

## 03.12 Living Expenses

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## 1. About this policy

### 1.1 Why this policy

<b>Purpose</b>	<p>Living expenses materially affect the ability of a residential mortgage borrower to meet repayments due on a loan and are a key component of a serviceability assessment.</p> <p>The declared living expenses are used by the Bank as part of the unsuitability assessment as required under our Responsible Lending obligations.</p> <p>This policy identifies the standards for:</p> <ul style="list-style-type: none"> <li>enquiring about and capturing living expense information for each <b>borrower and income guarantor</b> that is contractually bound to repay the loan</li> </ul>
<b>Applicable to</b>	<ul style="list-style-type: none"> <li>Consumer mortgage applications where a borrower is seeking any of:</li> </ul>

	<ul style="list-style-type: none"> <li>◦ new loan</li> <li>◦ loan increase</li> <li>◦ loan variation activity requiring a serviceability assessment</li> </ul>
<b>Policy exclusion</b>	<b>This policy does not apply to a Bridging ICAP loan with no end debt</b>
<b>Reading this policy</b>	Unless specifically stipulated otherwise, the content applies to both non-mortgage insured (non-MI) and mortgage insured (MI) consumer mortgage loan applications
<b>Associated policies</b>	<p>You may also need to refer to other lending policy rules, including but not limited to:</p> <ul style="list-style-type: none"> <li>• <a href="#">Commitments</a></li> <li>• <a href="#">Guarantees</a></li> <li>• <a href="#">Serviceability assessment</a></li> <li>• <a href="#">Validation of information provided by the customer</a></li> <li>• If the application requires mortgage insurance, where required refer to: <ul style="list-style-type: none"> <li>◦ <a href="#">Lenders Mortgage Insurance</a></li> </ul> </li> </ul>

## 2. Rules you must apply

### 2.1 Capturing customer declared living expenses

It is critical that an appropriate level of enquiry is made, to ensure that an accurate view of the declared household living expenses are captured.

Refer to [Glossary](#) for definition of a 'household'

Living expenses must be captured and entered according to the set expense category. It is not acceptable to 'bundle' across expense categories.

**Borrowers and income guarantors** are required to declare all ongoing household living expenses that:

- are in place as at time of the application, and
- will be in place after settlement of their loan

Brokers are to assist by providing a description of each expense category to ensure the declared responses clearly align to our requirements. Refer to Expense category tables in [Living Expenses compared to HEM](#) and [Living Expenses not compared to HEM](#)

Brokers cannot suggest a value on the applicant's behalf, except when rental income used in the serviceability assessment is rental income (in AUD) from a property rented on a short term basis.

- Refer to:
  - [Rental expenses from a property rented on a short term basis](#), and
  - [Verifying Income](#) > Supplementary income > Rental income (in AUD) Rent received on a short term basis

#### 2.1.1 Bridging Loans

Bridging ICAP loan with no end debt	Refer to <a href="#">Policy exclusions</a>
Bridging loan with an end debt	Property costs associated with the <b>property being sold are</b>

	<b>not required</b>
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## 2.2 Reducing living expenses

We acknowledge that a customer may change their spending behaviour when they have a new mortgage repayment obligation or following a change in circumstances (e.g. children moving out of parent's house).

We accept that such a change often involves a reduction in discretionary (non-essential) expenses such as recreation, entertainment, clothing, personal care and groceries. It is less likely that a customer can easily reduce expenses that are more stable by nature such as insurances, property-related costs, utilities, education and telephone. Refer to Expense category tables in [Living Expenses compared to HEM](#) and [Living Expenses not compared to HEM](#) to identify discretionary v's non-discretionary expense types.

Where the customer has told us that they are prepared to reasonably change their lifestyle to reduce living expenses, we may adjust customer declared expense amounts in the loan assessment system provided:

- Broker has had a robust discussion with customer around their living expenses patterns; **and**
- The reduction appears reasonable; **and**
- Overall comments are recorded in ApplyOnline detailing:
  - the customer discussion
  - what expenses have been adjusted and by how much
  - the reasons why the reductions were deemed acceptable by the Broker.

The customer declared amount cannot be accepted for any outgoing child support, alimony or rent (post settlement). The amount of the payment must be verified, for further information refer to [Commitments policy](#)

## 2.3 Conflicting information

After the declared living expenses have been captured, we may need to make further enquiries if

- during the assessment of the application we identify information which conflicts with the declared expenses as per [Loan Application and Approval](#) > Validation of information provided by the customer policy
- OBP referral rule 'Customer Declared Expenses being < 70% of HEM' has been triggered.

## 2.4 Living expenses compared to HEM

These living living expense:

- categories will be compared to the HEM value; **and**
  - the higher of the declared expenses or HEM will be used in the serviceability calculation
- are used to calculate the expense to net [discounted] HEM ratio at application level. This is used to assist in:
- understanding the level of expenses; **and**
- identifying where they are materially different (higher or lower) to the Household Expenditure Measure . Refer [Serviceability assessment](#) for HEM values.

Applications where the declared living expenses are assessed as materially low in relation to their income and insufficient to maintain a reasonable standard of living will require further detailed commentary and mitigation before approval can be considered.

Brokers must comply with the 'Commentary required' rules detailed in the table:

Expense Category	Description	Commentary required?	Non-discretionary expense?
Clothing and Personal Care (including footwear, cosmetics, etc.)	Clothing, footwear, cosmetics, personal care	Yes, when the expense is \$0	No
Groceries	Typical supermarket shop for groceries including food and toiletries	Yes, when the expense is \$0	No
Medical and Health (Excluding Health Insurance)	Medical and health costs including doctor, dental, optical and pharmaceutical etc. (excluding health insurance which is categorised under 'Insurance (Life, Health, Sickness and Personal Accident)')	Yes, when the expense is \$0	No
Childcare (including nannies and day care)	Childcare including nannies <b>Note:</b> Child Care costs to be entered net of the Child Care Subsidy	Yes, when the expense is \$0 and the borrower has declared a dependant under the age of 6 years (i.e. 5 years old or younger)	Yes
Public or Government Primary & Secondary Education Costs	Education fees, books, uniforms and associated costs for public schooling (preschool, primary or secondary)	Yes, when expense is \$0 and the borrower: has declared a dependant between the ages of 5-18 years and Private schooling & Tuition expense category is 0 and no comment provided	Yes
Higher Education & Vocational Training Costs (excluding Study & Training Support Loans - STSL)	Fees, accommodation, books and associated costs for higher education (tertiary) and vocational training e.g. university, TAFE, business college, drama, music, dance (excluding STSL / HECS)  For Study and training	Yes, when the expense is \$0	Yes

	<p>support loans (STSL) rules, refer to:</p> <p><a href="#">Commitments</a> &gt; Confirm the details of the commitment &gt; Other liability types</p> <p><a href="#">Serviceability Assessment</a> &gt; Serviceability Repayment Amount</p>		
Insurance (Excluding Life, Health, Sickness and Personal Accident)	<p>Insurance costs such as personal belongings, travel and ambulance insurance, as well as any compulsory insurance of motor vehicles (combined insurance and registration) other than recreation vehicles.</p> <p>Excludes property related insurance costs (building, contents etc) as well as life, health, sickness and personal accident insurance.</p>	Yes, when the expense is \$0	No
Telephone, internet, pay TV and media streaming subscriptions	Telephone accounts (home and mobile), internet, pay TV and media streaming subscriptions	Yes, when the expense is \$0	No
Transport (including public transport, car usage, parking, tolls etc.)	<p>Public transport and motor vehicle running costs including fuel, servicing, parking and tolls (excluding motor vehicle insurance which is categorised under insurance).</p> <p><b>Note:</b> Where there is a salary sacrifice arrangement, the vehicle running expenses are to be included in the declared expenses</p>	Yes, when the expense is \$0	No
Recreation and Entertainment	Recreation and entertainment including alcohol, tobacco, gambling, restaurants, membership fees, loan account fees not covered by another specific category (excludes Short Term Buy Now Pay Later facilities), pet care, domestic holidays	Yes, when the expense is \$0	No

Primary Residence Costs (Including Insurance)	<p>Housing and property expenses associated with the borrower's primary residence, either owned or rented. Includes rates, levies, repairs and maintenance, insurance (building, contents etc), loan account fees (new and existing), all other utilities and other household costs for fixtures and fittings (excluding land tax, body corporate and strata fees, telephone, internet and pay TV)</p> <p>For Bridging loans with an end debt, refer to <a href="#">Bridging Loan</a></p>	Yes, when the expense is \$0	Yes
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## 2.5 Living expenses not compared to HEM

These expense categories:

- will not be compared to the HEM value
- will be totalled and added as an outgo in ApplyOnline, except for:
  - Investment Property costs (Including Insurance) - Refer to 'Additional conditions' for this category

Brokers must comply with 'Commentary required' and 'Additional conditions' rules detailed in the table:

Expense Category	Description	Commentary required?	Non-discretionary expense ?	Additional conditions
Owner Occupied Primary Residence  Land Tax, Body Corp & Strata Fees	Land tax, body corporate and strata fees on owner-occupied principal place of residence (excluding investment properties, secondary residences, and properties maintained for other purposes such as holiday properties or residences maintained for parents or children)	Yes, when the expense is \$0 and the borrower: has an existing owner occupied property and/or is purchasing or obtaining ownership of an owner occupied property as part of the application	Yes	

Secondary Residence / Holiday Home Costs (Including Insurance)	<p>Costs associated with any secondary residences, either rented or owned for non-investment purposes, such as:</p> <p>a holiday property that is not rented to generate income, a property that family members (parents or children) are allowed to live in rent-free.</p> <p>Vacant land</p> <p>Includes rates, taxes, levies, body corporate and strata fees, repairs and maintenance, insurance (building, contents etc), associated loan account fees (new and existing), all other utilities and other household costs for fixtures and fittings</p> <p><b>Note:</b> Where a property does not receive rental income, or rental income is not relied on and not verified, or involves a scenario where negative gearing is excluded under policy (refer <a href="#">Serviceability Assessment &gt; Rental income tax deductions for Australian investment properties (Negative Gearing)</a>).</p> <p>then:</p> <ul style="list-style-type: none"> <li>the property should be loaded in ApplyOnline and</li> <li>the associated Living Expenses are to be captured under 'Secondary Residence / Holiday Home Costs</li> </ul>	<p>Yes, when the expense is \$0 and the borrower:</p> <p>has an existing owner occupied Secondary residence and / or</p> <p>is purchasing or obtaining ownership of an owner occupied Secondary Residence as part of the application</p>	Yes	
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	(including Insurance)'. 			
Insurance (Life, Health, Sickness and Personal Accident)	Hospital, medical and dental health insurance, sickness and personal accident insurance, life insurance (paid for by the customer outside of superannuation)	Yes, when the expense is \$0	Yes	
Private Schooling & Tuition Costs	Tuition fees, school fees, sports fees, books, uniforms and associated costs for private schooling, including independent schools (Catholic or non-Catholic), private tuition (such as Kumon and Kip McGrath) and compulsory age kindergarten / reception / pre-primary / prep	Yes, when expense is \$0 and the borrower: has declared a dependant between the ages of 5-18 years and Public or Government Education expense category is 0 and no comment provided	Yes	
Other regular or recurring expenses	Any other regular or recurring expenses not covered by specific categories in: <ul style="list-style-type: none"> <li>this '<a href="#">Living Expense not compared to HEM</a>' table; <b>or</b></li> <li>'<a href="#">Living expenses compared to HEM</a>' table .</li> </ul> E.g.: after tax or post tax superannuation deductions from salary / wage overseas holidays, purchase, insurance and maintenance of recreation vehicles (caravan, boat etc), cleaning or gardening services, etc.	No	No	Care should be taken, particularly if the declared expense is a <a href="#">HEM comparable expense</a> . Incorrect categorisation may result in a higher living expense figure being used in the serviceability assessment.
Child Support / Alimony	Outgoing child support (maintenance)	No	Yes	Verification required - refer to



	<p>Outgoing alimony (spousal support)</p> <p>The amount of any outgoing child support and / or alimony payment must be verified.</p> <p>Verification requirements are detailed in <a href="#">Commitments</a> policy &gt; Confirm details of the commitment.</p>			<a href="#">Commitments</a> policy
Rent / Board (post settlement)	<p>Rent / board expense that will be paid post settlement of the loan</p> <p>The amount of any outgoing rent (post settlement) payment must be verified.</p> <p>Verification requirements are detailed in <a href="#">Commitments</a> policy &gt; Confirm details of the commitment.</p>	<p>Yes, when system indicates borrower will be Renting / Boarding post settlement and the amount declared is &lt; \$650</p>	Yes	<p>Verification required for rental outgo only - refer to <a href="#">Commitments</a> policy</p>
Investment Property Costs (Including Insurance)	<p>Housing and property expenses on investment property including rates, taxes, levies, body corporate and strata fees, repairs and maintenance, insurance (building, contents etc), loan account fees (new and existing), all other utilities and household costs for fixtures and fittings</p> <p>Where a property does not receive rental income, or rental income is not relied on and not verified, or involves a scenario where negative gearing is excluded</p>	<p>Yes, when the expense is \$0 and the borrower: has an existing investment property and / or is purchasing or obtaining ownership of an investment property as part of the application</p> <p><b>Note:</b> Where the same property is an investment property for one borrower but an owner occupied property for</p>	Yes	<p>Investment Property Costs (Including Insurance) are offset against rental income</p> <p>Investment Property Costs (Including Insurance) must be captured as per each applicant's exact expenses across all investment properties in which they have an ownership must be captured.</p> <p><b>Note:</b> When the applicant and non-applicant are spouse residing at the same address, <i>Apportioned</i></p>

	<p>under policy (refer <a href="#">Serviceability Assessment &gt; Rental income tax deductions for Australian investment properties (Negative Gearing)</a>), then:</p> <ul style="list-style-type: none"> <li>the property should be loaded in ApplyOnline; and</li> <li>the associated Living Expenses are to be captured under 'Secondary Residence / Holiday Home Costs (including Insurance)'.</li> </ul> <p>Where the loan application has been assessed as Self-employed, rental income and expenses must be captured and assessed as per <a href="#">Self-employed Customers</a> policy.</p>	<p>another borrower, ensure that the expense is captured under the relevant category for each borrower and commentary entered.</p>		<p><i>household expenses and shared commitments - Spousal same household option may apply. Refer to <a href="#">Serviceability Assessment</a> policy</i></p>
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## 2.6 Factors affecting HEM / living expenses

Other factors which may impact living expenses are:

- post settlement postcode
  - Where an In Principle Approval application is submitted, the post settlement postcode is to be captured as accurately as possible
  - The application must reflect the actual post settlement postcode for formal approval.
- number of dependants - refer to [Definition of a Dependant](#)

It is a mandatory to capture these details within the loan assessment system.

## 2.7 Apportioning declared living expenses in loan application

The table below details whether household living expenses can be apportioned, according to how the spouse is associated with the loan application

Application Type	Apportioning Rules	Additional information
Spouse is also a borrower	Apportioning the household living expenses against these parties is not restricted	Restriction applies to apportioning 'Investment Property Costs (Including Insurance)'. Refer to <a href="#">Investment Property Costs (Including Insurance)</a> >
Spousal - Security Guarantee	Refer to <a href="#">Serviceability Assessment</a> > Apportioned household expenses and shared commitments - Spousal same	

Spouse is not a borrower or guarantor	household.	<i>Additional conditions</i>
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## 2.14 Definition of a Dependant

A dependant is defined as:

- a child under the age of 18 years; or
- a child aged 18 years or older who lives with the applicant, receives no income from government benefits, employment or other income sources, and is totally financially reliant on the applicant (e.g. A full time unemployed student, or a child with a disability living at home permanently)

where the applicant has legal responsibility for the care and welfare of the child, on either a full or part time basis. **Note:** The child under the age of 18 years may or may not reside with the applicant.

Unborn children are not considered dependants. Variance to this rule where [Serviceability Assessment](#) > Parental leave – use of 'return to work' income' policy is applied.

Any additional expenses for children over the age of 18 living at home need to be captured in the living expenses discussion with the customer.

If applicants are expecting to add to their family, this should be identified during completion of Responsible Lending requirements by way of question: Do you expect any significant changes to your financial situation over the next 3 years that would adversely impact your ability to meet your repayments? Refer to [Serviceability Assessment](#)

Where the child does not reside with the applicant it is acceptable to use an outgoing child support payment in place of including the child as a dependant for serviceability purposes. If no child support is paid or child support is paid and the child resides with the applicant the child must be included as a dependant for serviceability purposes. Any shared custody arrangements should be clearly explained in the application

The amount of any outgoing child support payment must be verified for further information refer to [Commitments](#) policy

## 2.15 Rental expenses from a property rented on a short term basis

When rental income used in the serviceability assessment is rental income (in AUD) From a property rented on a short term basis and this property was rented for the full 52 weeks of the year. The expenses declared on the rental schedule other than interest, depreciation and once off capital expenses must be used. Refer to [Verifying Income](#) > Supplementary income > Rental income (in AUD) Rent received on a short term basis

Where the short-term rental property has not been rented for the full 52 weeks of the year, expenses incurred when the property is not rented are to be entered into customer expenses either as an owner occupied primary or owner-occupied secondary expenses. The lender should discuss with the customer to determine whether the property is owner occupied primary or owner occupied secondary and document accordingly.

If the property is owner-occupied and has a separate area of occupancy (granny flat) being used for short term rent, the owner-occupied portion of expenses is to be separated from the investment portion. Like above, the investment portion can be determined from the rental schedule in the tax return and the owner-occupied portion can be determined through a customer conversation.

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## 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	8 November 2021	Links updated
3	21 November 2021	<p><b>Change 1</b></p> <p>Expense Category table &gt; Other regular or recurring expenses &gt; When is commentary required column</p> <p><b>Old</b></p> <p>*No commentary required and 'N/A' or similar note may be used</p> <p><b>New</b></p> <p>No commentary required</p> <p>(System has been updated and a comment of N/A is no longer necessary to allow the application to be progressed. Field can be blank)</p>
4	20 February 2022	<p>Addition to content in section 2.12 Expense Category table &gt; Expense Category 'Other' Description column:</p> <ul style="list-style-type: none"> <li>after tax or post tax superannuation deductions from salary / wage</li> </ul> <p>This information has been included in line with the update to Verifying Income policy to reference 'after tax or post tax' deductions on a payslip.</p>
5	22 May 2022	<p><b>Change 1</b></p> <p>Updated section ' <b>Capturing living expenses - Guarantors / Guarantee</b> ' to specify that for 'Shared Equity Guarantee' type, the guarantor's expenses do not need to be captured as they are non-spousal guarantors and their income is not used for serviceability</p> <p><b>Change 2</b></p> <p>Section 2.3 Capturing customer declared living expenses – applicant</p> <p>Updated content relating to Validation of information provided by the customer policy to show renamed sub-chapters</p> <p><b>Old</b></p> <p>If Lender assist tool can-not be used, refer to Validation of information provided by the customer policy &gt; scrutiny activity - tasks.</p> <p><b>New</b></p> <p>If Lender assist tool can-not be used, refer to Validation of information provided by the customer policy:</p> <ul style="list-style-type: none"> <li>Validation of information</li> <li>Document review – what to look for</li> </ul>

Amendment number	Amendment issue date	Description of changes
		<p><b>Change 3</b> Change to content in section 2.6 Conflicting information</p> <p><b>New</b> After the customer's declared living expenses have been captured, we may need to make further enquiries with the applicant if:</p> <ul style="list-style-type: none"> <li>during the assessment of the application we identify information which conflicts with the customer declared <b>non-discretionary expenses</b>. The conflict may be identified using data from Lender Assist where applicable) or other supporting documents provided by the applicant(s). Refer to and follow the requirements as per Validation of information provided by the customer policy &gt; Document review – what to look for (table) &gt; Any inconsistencies or omissions in customer declared expenses where the expense type is <b>non-discretionary</b></li> </ul> <p><b>Change 4</b> New content added to section 2.12 Expense Category Table Items marked with ^ are non-discretionary expense categories</p>
6	17 July 2022	<p><b>Update</b> to section 2.15 Definition of a Dependant</p> <p><b>Old</b> Unborn children are not considered dependants.</p> <p><b>New</b> Unborn children are not considered dependants. Variance to this rule where Serviceability Assessment &gt; Parental leave – use of 'return to work' income' policy is applied.</p>
7	2 October 2022	<p><b>Change 1</b> In the "<b>Capturing customer declared living expenses – applicant</b>" section under "Brokers cannot suggest a value on the applicant's behalf, except:" the following new dot points have been added</p> <ul style="list-style-type: none"> <li>When rental income used in the serviceability assessment is rental income (in AUD) from a property rented on a short term basis.</li> <li>If rental expenses relate to a property rented on a short term basis refer to: Rental expenses from a property rented on a short term basis. Refer to Verifying Income &gt; Supplementary income &gt; Rental income (in AUD) Rent received on a short term basis</li> </ul> <p>Added the following new section</p> <p><b>2.16 Rental expenses from a property rented on a short term basis</b></p> <p>When rental income used in the serviceability assessment is rental income (in AUD) From a property rented on a short term basis and this property was rented for the full 52 weeks of the year. The expenses declared on the rental schedule other than interest, depreciation and once off capital expenses must be used. Refer to Verifying Income &gt; Supplementary income &gt; Rental income (in AUD) Rent received on a short term basis</p>

Amendment number	Amendment issue date	Description of changes
		<p>Where the short-term rental property has not been rented for the full 52 weeks of the year, expenses incurred when the property is not rented are to be entered into customer expenses either as an owner occupied primary or owner-occupied secondary expenses. The lender should discuss with the customer to determine whether the property is owner occupied primary or owner occupied secondary and document accordingly.</p> <p>If the property is owner-occupied and has a separate area of occupancy (granny flat) being used for short term rent, the owner-occupied portion of expenses is to be separated from the investment portion. Like above, the investment portion can be determined from the rental schedule in the tax return and the owner-occupied portion can be determined through a customer conversation</p> <p><b>Change 2</b> Updated section 'Why this policy':</p> <ul style="list-style-type: none"> <li>Included words and link highlighted in bold</li> </ul> <p>Any servicing (<b>variation</b>) activity requiring a serviceability assessment</p>
8	20 November 2022	<p><b>Change 1</b> Content moved section 2.3 Capturing customer declared living expenses – applicant</p> <p><b>Old wording</b> Brokers cannot suggest a value on the applicant's behalf, except:</p> <ul style="list-style-type: none"> <li>When rental income used in the serviceability assessment is rental income (in AUD) from a property rented on a short term basis. Refer to Verifying Income &gt; Supplementary income &gt; Rental income (in AUD) Rent received on a short term basis</li> </ul> <p><b>New wording</b></p> <ul style="list-style-type: none"> <li>When rental income used in the serviceability assessment is rental income (in AUD) from a property rented on a short term basis. Refer to:             <ul style="list-style-type: none"> <li>Rental expenses from a property rented on a short term basis , and</li> <li>Verifying Income &gt; Supplementary income &gt; Rental income (in AUD) Rent received on a short term basis</li> </ul> </li> </ul> <p><b>Change 2</b> Content added to 2.5 Reducing living expenses</p> <p><b>Old wording</b> We accept that such a change often involves a reduction in <b>discretionary</b> (non-essential) expenses such as recreation, entertainment, clothing, personal care and groceries. It is less likely that a customer can easily reduce expenses that are more stable by nature such as insurances, property-related costs, utilities, education and telephone.</p> <p><b>New wording</b> We accept that such a change often involves a reduction in</p>

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		<p><b>discretionary</b> (non-essential) expenses such as recreation, entertainment, clothing, personal care and groceries. It is less likely that a customer can easily reduce expenses that are more stable by nature such as insurances, property-related costs, utilities, education and telephone. Refer to Expense category table to identify discretionary v's non-discretionary expense types.</p> <p><b>Additional content</b> The customer declared amount cannot be accepted for any outgoing child support, alimony, rent / board (post settlement). The amount of the payment must be verified, for further information refer to <i>Commitments policy</i></p> <p><b>Change 3</b> New content added to Section 2.12 Expense Category Table</p> <ul style="list-style-type: none"> <li>• <b>Expense category</b> &gt; Child Support / Alimony &gt; Column 'Description'</li> </ul> <p><b>Old wording</b> Outgoing child support Outgoing alimony (spousal support)</p> <p><b>New wording</b> Outgoing child support (maintenance) Outgoing alimony (spousal support) The amount of any outgoing child support and / or alimony payment must be verified. Verification requirements are detailed in <i>Commitments policy</i> &gt; Confirm details of the commitment.</p> <ul style="list-style-type: none"> <li>• <b>Expense category</b> &gt; Higher Education &amp; Vocational Training Costs (excluding Study &amp; Training Support Loans – STSL) &gt; column 'Description'</li> </ul> <p><b>Old wording</b> Fees, accommodation, books and associated costs for higher education (tertiary) and vocational training e.g. university, TAFE, business college, drama, music, dance (excluding STSL / HECS)</p> <p><b>New wording</b> Fees, accommodation, books and associated costs for higher education (tertiary) and vocational training e.g. university, TAFE, business college, drama, music, dance (excluding STSL / HECS)</p> <p>For Study and training support loans (STSL) rules, refer to:</p> <ul style="list-style-type: none"> <li>• Commitments &gt; Confirm the details of the commitment &gt; Other liability types</li> <li>• Serviceability Assessment &gt; Serviceability Repayment Amount</li> </ul> <ul style="list-style-type: none"> <li>• <b>Expense category</b> &gt; Rent / Board (post settlement) &gt; Column 'Description'</li> </ul> <p><b>Old wording</b> Rental expense that will be paid post settlement of the loan</p> <p><b>New wording</b></p>

Amendment number	Amendment issue date	Description of changes
		<p>The amount of any outgoing rent or board (post settlement) payment must be verified. Verification requirements are detailed in <i>Commitments</i> policy &gt; Confirm details of the commitment.</p> <p><b>Additional worded included below table:</b> <sup>1</sup> These non-discretionary expenses are required to be verified. Verification requirements are detailed in <i>Commitments</i> policy &gt; Confirm details of the commitment</p> <p><b>Change 4</b> Wording update in section 2.13.1 Apportioning 'Investment Property Costs (including insurance)'</p> <p><b>Old wording</b> The applicant's exact expenses across all investment properties in which they have an ownership must be captured. For example:</p> <ul style="list-style-type: none"> <li>• A husband and wife applying in joint names own an investment property 60 / 40 and the total property expense is \$1,000, they would need to declare \$600 and \$400 respectively as their individual Investment Property costs.</li> <li>• An applicant applying in their sole name owns an investment property 50 / 50 with a non-applicant, where the total property expense is \$1,000 and the owners also share the expenses 50 / 50, the applicant would need to declare \$500 as their individual Investment Property costs. <b>Note:</b> When the applicant and non-applicant are spouse residing at the same address, <i>apportioned household expense</i> option may apply. Refer to Serviceability Assessment &gt; Apportioned household expenses</li> </ul> <p><b>New wording</b> Investment Property Costs (Including Insurance) are offset against rental income Investment Property Costs (Including Insurance) must be captured as per each applicant's exact expenses across all investment properties in which they have an ownership. For example:</p> <ul style="list-style-type: none"> <li>• A husband and wife applying in joint names own an investment property 60 / 40 and the total property expense is \$1,000, they would need to declare \$600 and \$400 respectively as their individual Investment Property costs.</li> <li>• An applicant applying in their sole name owns an investment property 50 / 50 with a non-applicant, where the total property expense is \$1,000 and the owners also share the expenses 50 / 50, the applicant would need to declare \$500 as their individual Investment Property costs. <b>Note:</b> When the applicant and non-applicant are spouse residing at the same address, <i>apportioned household expense</i> option may apply. Refer to</li> </ul>



Amendment number	Amendment issue date	Description of changes
		<p>Serviceability Assessment &gt; Apportioned household expenses</p> <p><b>Change 5</b> Content has been deleted, impacted section 2.14 Verifying outgoing child support, alimony, rent or board (post settlement)</p> <p><b>Deleted</b> The amount of any outgoing child support, alimony, rent or board (post settlement) payment must be verified. Verification requirements are detailed in <i>Commitments</i> policy &gt; Confirm details of the commitment. (The above deleted content can now be found in section 2.12 Expense Category Table) As a result of the deleted of this section, the remaining sections have been renumbered.</p> <p><b>Change 6</b> Content has been deleted, impacted section 3.1 Expense categories – Investment Property Costs (including insurance)</p> <p><b>Deleted</b> Investment Property Costs (Including Insurance) are offset against rental income</p> <p>Investment Property Costs (Including Insurance) must be captured as each applicant's exact expenses across all investment properties in which they have an ownership. For example:</p> <ul style="list-style-type: none"> <li>• A husband and wife applying in joint names own an investment property 60 / 40 and the total property expense is \$1,000, they would need to declare \$600 and \$400 respectively as their individual Investment Property costs.</li> <li>• An applicant applying in their sole name owns an investment property 50 / 50 with a non-applicant, where the total property expense is \$1,000 and the owners also share the expenses 50 / 50, the applicant would need to declare \$500 as their individual Investment Property costs. <b>Note:</b> When the applicant and non-applicant are spouse residing at the same address, Apportioned household expense option may apply. Refer to Serviceability Assessment &gt; Apportioned household expenses.</li> </ul> <p>(the section was primarily a duplication of 2.13.1 Apportioning 'investment property costs (including insurance)')</p>
9	24 April 2023	<p>Change references throughout policy <b>from</b> 'Apportioned household expenses' <b>to</b> 'Apportioned household expenses and shared commitments – Spousal same household</p>

Amendment number	Amendment issue date	Description of changes
10	21 May 2023	<p><b>Change 1</b>  <b>Policy re-write to:</b></p> <ul style="list-style-type: none"> <li>re-format and re-wording of policy to improve readability</li> </ul> <p><b>Change 2</b>  Throughout document, redirected references and links from 'Validation of information provided by the customer' policy chapter to 'Loan Application and Approval &gt; Validation of information provided by the customer'. Housekeeping change only</p> <p><b>Change 3</b>  <b>Under section 'Conflicting information' policy changed:</b>  <b>Old wording</b>  After the customer's declared living expenses have been captured, we may need to make further enquiries with the applicant if:</p> <ul style="list-style-type: none"> <li>during the assessment of the application we identify information which conflicts with the customer declared <b>non-discretionary</b> expenses. The conflict may be identified using data from Lender Assist where applicable or other supporting documents provided by the applicant(s). Refer to and follow the requirements as per Validation of information provided by the customer policy &gt; Document review – what to look for (table) &gt; Any inconsistencies or omissions in customer declared expenses where the expense type is <b>non-discretionary</b>; or</li> </ul> <p><b>New wording</b>  After the declared living expenses have been captured, we may need to make further enquiries if :</p> <ul style="list-style-type: none"> <li>during the assessment of the application we identify information which conflicts with the declared expenses as per Loan Application and Approval &gt; Validation of information provided by the customer policy</li> </ul>
11	19 November 2023	<p><b>Change 1</b>  Updated references to the Self-employed Applicants policy changing to "Self-employed Customers"</p>
12	18 February 2024	<p><b>Change 1</b>  <b>Updated section 'Why this policy:'</b>  <b>From:</b>  Applicable to a servicing / variation activity requiring a serviceability assessment.  <b>To:</b>  Applicable to a loan variation activity requiring a serviceability assessment.</p> <p><b>Change 2</b>  <b>Removed requirement for board to be verified from sections:</b></p>

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"><li>• 2.2 'Reducing living expenses'</li><li>• 2.6 'Living expenses not compared to HEM'</li></ul>
13	7 April 2024	<b>Change 1</b> <b>Included section 2.1.1 Bridging loans:</b> <ul style="list-style-type: none"><li>• Specifying that for Bridging Loans with no end debt , property costs associated with the property being sold are not required</li><li>• Linking to the existing 'policy exclusion' section for Bridging ICAP loans with no end debt (no associated policy change)</li></ul>

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