an AVM has been completed, the customer estimated market value is not to be amended. The AVM result can only be relied upon based on the original customer estimated market value.

2.11 Valuation amount lower than purchase price

There may be circumstances in which the valuation of a property is significantly less than the stated purchase price.

Where the valuation amount is less than 90% of the purchase price, the customers (and guarantor/s if any) are to be informed in writing and their written acknowledgement obtained.

For applications approved via OBP, borrower/s are informed of, and acknowledge their acceptance (wet signature or digital) via the application 'playback 'document, which is part of the loan offer pack. Guarantor/s receive the application 'playback 'document with their guarantee documents to review before signing a guarantee

2.12 Re-using an Existing Valuation

Valuation methods previously used to determine the value of a security collateral are stored in the Bank's system and ValEx and may be re-used subject to meeting policy requirements.

Existing valuation results (excluding AVM) held in the valuation system for a specific property may be used for a different customer as a valid existing valuation in terms of assessing residential security.

2.13 Postcode Categories

2.13.1 Postcode Category by States / Territory

Postcodes by State/Territory have been segmented into specific 'Categories' depending on a number of factors including population size, location-specific attributes and pre-defined risk profile. These categories are then applied in accordance with this policy.

NSW / ACT

Category		Postcodes
1	Metro	2000, 2007 – 2011, 2015 – 2234, 2250 – 2265, 2267, 2278, 2280 – 2308, 2315 – 2323, 2327, 2340, 2444, 2450, 2452, 2477 – 2489, 2500 – 2534, 2555 – 2579, 2600 – 2621, 2640-2641, 2650 – 2651, 2745 – 2774, 2776 – 2785, 2795, 2830, 2900 – 2914
2	Regional	2324 – 2326, 2330, 2333-2335, 2350, 2428 – 2430, 2443, 2445, 2446, 2456, 2460, 2464, 2490, 2535, 2538 – 2541, 2580, 2680, 2731, 2738 – 2739, 2800
3	Larger Country	2360, 2380, 2400, 2427, 2431, 2440, 2447, 2448, 2454 – 2455, 2463, 2466, 2470, 2536 – 2537, 2546, 2548 – 2549, 2550, 2551, 2582 – 2583, 2594, 2630, 2642 – 2643, 2647, 2710, 2720, 2790, 2794, 2850, 2870, 2880
4	Not used	Not currently used
5	High Density	2000 – 2006, 2008, 2138, 2140, 2205 (These postcodes relate to unit properties only)
6	High Risk	2007, 2009, 2015 – 2017 (These postcodes relate to unit properties only)
7	Country	2309 – 2312, 2328 – 2329, 2331, 2336 – 2339, 2341 – 2347, 2352 – 2359, 2361, 2365, 2369 – 2372, 2379, 2381 – 2382, 2386 – 2388, 2390, 2395 – 2399, 2401 – 2411, 2415, 2420 – 2426, 2439, 2441, 2449, 2453, 2462, 2465, 2469, 2471 – 2476, 2545, 2581, 2584 – 2590, 2622 – 2629, 2631 – 2633, 2644 – 2646, 2648-2649, 2652 – 2653, 2655 – 2656, 2658 – 2661, 2663, 2665 – 2666, 2668 – 2669, 2671 – 2672, 2675, 2681, 2700 – 2703, 2705 – 2707, 2711 – 2717, 2721 – 2722, 2725 – 2727, 2729 – 2730, 2732 – 2737, 2775, 2786 – 2787, 2791 – 2793, 2797 – 2799, 2803 – 2810, 2818, 2820 – 2821, 2823 – 2825, 2827 – 2829, 2831 – 2836, 2839 – 2840, 2842 – 2849, 2852, 2864 – 2869, 2871, 2873 – 2879, 2898 – 2899
8	Two Tier	Not currently used

VIC

Category		Postcodes
1	Metro	3000 – 3009, 3011 – 3207, 3211– 3216, 3218 – 3220, 3221, 3222 – 3228, 3232 – 3234, 3335 – 3341, 3429, 3690, 3750, 3752, 3754 – 3755, 3765 – 3767, 3781 – 3796, 3802 – 3810, 3812, 3910 – 3920, 3926 – 3944, 3975 – 3978
2	Regional	3217, 3230, 3280, 3350, 3355 – 3356, 3358, 3437 – 3438, 3460 – 3461, 3500 – 3501, 3550 – 3556, 3564, 3630 – 3631, 3691, 3756 – 3757, 3759, 3761, 3770, 3775, 3777, 3840 – 3842, 3844
3	Larger Country	3231, 3249 – 3250, 3300, 3305, 3331, 3352, 3357, 3363, 3377, 3400, 3431, 3440, 3442, 3444, 3450, 3465, 3585, 3616, 3620, 3629, 3636, 3660, 3672, 3677, 3730, 3758, 3764, 3814 – 3816, 3818, 3820, 3823 – 3825, 3850, 3875, 3880, 3909, 3922, 3980 – 3981, 3995 – 3996
4	Not used	Not currently used

Category		Postcodes
5	High Density	3000 – 3005, 3007, 3009, 3141, 3205 (These postcodes relate to unit properties only)
6	High Risk	3006, 3008 (These postcodes relate to unit properties only)
7	Country	3235 – 3243, 3251, 3254, 3260, 3264 – 3279, 3281 – 3287, 3289, 3292 – 3294, 3301 – 3304, 3309 – 3312, 3314 – 3315, 3317 – 3319, 3321 – 3325, 3328 – 3330, 3332 – 3334, 3342, 3345, 3351, 3360 – 3361, 3364, 3370 – 3371, 3373, 3375, 3378 – 3381, 3384 – 3385, 3387 – 3388, 3390 – 3393, 3395 – 3396, 3399, 3401, 3407, 3409, 3412 – 3415, 3418 – 3420, 3423 – 3424, 3427 – 3428, 3430, 3432 – 3435, 3441, 3446 – 3448, 3451, 3453, 3458, 3462 – 3464, 3467 – 3469, 3472 – 3480, 3482 – 3483, 3485 – 3491, 3494, 3496, 3498, 3505 – 3507, 3509, 3512, 3515 – 3518, 3520 – 3523, 3525, 3527, 3529 – 3531, 3533, 3537, 3540, 3542, 3544, 3546, 3549, 3557 – 3559, 3561 – 3563, 3565 – 3568, 3570 – 3573, 3575 – 3576, 3579 – 3581, 3583 – 3584, 3586, 3588 – 3591, 3594 – 3597, 3599, 3607 – 3608, 3610, 3612, 3614, 3617 – 3619, 3621 – 3624, 3633 – 3635, 3637 – 3641, 3644, 3646, 3649, 3658 – 3659, 3662 – 3666, 3669 – 3670, 3673, 3675, 3678, 3682 – 3683, 3685, 3687 – 3688, 3694 – 3695, 3697 – 3701, 3704 – 3705, 3707 – 3709, 3711 – 3715, 3717 – 3720, 3722 – 3723, 3725 – 3728, 3732 – 3733, 3735, 3737 – 3741, 3744, 3746 – 3747, 3749, 3751, 3753, 3760, 3762 – 3763, 3778 – 3779, 3797, 3799, 3813, 3821, 3822, 3831 – 3833, 3835, 3843, 3847, 3851, 3854, 3856 – 3860, 3862, 3864 – 3865, 3869 – 3871, 3873 – 3874, 3878, 3882, 3885 – 3893, 3895 – 3896, 3898, 3900, 3902 – 3904, 3921, 3923 – 3925, 3945 – 3946, 3950 – 3951, 3953 – 3954, 3956 – 3960, 3962, 3964 – 3967, 3971, 3979, 3984, 3987 – 3992
8	Two Tier	Not currently used

QLD

Category		Postcodes
1	Metro	4000 – 4022, 4030 – 4179, 4205 – 4221, 4223, 4224- 4229, 4280, 4300 – 4306, 4350, 4500 – 4512, 4516 – 4520, 4550 – 4567, 4572 – 4573, 4575, 4700 – 4701, 4711, 4740, 4750 – 4751, 4810 – 4815, 4817 – 4818, 4865, 4868 – 4870, 4878 – 4879
2	Regional	4270 – 4272, 4352, 4370, 4514, 4521, 4568, 4570, 4655, 4670, 4680, 4703, 4710, 4720, 4753, 4802, 4819, 4877, 4881, 4883
3	Larger Country	4285, 4343, 4405, 4610, 4650, 4737, 4800, 4805, 4807 – 4808, 4816, 4820, 4825, 4850, 4860, 4880
4	Not used	Not currently used
5	High Density	4001 – 4004, 4215, 4217, 4218, 4870, 4879 (These postcodes relate to unit properties only)
6	High Risk	4000, 4005 – 4006 (These postcodes relate to unit properties only)
7	Country	4025, 4183 – 4184, 4275, 4287, 4307, 4309 – 4314, 4340 – 4342, 4344 – 4347, 4353 – 4365, 4371 – 4378, 4380 – 4385, 4387 – 4388, 4390, 4400 – 4404, 4406 – 4408, 4410 – 4413, 4415 – 4428, 4454 – 4455, 4461 – 4462, 4465, 4467 – 4468, 4470 – 4472, 4474 – 4475, 4477 – 4482, 4486 – 4494, 4496 – 4498, 4515, 4569, 4571, 4574, 4580 – 4581, 4600 – 4601, 4605 – 4606, 4608, 4611 – 4615, 4620 – 4621, 4625 – 4627, 4630, 4659 – 4660, 4662, 4671, 4673 – 4674, 4676 – 4678, 4694 – 4695, 4697, 4699, 4702, 4704 – 4707, 4709, 4712 – 4719, 4721 – 4728, 4730 – 4733, 4735 – 4736, 4738 –

Category		Postcodes
		4739, 4741 – 4746, 4754, 4756 – 4757, 4798 – 4799, 4803 – 4804, 4806, 4809, 4821 – 4824, 4828 – 4830, 4849, 4852, 4854 – 4859, 4861, 4871 – 4876, 4882, 4884 – 4888, 4890 – 4891, 4895
8	Two Tier	Not currently used

SA

Category		Postcodes
1	Metro	5000, 5006 – 5174, 5231 – 5234, 5240 - 5251
2	Regional	5211 – 5214, 5290, 5355, 5600, 5608 – 5609
3	Larger Country	5201 – 5204, 5252, 5253, 5255, 5280, 5291, 5333, 5341, 5343, 5345, 5351 – 5353, 5453, 5501, 5540, 5554 – 5556, 5558, 5606, 5700
4	Not used	Not currently used
5	High Density	5000 (These postcodes relate to unit properties only)
6	High Risk	–
7	Country	5210, 5220 – 5223, 5235 – 5238, 5254, 5256, 5259 – 5279, 5301 – 5312, 5320 – 5322, 5330 – 5332, 5340, 5342, 5344, 5346, 5350, 5354, 5356 – 5357, 5360, 5371 – 5374, 5381, 5400 – 5401, 5410, 5411 – 5422, 5431 – 5434, 5440, 5451 – 5452, 5454 – 5455, 5460 – 5462, 5464, 5470 – 5473, 5480 – 5483, 5485, 5490 – 5491, 5493, 5495, 5502, 5510, 5520 – 5523, 5550, 5552, 5560, 5570 – 5573, 5575 – 5577, 5580 – 5583, 5601 – 5605, 5607, 5630 – 5633, 5640 – 5642, 5650 – 5655, 5660 – 5661, 5670 – 5671, 5680, 5690, 5701, 5710, 5720, 5722 – 5725, 5730 – 5734
8	Two Tier	Not currently used

WA

Category		Postcodes
1	Metro	6000 – 6038, 6040 – 6074, 6076 - 6214, 6229, 6230, 6232-6233, 6280 – 6282, 6284 – 6285, 6330, 6530
2	Regional	6231, 6290, 6450, 6725 – 6726
3	Larger Country	6225, 6333, 6401, 6430, 6432, 6714, 6721 – 6722, 6713
4	Not used	Not currently used
5	High Density	6000 – 6005, 6210 (These postcodes relate to unit properties only)
6	High	–

Category		Postcodes
	Risk	
7	Country	6215, 6218, 6220 – 6221, 6223 – 6224, 6226 – 6228, 6236 – 6237, 6239 – 6240, 6243 – 6244, 6251 – 6256, 6258, 6260, 6262, 6271, 6275, 6286, 6288, 6302, 6304, 6306, 6308 – 6309, 6311 – 6313, 6315 – 6318, 6320 – 6324, 6326 – 6328, 6335 – 6338, 6341, 6343, 6346, 6348, 6350 – 6353, 6355 – 6359, 6361, 6363, 6365, 6367 – 6370, 6372 – 6373, 6375, 6383 – 6386, 6390 – 6398, 6403, 6405, 6407, 6409 – 6415, 6418 – 6429, 6431, 6433 – 6448, 6452, 6460 – 6463, 6465 – 6468, 6470, 6472 – 6473, 6475 – 6477, 6479 – 6480, 6484 – 6485, 6487 – 6490, 6501 – 6507, 6509 – 6519, 6521 – 6522, 6525, 6528, 6532, 6535 – 6537, 6556, 6558, 6560, 6562, 6564, 6566 – 6569, 6571 – 6572, 6574 – 6575, 6603, 6605 – 6606, 6608 – 6609, 6612 – 6614, 6616, 6620, 6623, 6625, 6627 – 6628, 6630 – 6632, 6635, 6638 – 6640, 6642, 6646, 6701, 6705, 6707, 6710, 6711, 6712, 6716, 6718, 6720, 6728, 6731, 6733, 6740, 6743, 6751, 6753, 6754, 6758, 6760 – 6762, 6765, 6770, 6798 – 6799, 6999
8	Two Tier	Not currently used

NT

Category		Postcodes
1	Metro	800, 810 – 820, 828 – 832
2	Regional	834, 835, 836, 870, 875
3	Larger Country	850
4	Not used	Not currently used
5	High Density	800 (These postcodes relate to unit properties only)
6	High Risk	–
7	Country	822, 837 – 841, 845 – 847, 851 – 854, 860 – 862, 871 – 872, 880 – 881, 885 – 886
8	Two Tier	Not currently used

TAS

Category		Postcodes
1	Metro	7000 – 7019, 7021, 7050 – 7055, 7170 – 7172, 7248 – 7250, 7258, 7277, 7290, 7300
2	Regional	7025, 7173, 7307, 7310 – 7315
3	Larger Country	7030, 7316, 7320, 7325
4	Not used	Not currently used
5	High	7000 (These postcodes relate to unit properties only)

Category		Postcodes
	Density	
6	High Risk	–
7	Country	7020, 7022 – 7024, 7026-7027, 7109, 7112 – 7113, 7116 – 7117, 7119 – 7120, 7139 – 7140, 7150 – 7151, 7155, 7162 – 7163, 7174 – 7180, 7182 – 7187, 7190, 7209 – 7216, 7252 – 7257, 7259 – 7265, 7267 – 7268, 7270, 7275 – 7276, 7291 – 7292, 7301 – 7306, 7321 – 7322, 7330 – 7331, 7466 – 7470
8	Two Tier	Not currently used

2.13.2 Disaster Postcodes

2021 WA Bushfire locations <u>Maximum age of an existing valuation is as per standard policy.</u>		
6083	6084	6558

2021 WA Cyclone Seroja locations <u>Maximum age of an existing valuation is as per standard policy.</u>		
6536		

2021 Land subsidence locations <u>Maximum age of an existing valuation is as per standard policy.</u>		
2570		

2021 NSW Flood locations. <u>Maximum age of an existing valuation is as per standard policy.</u>		
2430		

2022 NSW Flood locations.						
Feb 2022 <u>Maximum age of an existing valuation is as per standard policy.</u>						
2330	2460	2462	2463	2753	2756	2480
Oct 2022						

<u>Maximum age of an existing valuation is as per standard policy.</u>								
2380	2390	2399	2400	2806	2824	2866	2871	2877
Jul 2022 <u>Maximum age of an existing valuation is as per standard policy.</u>								
2775								

2022 QLD Flood locations.				
Feb 2022 <u>Maximum age of an existing valuation is as per standard policy.</u>				
4067	4101	4103	4104	4650

2022 VIC Flood locations.				
Oct 2022 <u>Maximum age of an existing valuation is as per standard policy.</u>				
3561	3579	3629	3630	3631

2.13.4 Concentration Risk Postcodes

Concentration Risk Postcodes									
0880	0881	4717	4718	4742	4744	4745	4746	4803	4804
4854	4874	5725	6348	6390	6429	6442	6714	6720	6721
6722	6751	6753	6798						

2.13.5 Island postcodes not connected by a road bridge to the mainland

Island postcodes not connected by a road bridge to the mainland The below are known postcodes for island locations not connected by a road bridge. This postcode list is not definitive. In some cases a mainland and island location may share the same postcode. Brokers/assessors must manually check if the security location is also an island location not connected by a bridge and apply the correct LVR.									
2898	2899	4025	4183	4184	4803	4819	5220	5221	5222
5223	6798	6799	7255	7256					

2.14 Assessing non-real estate security collateral value

The only acceptable non-real estate security collateral is a term deposit. The market value of a term deposit is determined by the face value of the investment.

Note: This security type is not available for mortgage insured applications.

2.15 Valuation Review

If the below criteria, applies the valuation cannot be reviewed / challenged:

- Security assessment is an electronic (E-val) assessment, CVS or desktop assessment
- The resultant LVR is within acceptable non mortgaged insured lending guidelines
- Date of the escalation is more than one month from the date of the valuation
- If a loan is mortgage insured by Helia (formerly Genworth)

3. Process to follow

3.1 Desktop Valuation

The Desktop Valuation result will be provided with a detailed message based on the following policy parameters:

Contract price or estimated market value is validated when the Desktop is not more than 10% or not more than \$50,000 under the contract amount or estimated market value. Use the contract amount or estimated market value.

Contract price is not validated. A Residential Short Form Valuation must be ordered.

If estimated market value is not validated, the Desktop price estimate result may be used.

3.2 Residential Short Form Valuation

3.2.1 Reviewing and actioning a Residential Short Form Valuation:

Residential Short Form valuation reports showing any of the following features must be referred to Credit to determine if the property is acceptable as collateral security:

Loan Type	Feature requiring referral
Mortgage Insured loan	Any of the below:
	<p>The Valuation Risk Alerts (VRAs) answered 'Yes' to</p> <ol style="list-style-type: none"> 1. Does the subject property comprise a higher risk or a non-residential property type? 2. Are there any adverse marketability issues that would require an extended selling period of more than 6 months? 3. Are the existing improvements on the property incomplete, under construction or requiring essential repairs? 4. Is the subject property critically affected by any Heritage, location or environmental issues?
	<p>Any other Critical Risk or adverse features highlighted in valuer's comments (other than above)</p> <ol style="list-style-type: none"> 1. "Critical" risks - specific to the subject property and/or considered to have a negative impact on marketability or value of the subject property 2. Adverse features evident on the valuation. <p>Defined as "Any material adverse risks affecting the subject property " including but not limited to:</p> <ul style="list-style-type: none"> • property incomplete or poorly maintained and in need of repairs (Essential Repairs / Repairs > \$5k). • being sold by a builder/developer (where valuer comment relates to Rebates, cash-back arrangements evident or other adverse comments relating to Purchase or Building

	<p>Contracts)</p> <ul style="list-style-type: none"> any part of the property not being used for its designed purpose, is something other than strictly residential, any structures/ improvements that may not be council approved property is affected by a "critical risk" attributable to any heritage, location or environmental issues (the risk is specific to the property and is not generally accepted by the market) the property saleability and/or value may be adversely affected by a "critical risk" specific to the property, or known/observable encumbrances, issues or on-going heightened concern as advised by the valuer, that is not generally accepted by the market or results in restricted marketability (e.g. RTA affectation, restricted use, adverse easements , proximity to Railway Lines , Commercial/Industrial Area, Adverse Zoning, restricted use/unique in nature) Selling period >6 months Minimum requirements for Sales Evidence unavailable/ Lack of acceptable Comparable Sales. (At least three (3) comparable sales presented. Comparable sales to be like-for-like (property), preferably within 15% variance and within 6 months of the valuation date.) <p>NOTE: Permissible for two (2) comparable sales held within acceptable parameters, in addition with one (1) sale outside supported by a satisfactory explanation and where other strengths are evident within the application.</p>
	Any scenario requiring referral as detailed under Risk Rating of Valuation Report .
Non-Mortgage Insured loan	Any scenario requiring referral as detailed under Risk Rating of Valuation Report .

3.3 Reviewing and actioning a Residential Long Form Valuation

Residential Long Form valuation reports are all to be assessed to determine if the property is acceptable as security and the valuation amount to be accepted.

This Includes (but not limited to):

- Property use and description matches the security characteristics within the loan assessment system– (e.g. Mixed use, Land Size Etc)
- Review the content of a valuation report in full
- Where necessary on review of valuation, and adverse features are apparent (including Risk Ratings as below) the application is to be referred to Credit

Refer to '[How to read a long form valuation](#)' guide.

3.4 Valuation Review

Step	Action
1	Read the valuation in its entirety, as often the valuer's comments in the report and the comparable sales utilised will explain and/or clarify why the valuation has come in lower than the customer's estimate. At this point the customer's concerns can be managed by the broker without further consultation or delay.
2	<p>If after reading the valuation fully and customer is still not satisfied with the explanation provided by the broker and there is other relevant factual sales information* that supports consideration for a review, then the valuation can be queried as follows:</p> <ul style="list-style-type: none"> The Broker can request Mortgage Operations to raise a Value Query directly with the Valuer in ValEx system and provide the additional comparable sales for consideration (settled sales will be viewed more favourably). <p>Note:</p> <p>To ensure service levels are not compromised, communications with the valuer must be kept brief, factual and professional at all times. Inappropriate behaviour will not be tolerated, and all instances will be referred to the respective state general manager for action as required.</p> <p>*Relevant information includes:</p> <ul style="list-style-type: none"> Commentary confirming an oversight or error made by the valuer; or

	<ul style="list-style-type: none"> Valid Comparable sales (which do not already appear in the valuation report) within the last 6 months, with details of: <ul style="list-style-type: none"> Within the same location and not from within the same complex if a new development similar price range Similar with regards to condition, price range, type of property, land size, and layout (bedrooms, bathrooms etc) <p>Note: Sales evidence cannot include properties sold directly from the Developer; they must be re-sales.</p>
3	<p>The valuer will review the valuation query and either agree to adjust the valuation or reconfirm the original valuation.</p> <p>If the valuer agrees to adjust the valuation, the report will be amended and delivered through ValEx.</p> <p>Note: The valuer must support the adjusted valuations with appropriate justifiable comments and/or additional sales evidence. Should CoreLogic compliance identify an issue with the report, it will be returned to the Valuer to review.</p> <p>Note: Lodging a query does not guarantee the valuation will be amended, therefore customers should not be prematurely advised of a possible outcome.</p>

Change History

Amendment number	Amendment issue date	Description of changes
1	3 November 2021	First OBP issue online for Brokers on the OKA platform.
2	20 February 2022	<p>Change 1 Update to section 3.4 Valuation Review and Check Valuation. Table has been updated to show who is responsible for each action.</p> <p>Change 2 - Policy correction. Removal of postcode 2765 from section 2.5.3 Flood Affected Postcodes. (2765 was incorrectly included in the list of postcodes requiring a valuation dated after 1/4/2021 in the policy change implemented Aug 2021)</p>
3	22 May 2022	<p>Change 1 Updated section '2.1.4 Desktop Valuation' to add note "The use of desktop valuations is limited by available data and sales results. There are locations within postcode categories where desktop valuations are not acceptable. The system decision must be followed".</p> <p>Change 2 Change to content in section 3.2.2 Risk Rating of Valuation Report, new allowable variance added Market Risk Rating related to Direction (price) Applications may be progressed without referral to Credit where:</p> <ul style="list-style-type: none"> the valuation contains a single Market Risk rating for Direction (price) of ≥ 4 and the valuation comments identify the market risk rating is specific to COVID-19 factors only. <p>Assessment notes must be added to origination systems to confirm and acknowledge the RR4 or RR5 is COVID-19 related only (e.g. the commentary provided by the valuer references COVID-19 and / or lockdowns as the cause of the Market uncertainty) and the</p>

		<p>application is being progressed as an allowable variance.</p> <p>Applications may not be progressed without referral to Credit where:</p> <ul style="list-style-type: none"> the market risk ratings valuation comments include non-COVID-19 related factors. there are adverse risk ratings on any other valuation characteristics, including where an extended selling period of over 6 months is noted. <p>Change 3</p> <p>Change to content in section 3.2.2 Risk Rating of Valuation Report and 2.3 Assessing security collateral value using Automated Valuation model (Acceptable Security Type table)</p> <p>Change from segmenting the refer to Credit rules:</p> <p>from:</p> <ul style="list-style-type: none"> Non-Mortgage Insured loans Mortgage Insured loans or LVR > 80% (including LMI waiver) <p>To:</p> <ul style="list-style-type: none"> Non-Mortgage Insured loans (includes applications assessed under 'Special Packages' LMI waiver policies) Mortgage Insured loans ² <p>New legend item 2</p> <p>Mortgage Insured 'refer to Credit rules' will apply where the LVR > 80% and the Bank is either paying the Mortgage insurance premium on behalf of the borrower or the borrower is paying a reduced mortgage insurance premium.</p> <p>For example if the Bank is running a campaign for First Home Buyers with a \$1 MI premium and the LVR is > 80%, follow Mortgage Insured rules.</p> <p>Change 4</p> <ul style="list-style-type: none"> General rewrite to remove procedures from policy and improve policy clarity
4	17 July 2022	<p>Change 1</p> <ul style="list-style-type: none"> Created new section 2.15.3 and new category of 'Disaster Postcodes': <ul style="list-style-type: none"> Re-located existing postcodes for '2021 WA Bushfire', 2021 'WA Cyclone', '2021 Land Subsidence' and '2021 NSW Flood locations' under the 'Disaster Postcodes' category. Postcodes in this category require a default full valuation, and where an existing full valuation is held it must comply with specified maximum age restrictions. No change to policy or risk appetite- clarification only change Added new 2022 'QLD' and 'NSW' Flood postcodes to the 'Disaster Postcodes' category. Default full valuation required, and existing full valuation dated prior to 23/02/2022 cannot be used- new full valuation is required Updated section 'Restricted existing valuation postcodes': <ul style="list-style-type: none"> Removed sentence 'Restrictions are in place regarding re-using existing valuations for properties located in the following postcodes'. No change to policy or risk appetite -Simplification change only to remove repeated content Replaced some references to 'shortform valuation' with 'full valuation' to align terminology. No change to policy or risk appetite- clarification only change <p>Change 2</p> <p>Correction of publishing error to section 1.3 What are acceptable real estate valuation methods? Valuation types are to be numbered to reflect the hierarchy of use.</p> <p>Old</p> <p>The bank accepts the following real estate valuation methods and will apply the below hierarchy where multiple valuations are held within the acceptable age limit:</p> <ul style="list-style-type: none"> Residential & Construction Long Form valuation Residential & Construction Short Form valuation Desktop valuation Automated Valuation Model (AVM) (also known as Modelled Estimate, Electronic Assessment, E-Val) <p>New</p> <p>The bank accepts the following real estate valuation methods and will apply the below hierarchy where multiple valuations are held within the acceptable age limit:</p> <ol style="list-style-type: none"> Residential & Construction Long Form valuation Residential & Construction Short Form valuation Desktop valuation Automated Valuation Model (AVM) (also known as Modelled Estimate, Electronic Assessment, E-Val)

		<p>Change 3</p> <p>Update to 2.8 Risk Rating in Valuation Report > Non-mortgage insured table.</p> <p>Deleted duplicate sentence from table ' (includes applications assessed under 'Special Packages' LMI waiver policies) Non-mortgage insured</p> <p>Change 4</p> <p>Rewording of section 2.11 Chattels, rebates and incentives (no change to policy rules)</p> <p>Old</p> <p>Should the contract include any non-fixed chattels #, Rebates or Incentives offered, and the OBP decision is initially for an AVM, the AVM is not to be ordered and the next valuation type is to be ordered</p> <p>The cost / value of any non-fixed chattels (e.g. furnishings) and / or the value of any rebates or incentives offered by the vendor are to be deducted from the total purchase price to determine the security value.</p> <p>New</p> <p>Where a contract of sale includes any non-fixed chattels#, Rebates or Incentives offered, the cost / value of any non-fixed chattels (e.g. furnishings) and / or the value of any rebates or incentives offered by the vendor are to be deducted from the total purchase price to determine the security value which is entered in the origination platform.</p> <p>Where this adjustment to the security value is required, an AVM can-not be used to validate the COS purchase price. The AVM is not to be ordered and the next higher valuation type is to be requested. For valuation hierarchy, refer to 'What are acceptable real estate valuation methods.'</p>																																																																						
5	21 August 2022	<p>Updated references to the 'Minimum Document Standards Matrix'. The matrix has been superseded, with all matrix rules transferred into the main body of the 'Document Standards' chapter. Existing references have been updated to point to the 'Document Standards' chapter</p>																																																																						
6	2 October 2022	<p>Updated section 'Risk Rating in Valuation Report':</p> <p>Under 'Non-mortgaged insured' updated the definition: From 'Non-mortgage insured (includes applications assessed under 'Special Packages' LMI waiver policies) to 'Includes applications with LMI waived under: 'Special Packages' LMI waiver policies or; ' Lenders Mortgage Insurance policy > Existing insured loans - Variations and Top Up premiums > LMI waiver – Legacy LMI providers 'QBE and Genworth' 'QBE and Genworth'</p>																																																																						
7	20 November 2022	<p>Change 1</p> <ul style="list-style-type: none">Updated section 'Requesting a Valuation Report' to include 'A Valuation report cannot be requested for the purchase of a property where the offer has not been accepted by the owner (to assist a prospective purchaser). <p>Change 2</p> <ul style="list-style-type: none">Deleted the below: <p>2.5.2 Restricted Existing Valuation Postcodes</p> <p>–</p> <table><tr><td><u>2485</u></td><td><u>2486</u></td><td><u>2487</u></td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td><u>4205</u></td><td><u>4207</u></td><td><u>4208</u></td><td><u>4209</u></td><td><u>4210</u></td><td><u>4211</u></td><td><u>4212</u></td><td><u>4213</u></td><td><u>4214</u></td><td><u>4215</u></td></tr><tr><td><u>4216</u></td><td><u>4217</u></td><td><u>4218</u></td><td><u>4219</u></td><td><u>4220</u></td><td><u>4221</u></td><td><u>4223</u></td><td><u>4224</u></td><td><u>4225</u></td><td><u>4226</u></td></tr><tr><td><u>4227</u></td><td><u>4228</u></td><td><u>4229</u></td><td><u>4271</u></td><td><u>4272</u></td><td><u>4275</u></td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td><u>4517</u></td><td><u>4518</u></td><td><u>4519</u></td><td><u>4550</u></td><td><u>4551</u></td><td><u>4552</u></td><td><u>4553</u></td><td><u>4554</u></td><td><u>4555</u></td><td><u>4556</u></td></tr><tr><td><u>4557</u></td><td><u>4558</u></td><td><u>4559</u></td><td><u>4560</u></td><td><u>4561</u></td><td><u>4562</u></td><td><u>4563</u></td><td><u>4564</u></td><td><u>4565</u></td><td><u>4566</u></td></tr><tr><td><u>4567</u></td><td><u>4568</u></td><td><u>4569</u></td><td><u>4571</u></td><td><u>4572</u></td><td><u>4573</u></td><td><u>4574</u></td><td><u>4575</u></td><td><u>4819</u></td><td>-</td></tr></table>	<u>2485</u>	<u>2486</u>	<u>2487</u>	-	-	-	-	-	-	-	<u>4205</u>	<u>4207</u>	<u>4208</u>	<u>4209</u>	<u>4210</u>	<u>4211</u>	<u>4212</u>	<u>4213</u>	<u>4214</u>	<u>4215</u>	<u>4216</u>	<u>4217</u>	<u>4218</u>	<u>4219</u>	<u>4220</u>	<u>4221</u>	<u>4223</u>	<u>4224</u>	<u>4225</u>	<u>4226</u>	<u>4227</u>	<u>4228</u>	<u>4229</u>	<u>4271</u>	<u>4272</u>	<u>4275</u>	-	-	-	-	<u>4517</u>	<u>4518</u>	<u>4519</u>	<u>4550</u>	<u>4551</u>	<u>4552</u>	<u>4553</u>	<u>4554</u>	<u>4555</u>	<u>4556</u>	<u>4557</u>	<u>4558</u>	<u>4559</u>	<u>4560</u>	<u>4561</u>	<u>4562</u>	<u>4563</u>	<u>4564</u>	<u>4565</u>	<u>4566</u>	<u>4567</u>	<u>4568</u>	<u>4569</u>	<u>4571</u>	<u>4572</u>	<u>4573</u>	<u>4574</u>	<u>4575</u>	<u>4819</u>	-
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Under section 'Disaster postcodes':

- **For 2021 WA bushfire locations:**
 - **Deleted postcodes 6055, 6069, 6082**
 - **Replaced** 'If the valuation is dated prior to 01/02/2021 it is unacceptable to use the existing valuation. Order a new short form' with 'Maximum age of an existing valuation is as per standard policy'
- **For 2021 WA Cyclone Seroia locations:**
 - **Replaced** 'If the valuation is dated prior to 15/04/2021 it is unacceptable to use the existing valuation. Order a new short form' with 'Maximum age of an existing valuation is as per standard policy'
- **For 2021 Land subsidence locations:**
 - **Replaced** 'If the valuation is dated prior to 17/05/2021 it is unacceptable to use the existing valuation. Order a new short form' with 'Maximum age of an existing valuation is as per standard policy'
- **For 2021 NSW Flood Locations:**
 - **Deleted postcodes 2422, 2423, 2425, 2431, 2439, 2440, 2441, 2443, 2444, 2447, 2460, 2462, 2756. (Note: 2460, 2462, 2756 remain on the 2022 NSW Flood locations list)**
 - **Replaced** 'If the valuation is dated prior to 01/04/2021 it is unacceptable to use the existing valuation. Order a new short form' with 'Maximum age of an existing valuation is as per standard policy'

Change 3**Update to content in 2.10.2 Review of COS****Old wording**

A COS must be reviewed to identify if any of the below criteria apply:

- the property is not zoned to allow residential usage, refer to Acceptable Security Collateral policy.
- there are chattels (e.g. furnishings) and / or rebates or incentives being offered by the vendor. Also see Chattels, Rebates and Incentives
- the transaction is not being completed at arm's length through an independent Australian based real estate agent (i.e. it is a private sale) refer to Default Residential full Valuation Scenarios

If the COS is undated and is **not** a First Home Owners Grant (FHOG) application, assume that the contract date is the date the Privacy Consent was obtained.

New wording**2.10.2 Review of COS**

A COS received during the application process must be reviewed to ensure the security meets the below criteria :

- the property must be zoned to allow residential usage. For further information refer to Acceptable Security Collateral policy > Assessing security collateral requirements
- the cost / value of any chattels (e.g. furnishings) and / or rebates or incentives being offered by the vendor are to be deducted from the total purchase price to determine the security value. Also see Chattels, Rebates and Incentives
- the security is being purchased
- the transaction is not being completed at arm's length through an independent Australian based real estate agent (i.e. it is a private sale), refer to Default Residential full Valuation Scenarios

If the COS is undated and is **not** a First Home Owners Grant (FHOG) application, assume that the contract date is the date the Privacy Consent was obtained.

Also refer to:

- Contract of sale (purchase price)
- Minimum criteria to be obtained from the Contract of Sale

8

1 December
2022**Change 1:**

Under section 'Disaster postcodes > **2022 NSW Flood locations**':

- Split list into Feb 2022 and Jul 2022 and added associated sub-headings
- Moved postcode 2775 from Feb 2022 list, which had the rule 'If the valuation is dated prior to 23/02/2022 it is unacceptable to use the existing valuation. Order a new full valuation' to the Jul 2022 list with rule 'If the valuation is dated prior to 01/07/2022 it is unacceptable to use the existing valuation. Order a new full valuation'. Clarification change to correct an error made in 20 Nov 2022 update

		<p>Change 2: Under section 'Disaster postcodes > 2022 QLD Flood locations':</p> <ul style="list-style-type: none"> • Added sub-heading 'Feb 2022' for all postcodes currently listed (clarification change to improve readability) <p>Change 3: Under section 'Review of COS' - clarification only change Old wording A COS received during the application process must be reviewed to ensure the security meets the below criteria :</p> <ul style="list-style-type: none"> • the property must be zoned to allow residential usage. For further information refer to Acceptable Security Collateral policy > Assessing security collateral requirements • the cost / value of any chattels (e.g. furnishings) and / or rebates or incentives being offered by the vendor are to be deducted from the total purchase price to determine the security value. Also see Chattels, Rebates and Incentives • the security is being purchased • the transaction is not being completed at arm's length through an independent Australian based real estate agent (i.e. it is a private sale) <p>If the COS is undated and is not a First Home Owners Grant (FHOG) application, assume that the contract date is the date the Privacy Consent was obtained.</p> <p>Also refer to:</p> <ul style="list-style-type: none"> • a Contract of sale (purchase price) • Minimum criteria to be obtained from the Contract of Sale <p>New wording: A COS received during the application process must be reviewed to:</p> <ul style="list-style-type: none"> • Ensure the security meets the below criteria: <ul style="list-style-type: none"> ◦ the property must be zoned to allow residential usage. For further information refer to Acceptable Security Collateral policy > Assessing security collateral requirement ◦ the cost / value of any chattels (e.g. furnishings) and / or rebates or incentives being offered by the vendor are to be deducted from the total purchase price to determine the security value. Refer to Chattels, Rebates and Incentives ◦ the security is being purchased • Request a valuation report via Property Hub where it is identified that: <ul style="list-style-type: none"> ◦ the transaction is not being completed at arm's length through an independent Australian based real estate agent (i.e. it is a private sale), or ◦ the Contract of Sale indicates a 'Put and Call' contract , or ◦ the Contract of Sale is older than 3 months <p>If the COS is undated and is not a First Home Owners Grant (FHOG) application, assume that the contract date is the date the Privacy Consent was obtained.</p> <p>Also refer to:</p> <ul style="list-style-type: none"> • Contract of sale (purchase price) • Minimum criteria to be obtained from the Contract of Sale
9	19 February 2023	<p>Change 1 Update to wording in section 2.5 Requesting a valuation report Old wording</p> <ul style="list-style-type: none"> • cannot be requested for the purchase of a property where the offer has not been accepted by the owner (to assist a prospective purchaser) <p>New wording</p> <ul style="list-style-type: none"> • cannot be requested for the purchase of a property where the offer has not been accepted by the owner (to assist a prospective purchaser e.g. pre-purchase valuations are not permitted) <p>Change 2</p> <ul style="list-style-type: none"> • Removal of obsolete line from: 2.6 Ownership of Valuation Report: <ul style="list-style-type: none"> ◦ "In all cases, no new Homebuilder applications will be considered after 22nd May 2022." <p>Change 3 Update to content in section 2.5.1 Postcode Category by States / Territories</p> <ul style="list-style-type: none"> • Postcode 4314 added to QLD – category 7 <p>Change 4 Update to content in 2.8 Risk Rating in Valuation Report</p>

Removal of authority, legend item 1 has been deleted

Legend item	
	<p>Risk Rating Allowable Variations The following policy outlines specific Risk Ratings that are acceptable under standard policy and a referral to Credit is not required:</p> <p>Market Risk Rating related to Direction (price) Applications may be progressed without referral to Credit where: the valuation contains a single Market Risk rating for Direction (price) of > = 4 and the valuation comments identify the market risk rating is specific to COVID-19 factors only.</p> <p>1 Assessment notes must be added to origination systems to confirm and acknowledge the RR4 or RR5 is COVID-19 related only (e.g. the commentary provided by the valuer references COVID-19 and / or lockdowns as the cause of the Market uncertainty) and the application is being progressed as an allowable variance.</p> <p>Applications may not be progressed without referral to Credit where: the market risk ratings valuation comments include non-COVID-19 related factors. there are adverse risk ratings on any other valuation characteristics, including where an extended selling period of over 6 months is noted.</p>

10

26 March 2023

Change 1

Update to show Company Name change for Mortgage Insurance Provider Genworth to Helia

11

21 May 2023

Change 1

New postcodes added to the 2022 'Disaster Postcodes' list:

2022 VIC Flood locations				
Oct 2022 Maximum age of an existing valuation is as per standard policy				
3561	3579	3629	3630	3631

2022 NSW Flood locations								
Oct 2022 Maximum age of an existing valuation is as per standard policy								
2380	2390	2399	2400	2806	2824	2866	2871	2877

Change 2

Under section 'Disaster Postcodes', replaced specific existing valuation age restrictions related to the 'disaster event date' as detailed below:

2022 NSW Flood locations

		<div><div>Feb 2022 Old wording: If the valuation is dated prior to 23/02/2022 it is unacceptable to use the existing valuation. Order a new full valuation New wording: 'Maximum age of an existing valuation is as per standard policy'</div><table><tr><td>2330</td><td>2460</td><td>2462</td><td>2463</td><td>2753</td><td>2756</td><td>2480</td></tr></table><div>Jul 2022 Old wording: If the valuation is dated prior to 01/07/2022 it is unacceptable to use the existing valuation. Order a new full valuation New wording: Maximum age of an existing valuation is as per standard policy</div><div>2775</div></div> <div><div>2022 QLD Flood locations</div><div><div>Feb 2022 Old wording: If the valuation is dated prior to 23/02/2022 it is unacceptable to use the existing valuation. Order a new full valuation New wording: Maximum age of an existing valuation is as per standard policy</div><table><tr><td>4067</td><td>4101</td><td>4103</td><td>4104</td><td>4650</td></tr></table></div></div>	2330	2460	2462	2463	2753	2756	2480	4067	4101	4103	4104	4650
2330	2460	2462	2463	2753	2756	2480								
4067	4101	4103	4104	4650										
12	2 July 2023	Change 1 Replaced mathematical symbols ' \leq , $=$, $>$, $<$, \geq ' with equivalent words												
13	19 November 2023	Change 1 Updated the table "Risk Rating in Valuation Report" for mortgage incurred loans, raising the "where the security requires repairs" among from \$5k to \$10k Change 2 Included Contract Verification Service (CVS) and associated rules as a new security assessment type to verify purchase price Change 3 Updated AVM rules to: <ul style="list-style-type: none">restrict use to validating customer estimate only. Not available to validate purchase priceremove references to 'useable LVR'clarification only change for 're-using an AVM as an existing valuation' to link to LVR rules under 'new' AVM Change 4 Added "Rubbish Bins" to Chattels list												
14	18 February 2024	Change 1 Added "National Broadband Network (NBN) equipment" to Chattels list												
15	19 May 2024	Change 1 Deleted the "Reading the Valuation report" section 2.7 Change 2 Risk Rating in valuation reports has been updated as follows: Old table												

Non-mortgage insured

Includes applications assessed with LMI waived under:

- 'Special Packages' LMI waiver policies, **or**
- Lenders Mortgage Insurance policy > Existing insured loans - Variations and Top Up premiums > LMI waiver – Legacy LMI providers 'QBE and Helia (formerly Genworth)'

Scenario	Risk ratings (in all cases ignore a 4 'risk rating' for 'Improvements' in 'to be erected valuations')	Refer to Credit (Yes / No)
Any Product	Any 5	Yes
Living area less than 40sqm	Any	Yes
Where the security requires repairs less than or equal to \$25k	Less than or equal to 4	No
Where the security requires repairs greater than \$25k	Any	Yes

New table

Non-mortgage insured

Includes applications assessed with LMI waived under:

- 'Special Packages' LMI waiver policies, **or**
- Lenders Mortgage Insurance policy > Existing insured loans - Variations and Top Up premiums > LMI waiver – Legacy LMI providers 'QBE and Helia (formerly Genworth)'

Note: Except for living area <40sqm the below table only relates to acceptable security properties, refer to Acceptable Security Collateral

Scenario	Risk ratings (in all cases ignore a 4 'risk rating' for 'Improvements' in 'to be erected valuations')	Valuation report must be read by the broker / assessor	Refer to Credit (When a credit referral is required credit must also read the valuation report)
Any Product	4 for: <ul style="list-style-type: none"> • Land • Improvements 	Yes	No
Any Product	Any 5 (excluding a Market Direction risk rating)	No	Yes
Living area less than 40sqm	Any	No	Yes
Where the security requires repairs less than or equal to	4 for: Improvements	Yes	No

\$25k and the valuer has not advised an expert opinion is required			
Where the security requires repairs: • Greater than \$25k or When the valuer has advised an expert opinion is required	Greater than or equal to 4 for: Improvements	Yes	Yes
Valuation type is a long form	Any	Yes	Only when any of the above scenarios also apply Refer to the 'How to read a long form valuation' guide.

Mortgage insured
Old table

<p>Mortgage insured</p> <p>Mortgage Insured 'refer to Credit rules' will apply where the LVR greater than 80% and the Bank is either paying the Mortgage insurance premium on behalf of the borrower or the borrower is paying a reduced mortgage insurance premium.</p> <p>For example if the Bank is running a campaign for First Home Buyers with a \$1 MI premium and the LVR is greater than 80%, follow Mortgage Insured rules.</p>		
Scenario	Risk ratings (in all cases ignore a 4 'risk rating' for 'Improvements' in 'to be erected valuations')	Refer to Credit (Yes / No)
Any Product	Any greater than or equal to 4	Yes
Living area 40sqm to less than 50sqm	Any greater than or equal to 4	Yes (DUA4 acceptance required if loan proceeds).
Living area 40sqm to less than 50sqm And mortgage insurer is Helia (formerly Genworth)	Any	Yes (DUA4 acceptance required if loan proceeds).
Living area less than 40sqm	Any	Yes (DUA4 acceptance required if loan proceeds).
Where the security requires repairs less than	Less than 4	No

or equal to \$10k		
Where the security requires repairs less than or equal to \$10k	Greater than or equal to 4	Yes (DUA2 may accept).
Where the security requires repairs greater than \$10k	Any	Yes (Referral to DUA4 required).

New table

	<p>Mortgage insured</p> <p>Mortgage Insured 'refer to Credit rules' will apply where the LVR greater than 80% and the Bank is either paying the Mortgage insurance premium on behalf of the borrower or the borrower is paying a reduced mortgage insurance premium.</p> <p>For example, if the Bank is running a campaign for First Home Buyers with a \$1 MI premium and the LVR is greater than 80%, follow Mortgage Insured rules.</p> <p>Note: Except for living area <40sqm the below table only relates to acceptable security properties, refer to Acceptable Security Collateral</p>			
Scenario		Risk ratings (in all cases ignore a 4 'risk rating' for 'Improvements' in 'to be erected valuations')	Valuation report must be read by the lender / assessor	Refer to Credit (When a credit referral is required credit must also read the valuation report)
	Any Product	4 for: <ul style="list-style-type: none"> Location Land Environment Market Segment Conditions 	No	Yes
	Any Product	Any 5	No	Yes
	Living area less than 40sqm	Any	No	Yes
	Where the security requires repairs less than or equal to \$10k and the valuer has not advised an expert opinion is required	4 for: <ul style="list-style-type: none"> Improvements 	Yes	No
	Where the security requires repairs:	Greater than or equal to 4 for:	Yes	Yes

			<ul style="list-style-type: none">• Greater than \$10k or• When the valuer has advised an expert opinion is required	<ul style="list-style-type: none">• Improvements		
			Valuation type is a long form	Any	Yes	Only when any of the above scenarios also apply Refer to the 'How to read a long form valuation' guide.

Attachments

[03.04 How to read a long form valuation guide.pdf](#)

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