

03.09 Eligibility

This policy contains commercially sensitive and confidential information. No part should be made available in any form whether printed, electronic or otherwise, outside the Westpac Group without approval from Westpac Legal or Regulatory affairs.*** This document is an UNCONTROLLED copy and is subject to change without prior notification. It is only valid at the date of extract. ***

Table of Contents

[About this policy](#)

[1.1 Definition of a borrower](#)

[1.2 What is the loan purpose?](#)

[1.2.1 Why this policy](#)

[2. Rules you must apply](#)

[2.1 Identifying the borrower](#)

[2.2 Eligible Borrowers for a Consumer Mortgage Loan](#)

[2.3 Australian Citizen residency status](#)

[2.4 Customers Experiencing Vulnerability](#)

[2.5 Co-borrower eligibility requirements](#)

[2.5.1 Banking Code of Practice \(BCoP\)](#)

[2.5.2 Substantial benefit test](#)

[2.5.3 Co-borrowing where substantial benefit test has not been met](#)

[2.6 Loan Purpose](#)

[2.7 Suitability Assessment under Responsible Lending](#)

[2.8 Employment and residential stability](#)

[2.9 Applications outside policy](#)

[3. Process to follow](#)

[3.1 Identifying a business banking client - WBC](#)

1. About this policy

1.1 Definition of a borrower

Borrowers / applicants are individual / natural person(s) **and** non-natural entities that are eligible to access the suite of Residential Lending Products (consumer mortgage products) assessed under Consumer Lending Policies.

1.2 What is the loan purpose?

The loan purpose indicates the reason why a borrower is applying for a loan. The purpose of the loan is used to make a decision on the borrower's suitability, eligibility, the risk associated with the transaction as well as setting the appropriate pricing for the loan.

Note loan purpose and borrower type also determines whether the National Credit Code (NCC) applies.

1.2.1 Why this policy

The purpose of this policy is to provide an overview of:

- The acceptable borrowers for Consumer Mortgage loans
- The acceptable loan purposes for Consumer Mortgage loans
- Co-Borrowers eligibility requirements for Consumer Mortgage loans

Loans may be made available to existing customers or non-customers provided they can meet Bank eligibility criteria and the loan is deemed not unsuitable. Applicants need to demonstrate:

- The legal capacity to enter into a Credit Contract. (Bank policy requires that the minimum age of an applicant must be 18 years).
- A satisfactory financial position for age/income with the ability to meet all existing and proposed commitments in accordance with the Bank's debt servicing criteria without enduring financial hardship.
 - ■ It is contrary to credit policy to add a borrower to any loan facility to increase servicing / borrowing power.
 - Furthermore, guarantor income **may not** be added to borrower income when assessing servicing capacity, except where permitted under [Guarantees policy](#).
- If they are a co-borrower, that they are receiving a substantial benefit from the loan transaction - refer [Co-borrower eligibility requirements](#).
- A satisfactory credit history.
- Stability in employment with a regular, predictable and verifiable income source.
- Stable residency or mobility through employment (e.g. teacher, police officer etc.)
- They are not aware of any significant changes to their financial situation over the next 3 years that would adversely impact their ability to meet loan repayments. If a customer indicates that they are aware of adverse changes that may impact their ability to make repayments the loan must be referred to the Credit Team with details of the change, the expected impact, and any mitigating circumstances that Credit should consider when reviewing the application.

You may also need to refer to other lending policy rules, including but not limited to:

- [Lending to Non-Australian Citizens](#)
- [Serviceability Assessment](#)
- [Commitments](#)
- [Verifying Income](#)
- Individual Product Policies

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

2. Rules you must apply

2.1 Identifying the borrower

All borrowers/applicants must be identified before any loan application is processed. Under no circumstances can an account be opened (including any loan account) without the required identification.

You must confirm the applicant's residency status as specific policy rules may apply to your individual applicant. For further information refer [Australian citizen residency status](#) and [Lending to Non-Australian Citizens](#).

Where the applicant is an existing WBC / SGB / BoM / BSA customer and has an existing Relationship Manager, the application must be referred to the Relationship Manager for assessment. Refer to [Eligibility > Process to follow > Identifying a business banking client](#).

2.2 Eligible Borrowers for a Consumer Mortgage Loan

The following Borrower types are eligible to receive Consumer Mortgage Loans.

Eligibility is assessed at the time the Borrower is applying for the loan.

Borrowers not described in this section are unacceptable to receive consumer lending products. Refer to individual Product Policies for any additional Product specific restrictions and eligibility criteria.

Borrower type	Description	Eligibility criteria
Individual	Means any of the following: 1. Natural person 2. Sole traders or self-employed (including contractors) The minimum age for an individual applicant is 18 years.	Individual borrower / trustee must be an: <ul style="list-style-type: none"> • Australian citizen, refer to Australian citizen residency status , or • Acceptable Permanent or Temporary Visa holder, refer to Lending to Non-Australian Citizens policy Where there is more than one borrower, also refer Co-borrower eligibility requirements
Trust - Individual / natural person trustees	An Individual acting in their capacity as trustee for a trust seeking to borrow on behalf of the trust	Refer to your Business Development Manager
Partnership	Means any unregulated partnership of individuals or corporate entities.	Partnership borrowers (either individual or corporate) are only available via Business Banking, Private Wealth and ProLoan (Retail Growth Markets) channels
Trust - non-individual / non-natural trustees	An entity acting in its capacity as trustee for a trust seeking to borrow on behalf of the trust	Refer to your Business Development Manager
Company (acting a borrower)	Means any of the following: 1. Domestic proprietary company (holding an ACN) 2. Other incorporated company (holding an ACN)	Refer to your Business Development Manager
Incorporated bodies	Means clubs and associations	The Bank will not lend to Bodies Corporate without approval of Group Credit Note: It would not be prudent to lend to these bodies due to their nature. Independent individuals brought together within a strata complex with no income source do not provide a satisfactory borrowing entity

2.3 Australian citizen residency status

Where an Australian citizen is an eligible borrower for a consumer mortgage, refer to the below table for any additional requirements, based on residency status:

Applicant type	Ordinarily resident	Income	Additional policy rules
Australian citizen ¹	In Australia	AUD	No additional requirements, assessed in terms of standard policy
		Foreign (PAYG only) ²	<ul style="list-style-type: none"> Mortgage Insurance is not available Owner builder is unavailable (all other products acceptable)
	Out of Australia ³	AUD	<p>Where the:</p> <ul style="list-style-type: none"> Passport country of issue does not match the country where the applicant is employed, evidence is to be supplied to show the applicant is able to reside and work within the foreign country. Applicant(s) is earning income in China, all of the following additional documents are required: <ol style="list-style-type: none"> Z Visa, which is only a vehicle to enter China for a limited period of time. Upon arrival, the Z visa holder must then obtain work and residence permits which will allow them to legally work in the country Work Permit (Alien Employment License) Resident permit
		Foreign (PAYG only) ²	<ul style="list-style-type: none"> Same as Ordinarily resident Out of Australia > AUD Income Additionally: Mortgage Insurance is not available Owner builder is not available (all other products acceptable)
Legend item	Additional conditions		
1	<p>Evidence of Australian citizenship may be any one of:</p> <ul style="list-style-type: none"> A copy of an Australian Birth Certificate / Extract A copy of a current Australian Passport A copy of an Australian Citizenship Certificate 		
2	<p>Australian citizens earning foreign income, regardless of residency (i.e. in or out of Australia), are subject to a lower maximum LVR, refer Loan to Value Ratio (LVR) > LVR by borrower type and income source</p>		

Applicant type	Ordinarily resident	Income	Additional policy rules
3	<p>If the security is for owner occupation by spouse or family member but an applicant lives out of Australia, then the following details must be included in the loan application:</p> <ul style="list-style-type: none"> Overseas rental outgo, or Property asset relating to overseas residence (if owned / purchasing) <p>And</p> <ul style="list-style-type: none"> Any associated overseas mortgage repayments and liabilities, where applicable. 		

2.4 Customers Experiencing Vulnerability

When interviewing a customer or processing a consumer mortgage loan application, you must take extra care:

- If you notice a vulnerability
- if a vulnerability is disclosed to your

Customer vulnerability refers to customers in circumstances which make them more susceptible to harm, loss, or disadvantage (either personal or financial) than a person not in those circumstances. This means that they may require extra care to help them achieve a similar service outcome to someone who is not in vulnerable circumstances.

Vulnerable customers include those experiencing:

- A. Age-related impairment.
- B. Cognitive impairment.
- C. Elder abuse.
- D. Family or domestic violence.
- E. Financial abuse.
- F. Mental illness or mental health problems.
- G. Serious illness and severe or long-term illness.
- H. Gambling
- I. Scams
- J. any other identifiable personal, or financial, circumstance causing significant detriment

There are many types of vulnerability and learning a catalogue of circumstances may not always be helpful. Be alert to recognise the potential signs of someone experiencing vulnerable circumstances and use the extra care mindset:

- Act with Sensitivity
- Act with Compassion
- Act with Respect

It is with that extra care mindset, that Brokers are to ensure all borrowers and guarantors fully understand the commitment they are entering into.

Vulnerability category	Loan processing guidance
<ul style="list-style-type: none"> A. Age-related impairment. 	<ul style="list-style-type: none"> Only proceed with the loan application provided there are no other vulnerable categories evident that would prevent the loan from proceeding. Ensure all other policy parameters are met, e.g. Maximum Loan Term and Exit (Repayment)

	<u>Strategy.</u>
<ul style="list-style-type: none"> B. Cognitive impairment. Cognitive impairment is not an illness, but a description of someone's condition. It means they may have trouble with things like memory, paying attention or have trouble speaking or understanding. Having difficulty recognising people, places or things. They may find new things or situations overwhelming. For the Bank's process purposes, cognitive impairment will include customers with an intellectual disability, 	<ul style="list-style-type: none"> Where the cognitive impairment is serious (i.e. where the customer does not have legal capacity), do not proceed with the loan application unless a Court appointed guardian, administrator or an enduring Power of Attorney (appointed prior to the loss of capacity), is present. For any other minor or temporary impairment, ensure a suitable support person, such as a family member nominated by the customer (who is not a staff member of the Westpac Group), is present. Note: A suitable support person cannot be a co-borrower or a person who would be set to receive any benefit under the loan facility. Only proceed with the loan application provided there are no other vulnerable categories evident that would prevent the loan from proceeding. Referral to credit is mandatory to ensure all borrowers will receive an adequate direct benefit and to ensure the loan is documented correctly. Note: There are only very limited circumstances that a loan application should proceed where a borrower is suffering from cognitive impairment. Extreme care should be taken to ensure the loan is for the borrower's benefit e.g. bridging loan to assist with move to nursing care until sale of owner-occupied home.
<ul style="list-style-type: none"> C. Elder abuse. 	<ul style="list-style-type: none"> If the borrower or guarantor appear to be under coercion, including because of their vulnerable circumstances, the loan application should not proceed.
<ul style="list-style-type: none"> D. Family or domestic violence. 	<ul style="list-style-type: none"> If the borrower or guarantor appear to be under coercion, including because of their vulnerable circumstances, the loan application should not proceed.
<ul style="list-style-type: none"> E. Financial abuse. 	<ul style="list-style-type: none"> If the borrower or guarantor appear to be under coercion, including because of their vulnerable circumstances, the loan application should not proceed.
<ul style="list-style-type: none"> F. Mental illness or mental health problems. For the Bank's process purposes mental illness or mental health problems will include customers with depression or anxiety. 	<ul style="list-style-type: none"> Ensure all borrowers / guarantors understand the loan and are not under any coercion. If the borrower or guarantor appear to be under coercion, including because of their vulnerable circumstances, the loan application should not proceed. Note: There are only very limited circumstances that a loan application should proceed where a borrower is suffering from mental illness or mental

	health problems. Extreme care should be taken to ensure the loan is for the borrower's benefit.
<ul style="list-style-type: none"> G. Serious illness and severe or long-term illness. 	<ul style="list-style-type: none"> Only proceed with the loan application provided there are no other vulnerable categories evident that would prevent the loan from proceeding. <p>Note: There are only very limited circumstances that a loan application should proceed where a borrower is suffering from serious illness or long term illness. Extreme care should be taken to ensure the loan is for the borrower's benefit. Ensure the income used to service the loan is sustainable and that the loan term is suitable. Also ensure the any expected significant changes to financial circumstances have been adequately addressed.</p>
<ul style="list-style-type: none"> H. Gambling 	<ul style="list-style-type: none"> There are only very limited circumstances that a loan application should proceed where a borrower is suffering from a gambling addiction. Extreme care should be taken to ensure The loan requested is not for further gambling Any co-borrower will receive a substantial benefit Any guarantor has sought independent legal advice and has been provided with the required documents outlined in Guarantees>Accepting a guarantee – 3 day requirement The gambling has been loaded as an expense and included within the loan serviceability assessment.
<ul style="list-style-type: none"> I. Scams 	<ul style="list-style-type: none"> If it is evident that the borrower is being scammed and the loan being applied for relates to the scam, the application should not proceed.
<ul style="list-style-type: none"> J. Any other personal, or financial, circumstance causing significant detriment 	<ul style="list-style-type: none"> Only proceed with the loan application provided there are no vulnerable categories evident that would prevent the loan from proceeding.

When to take application notes:

The needs of a vulnerable customer must be considered prior to submitting an application. Unless it's directly related to the Suitability Assessment under Responsible Lending obligation, Brokers must not make records about a customer's potential or actual vulnerability as this may be a breach of the customers privacy.

If the customer's vulnerability impacts the [Suitability Assessment under Responsible Lending](#) obligation, Brokers must enter notes in ApplyOnline to provide a justification for the loan to proceed under Responsible Lending laws, regardless of whether the customer provides explicit consent. Similarly, you do not need to request consent to record notes when the information directly relates to the applicant(s)' financial ability to service the new loan application.

Notes on vulnerability for the Suitability Assessment must:

- Be factual only
- Not express an opinion or be defamatory
- Limit information to what is absolutely necessary to satisfy the [Suitability Assessment Responsible Lending](#) obligation.

Where a customer requests the vulnerability information not be recorded and this is directly relevant to the Suitability Assessment or their financial ability to service the loan, the application must not commence.

Should a customer tell you they are in vulnerable circumstances and need assistance, please contact the Broker Hotline to advise that the customer is in a vulnerable circumstance and requires extra care, so that extra care can be provided.

2.5 Co-borrower eligibility requirements

2.5.1 Banking Code of Practice (BCoP)

In compliance with the Banking Code of Practice (BCoP), we will not approve an individual as a co-borrower on a loan unless they will receive a *substantial benefit* from that loan.

A loan should not be structured as a co-borrower loan where the customer is better suited to be a guarantor simply to enable processing.

Where it appears that a co-borrower is experiencing financial abuse, the application must not be submitted for assessment as a co-borrower loan.

Also refer to '[Customers Experiencing Vulnerability](#)'

2.5.2 Substantial benefit test

A substantial benefit requires that each co-borrower must get a real and tangible benefit arising out of the underlying transaction. That is, where there are 2 or more co-borrowers:

Property Purchase

- Each co-borrower has a direct legal or equitable ownership interest of at least 30%* in the asset (i.e. property) being purchased with the loan funds

Refinance

- At least 30%* of the loan funds will be used to repay or refinance debts or other obligations in each co-borrower's name.

Equity Release / Cash out

- At least 30%* of the released equity / cash out loan funds will be used for the direct benefit of each of the co-borrowers.

Where loan funds will be used for multiple purposes, each of the co-borrowers must receive a substantial benefit of the total loan amount.

*If there are more than two co-borrowers, or the co-borrowers have different levels of ownership, then the percentage figure may be reasonably adjusted. For example, 4 co-borrowers could be 25% each. If the minimum percentage is not met, consider whether the applicant who is not receiving a substantial benefit from the loan is better protected under a guarantor structure.

In meeting the banks R&O requirements to determine a borrowers Substantial Benefit, brokers must:

- **Enquire of the borrowers how the loan funds will be used and ensure the percentage of loan funds used meets the policy minimum: *and***
- **Record in the loan origination system, details of the customer's response and the reasons why both borrowers will receive a substantial benefit.**

The substantial benefit requirement is to be satisfied on the information the customer has provided us during the loan application.

In addition, further clarification must be sought from the customer if the information they provide conflicts with any other information disclosed in the application.

Scenarios where substantial benefit is met	
Sample lending scenario	Explanation
<ul style="list-style-type: none"> Co-borrowers are purchasing a new property, which they will own as joint tenants¹ 	<ul style="list-style-type: none"> As joint tenants, they each have an equal share in the property and the substantial benefit test is met.(e.g satisfies the requirement that each borrower must have at least 30% ownership in the security property being purchased)
<ul style="list-style-type: none"> Co-borrowers are purchasing a new property, which they will own as tenants in common² in a 60%/40% share. 	<ul style="list-style-type: none"> Substantial benefit test is met as each co-borrower will own at least 30% share in the property.
<ul style="list-style-type: none"> Co-borrowers apply to refinance their existing home loan [currently with another bank] which is in both names. 	<ul style="list-style-type: none"> Substantial benefit test is met as the loan funds will be used to repay the existing joint debt.
<ul style="list-style-type: none"> Co-borrowers have an existing home loan with us, and they apply to access some of the equity in their property (i.e. cash out) 	<ul style="list-style-type: none"> Ask the customers what they wish to use the funds for. Even if there are multiple purposes, apply the substantial benefit test to the total value of the transaction. If at least 30% of the funds will be used for the benefit of both co-borrowers, i.e. to refurbish the security property or to purchase a car they will both have access to, then the substantial benefit test is met. If the funds are to be used to purchase shares to be held in one co-borrower's name only, then substantial benefit test is not met. However, an exception below may apply.
<ul style="list-style-type: none"> Co-borrowers have applied for a loan for \$600,000. Loan funds to be used for multiple purposes: <ol style="list-style-type: none"> To purchase an investment property for \$500,000 and To pay out a personal loan in one co-borrowers name of \$100,000 	<ul style="list-style-type: none"> Ownership in the property being purchased will be 60% to one borrower and 40% to the other co-borrower One co-borrower has the benefit of \$200,000 interest in the investment property (which is 33.33% of the requested loan amount). The other co-borrower has the benefit of \$400,000 (\$300,000 interest in the investment property + \$100,000 to pay out personal loan which is 66.66% of the requested loan amount). Note: Both co-borrowers must have a benefit of at least 30% of the \$600,000 loan, for the substantial benefit test to be met.

<ul style="list-style-type: none"> Co-borrowers have an existing home loan with us, and they apply for a top up of their home loan to purchase a car for their child. 	<ul style="list-style-type: none"> Substantial benefit test is met because one co-borrower is receiving the same benefit relative to the other's benefit.
<p>Note 1.</p> <p>¹ Joint tenants both have equal ownership of and interest in the property. In the event that one joint tenant dies, their interest in the property passes to the surviving joint tenant.</p> <p>² Tenants in common each own a defined share in a property. They may sell their share in the property to another person if they wish. In the event that one tenant in common dies, their share of the property becomes part of their deceased estate.</p>	

Scenarios where substantial benefit not met	
Sample lending scenario	Guidance
<ul style="list-style-type: none"> Co-borrowers are purchasing a new property, which they will own as tenants in common in a 90/10 share 	<ul style="list-style-type: none"> Substantial benefit test is not met. However, an exception below may apply.
<ul style="list-style-type: none"> A couple are purchasing a property and the title will be registered in one of their names only 	<ul style="list-style-type: none"> Substantial benefit test is not met. However, an exception below may apply.

2.5.3 Co-borrowing where substantial benefit test has not been met

Where the substantial benefit test (refer [Substantial benefit test](#)) has not been met for a co-borrower, If the borrowers still wants to proceed the broker must take reasonable steps to ensure that the individual who does not appear to be receiving a substantial benefit:

- understands the risks of being a co-borrower on the loan; **and**
- understands the difference between being a co-borrower and a guarantor; **and**
- has received the 'Fact Sheet: Co-borrower or Guarantor?'; **and**
- provided the reasons why they want to be a co-borrower; **and**
- the broker is satisfied that the individual is not experiencing financial abuse; **and**
- record details of the customer's response and the reasons why the loan should proceed in the origination system.

Where the above conditions have been satisfied:

Spousal Applications (max 2 borrowers)	Non-Spousal applications
Assessor may progress the application provided they are satisfied with the details provided in the above steps	Assessor must refer the application to the Credit Decisioning team

2.6 Loan Purpose

Loan purpose is identified by assessing the predominant purpose for which more than half of the new loan funds being requested will be used.

The following table outlines the [Acceptable](#) and [Unacceptable](#) loan purposes. You must also refer to:

- individual Product Policies for any additional Product specific restrictions and eligibility criteria
- [Suitability Assessment under Responsible Lending](#)

<p style="text-align: center;">Acceptable loan purposes</p> <p>After considering the predominant loan purpose, the below are considered acceptable use of funds for consumer mortgage products. This includes:</p> <ul style="list-style-type: none"> • Applications for new loans and increases to an existing loan. <p>Refer to Suitability Assessment under Responsible Lending for further information about recording loan purpose.</p>	
Loan purpose	Description
Bridging loan	Short-term finance for the purchase of a residential property for the borrower's own occupancy prior to an existing property being sold.
<p>Business</p> <p>Whether provided to an individual or non-individual, if the predominate purpose is Business (i.e. >50% of the loan is used for business purpose), the application is to be referred to Business Bank (or an equivalent division) and a suitable business product provided.</p>	<p>The financing of assets used or activities performed in the ongoing production and/or sale of goods and services for profit. This includes all of the following:</p> <ul style="list-style-type: none"> • Purchase of non-residential property to be used by the borrower or borrower group to operate a business from (including farming, forestry etc) • Development of non-residential property as a primary source of income (e.g. property development business) • Purchase of a new or existing business (e.g. trading, manufacturing, services, retail etc.) • Purchase of goods or services (including equipment, fixtures and fittings, renovations etc) for use in or by a business • Investment in a business by buying shares or units where the borrower or borrower group predominantly owns or controls the business • Working capital for a business including all business operating expenses (e.g. wages, electricity, stock, trade creditors etc) • Refinance of existing business loans where the purpose is assessed as 'business purpose' under this policy • Payments of tax debts, or other regulatory obligations, of a company or of individuals arising in relation to their business (i.e. non PAYG tax debts).

Cash out	<p>Cash out is where existing funds are fully or partly released directly to the customer for an acceptable purpose as listed in this table.</p> <p>Individual policy restrictions may apply regarding cash out, for further information refer to:</p> <ul style="list-style-type: none"> • Glossary > definition > Cash out • Guarantees > Family – Security Guarantee > Loan purpose • Loan to value ratio (LVR): <ul style="list-style-type: none"> ◦ LVR by borrower type and income source ◦ LVR by product features and purpose > Cash out • Acceptable Security Collateral > Security under the National Rental Affordability Scheme (NRAS) > NRAS type > All NRAS (new purchase, loan increase or refinance) • Construction Loans: <ul style="list-style-type: none"> ◦ Progress payments
Construction / renovation / home improvements	<p>The construction of a residential dwelling to be erected by a licensed contract builder (owner occupied or investment) or owner builder (owner occupied) for residential usage. This includes structural and non-structural renovations or alterations to existing residential dwellings.</p> <p>For further information refer to Construction Loans policy</p>
Debt consolidation / refinance	<p>The refinance of one or more of the following:</p> <ul style="list-style-type: none"> • Non-property consumer loans (personal purposes). • Owner Occupied or Investment loans originally for business purpose where the business purpose is no longer applicable (e.g. loan used to purchase a business, but the business is no longer trading.) • Any other debt listed as acceptable in this policy
Loan increase	<p>Increase or top-up of an existing loan for an acceptable purpose as listed in this policy, including improvements, renovations or additions to an existing dwelling)</p> <p>E.g. a loan increase for predominantly Business purposes is not acceptable.</p>
Investment property	<p>The purchase or refinance of a new or existing Completed residential dwelling which will be for investment (non-owner occupied). Note: Where a loan is being refinanced the loan purpose at</p>

	the time of refinance must satisfy this definition. Refer Acceptable Security Collateral policy
Other investments e.g. purchase of shares or other non-property investment	<p>This includes all of the following –</p> <ul style="list-style-type: none"> • Purchase of financial investments where there is an expectation of a return being paid or appreciation in value (e.g. shares in listed or unlisted companies, units in a listed or unlisted trust, managed funds, options, derivatives etc). <p>Note: Investments in entities where the borrower or borrower group predominantly owns or controls the entity is considered 'Business purpose' (refer above).</p> <ul style="list-style-type: none"> • Purchase of all other investments that the customer intends on retaining where there is an expectation of a return being paid or appreciation in value (e.g. art, antiques, wine etc).
Owner Occupied property	<p>The purchase or refinance of a new or existing Completed residential dwelling which will be owner occupied.</p> <p>Note: Where a loan is being refinanced the loan purpose at the time of refinance must satisfy this definition.</p> <p>Refer Acceptable Security Collateral policy</p>
Personal ¹	<p>This includes all of the following:</p> <ul style="list-style-type: none"> • The purchase of goods and services for personal, domestic or household purposes (e.g. education expenses, household furniture, holidays etc). • Providing financial assistance or loans to a Director, Shareholder or Partner to repay a loan made to them by a company or partnership. • Providing financial assistance or loans to family or friends that will be re-paid.
Vacant land	<p>The purchase or refinance of residential vacant land for future owner occupied or investment purposes.</p> <p>Note: Where a loan is being refinanced the loan purpose at the time of refinance must satisfy this definition.</p> <p>Refer Acceptable Security Collateral policy</p>
<p>Legend:</p> <p>¹ Repayment of:</p> <ul style="list-style-type: none"> • Tax Debts or Tax Bills is only acceptable where the loan is non-mortgage insured and Credit have approved as a Bank policy exception • Margin Loan is not acceptable as often the facility is linked to the value of a share portfolio which Consumer Banking does not monitor. Customers should contact their lender to arrange for the Margin Loan to be closed. 	

- Novated Lease is not acceptable due to issues and complexities that come with trying to close or reduce these facilities.
- Family / Private loans are not acceptable where LMI is required or for a Partial Reduction
- Partial repayment and limit reduction of St George, Bank of Melbourne and Bank SA Portfolio loan facilities are not acceptable, due to issues and complexities that come with reducing these facilities

Unacceptable Loan Purpose

Unacceptable loan purposes for Consumer mortgage products are:

- Purposes that are illegal
- Gambling
- Meet repayments on existing commitments¹
- Any purpose which poses a reputation risk to the group
- Portability/Substitution with new lending (i.e. portability/substitution with simultaneous settlement)
- Predominantly Business purpose. These loans must be referred to Business Bank and a suitable business product provided.

Legend:

¹ Repayment of Tax Debts or Tax Bills is only acceptable where the loan is non-mortgage insured and Credit have approved as a Bank policy exception

2.7 Suitability Assessment under Responsible Lending

Residential lending products can be used for any worthwhile and legal purpose where the loan is considered to be not unsuitable for the customer. It is the Broker's responsibility to make reasonable inquiries with the customer regarding the loan purpose, i.e. what will the funds be used for.

Identifying and recording the use of funds

As part of completing the suitability assessment for Responsible Lending requirements, Brokers are to:

- Identify and record in the origination platform the purpose(s) and amount of all loan funds, including any requested cash out(s). It is not a requirement to capture a detailed breakdown of each individual cash out
- Where "Other personal purposes" category is selected, use of these funds to be identified and recorded in ApplyOnline

The applicant(s) do not need to provide further supporting documentation for acceptable cash-out purposes, refer to [Loan purpose > Acceptable loan purposes table](#):

- Business
- Cash out

Examples of recording the use of cash out, i.e. for:

- Renovations totalling \$80,000
- A family holiday \$25,000
- A total amount of \$45,000:
 - \$30,000 for furniture
 - \$15,000 for a family holiday
- Investment in shares \$100,000
- A total amount of \$100,000:

- \$60,000 for investment in shares
- \$40,000 for renovations

Other requirements

Where there are two or more co-borrowers, the [Substantial benefit test](#) must be met .

Brokers must:

- Make reasonable inquiries regarding the customer's current and future financial situation to the extent relevant to the customer's ability to meet their financial obligations under the loan.
- Verify the customer's financial situation to the extent relevant to the customer's ability to meet their financial obligations under the lending product (see income verification policy).
- Make an assessment as to whether the lending product is not unsuitable for the customer.
- Ensure that the Lending Policy requirements are met
- Ensure if the lending product will be regulated under the National Credit Code.

Note:

For specific requirements and restrictions for each lending product, refer to the individual Product Policies.

2.8 Employment and residential stability

Short numerous periods of employment with differing employers/occupations may be an indicator of undependable or unreliable income

Brokers should review an applicant's recent employment and residential history and where frequent employment and/or residential changes are evident, seek a satisfactory explanation from the applicant(s) and include the explanation in the . application assessment notes.

Additional requirements for individual employment by income types are detailed in [Verifying Income](#) policy.

Note: Applicants currently serving probationary periods are acceptable subject to employment history and stability being demonstrated as detailed above

2.9 Applications outside policy

Where criteria is not met (i.e. security, term, serviceability etc.), and the Broker considers mitigating circumstances warrant favourable consideration, then the application is to be referred to the appropriate Credit Team.

The application is to include appropriate details of all the mitigating facts supporting the recommendation for approval.

3. Process to follow

3.1 Identifying a business banking client - Westpac

For all borrowers, existing Business lending (in personal, guarantor or company names) must be identified prior to a Consumer Loan application being processed.

If any Business lending is identified, the application must be referred to the Relationship Manager or where the borrower does not have a Relationship Manager, State Credit approval is to be obtained, except in the following circumstance:

- A Consumer loan may proceed only where the Applicant's total business lending does not exceed \$100k and they have the following facility types **only**:
- Westpac Equipment Finance (WEF), **and/or**
- Business/Corporate Card, **and/or**
- Bank Guarantee (secured by cash/IBD) products

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	Minor wording update to Identifying Business Banking client (WBC) policy and process
4	20 February 2022	Section '2.6 Suitability assessment under Responsible Lending' updated to: <ul style="list-style-type: none"> clarify that it is not a requirement to capture a detailed itemised breakdown of any cash out remove requirement to investigate a customer's level of expertise where seeking to invest in shares or managed funds remove requirement to investigate customer's ability to meet additional commitments where the cash out may lead to additional future borrowings, e.g. future property purchase
5	17 July 2022	<p>Section 2.7 Employment and Residential stability updated:</p> <ul style="list-style-type: none"> To remove "Generally three years duration establishes stability" Wording to: Short numerous periods of employment with differing employers/occupations may be an indicator of undependable or unreliable income. <p>Brokers should review an applicant's recent employment and residential history and where frequent employment and/or residential changes are evident, seek a satisfactory explanation from the applicant(s) and include the explanation in the application assessment notes.</p> <p>Additional requirements for individual employment by income types are detailed in <i>Verifying Income</i> policy.</p> <p>Note: Applicants currently serving probationary periods are acceptable subject to employment history and stability being demonstrated as detailed above.</p>
6	21 August 2022	<p>Change 1</p> <p>Section 2.5.1 Acceptable Loan Purpose updated: To include "Partial repayment and limit reduction of Non-Novated Lease facilities are not acceptable due to issues and complexities that come with reducing these facilities"</p>
7	2 October 2022	<p>Change 1</p> <ul style="list-style-type: none"> Renamed Section 2.2 Eligible Borrowers to 2.2 Eligible Borrowers for a Consumer Mortgage Loan

Amendment number	Amendment issue date	Description of changes													
		<ul style="list-style-type: none">• Renamed Section 2.2.1 Acceptable Borrower types for a Consumer Mortgage Loan to 2.2.1 Australian citizen residency status <p>Change 2</p> <p>Table in section 2.2 Eligible Borrowers for a Consumer Mortgage Loan updated to include the following eligibility criteria:</p> <ul style="list-style-type: none">• Individual borrower type:• Individual borrower/trustee must be an:<ul style="list-style-type: none">◦ Australian citizen, refer to Australian citizen residency status, or◦ Acceptable Permanent or Temporary Visa holder, refer Lending to Non-Australian Citizens policy• Where there is more than one borrower, also refer Co-borrower eligibility requirements• Partnership borrower type:<ul style="list-style-type: none">◦ Partnership borrowers (either individual or corporate) are only available via Business Banking and Private Wealth channels. <p>Change 3</p> <p>Added subsection 2.2.1 Australian Citizen residency status and moved content from Chapter 3.13 Migrant Lending (Lending to Non-Australian Citizens)</p> <ul style="list-style-type: none">• Where an Australian citizen is an eligible borrower for a consumer mortgage, refer to the below table for any additional requirements, based on residency status: <table><tr><th>Applicant type</th><th>Ordinarily resident</th><th>Income</th><th>Additional policy rules</th></tr><tr><td rowspan="3">Australian citizen ¹</td><td rowspan="2">In Australia</td><td>AUD</td><td>No additional requirements, assessed in terms of standard policy</td></tr><tr><td>Foreign (PAYG only) ²</td><td><ul style="list-style-type: none">• Mortgage Insurance is not available• Owner builder is unavailable (all other products acceptable)</td></tr><tr><td>Out of Australia ³</td><td>AUD</td><td>Where the:<ul style="list-style-type: none">• Passport country of issue does not match the country where the applicant is employed,</td></tr></table>	Applicant type	Ordinarily resident	Income	Additional policy rules	Australian citizen ¹	In Australia	AUD	No additional requirements, assessed in terms of standard policy	Foreign (PAYG only) ²	<ul style="list-style-type: none">• Mortgage Insurance is not available• Owner builder is unavailable (all other products acceptable)	Out of Australia ³	AUD	Where the: <ul style="list-style-type: none">• Passport country of issue does not match the country where the applicant is employed,
Applicant type	Ordinarily resident	Income	Additional policy rules												
Australian citizen ¹	In Australia	AUD	No additional requirements, assessed in terms of standard policy												
		Foreign (PAYG only) ²	<ul style="list-style-type: none">• Mortgage Insurance is not available• Owner builder is unavailable (all other products acceptable)												
	Out of Australia ³	AUD	Where the: <ul style="list-style-type: none">• Passport country of issue does not match the country where the applicant is employed,												

Amendment number	Amendment issue date	Description of changes			
		Applicant type	Ordinarily resident	Income	Additional policy rules
					<p>evidence is to be supplied to show the applicant is able to reside and work within the foreign country.</p> <ul style="list-style-type: none"> Applicant(s) is earning income in China, all of the following additional documents are required: <ol style="list-style-type: none"> Z Visa, which is only a vehicle to enter China for a limited period of time. Upon arrival, the Z visa holder must then obtain work and residence permits which will allow them to legally work in the country Work Permit (Alien Employment License) Resident permit
				Foreign (PAYG only) ²	<ul style="list-style-type: none"> Same as Ordinarily resident Out

Amendment number	Amendment issue date	Description of changes			
		Applicant type	Ordinarily resident	Income	Additional policy rules
					of Australia > AUD Income Additionally: <ul style="list-style-type: none"> • Mortgage Insurance is not available • Owner builder is not available (all other products acceptable)
		Legend item	Additional conditions		
		1	Evidence of Australian citizenship may be any one of: <ul style="list-style-type: none"> • A copy of an Australian Birth Certificate / Extract • A copy of a current Australian Passport • A copy of an Australian Citizenship Certificate • A copy of a current Medicare Card 		
		2	Australian citizens earning foreign income, regardless of residency (i.e. in or out of Australia), are subject to a lower maximum LVR, refer Loan to Value Ratio (LVR) > LVR by borrower type and income source		
		3	If the security is for owner occupation by spouse or family member but an applicant lives out of Australia, then the following details must be included in the loan application: <ul style="list-style-type: none"> • Overseas rental outgo, or • Property asset relating to overseas residence (if owned / purchasing) And <ul style="list-style-type: none"> • Any associated overseas mortgage repayments and liabilities, where applicable. 		

Change 4

Amendment number	Amendment issue date	Description of changes
		<p>Impacted section 2.5 Loan Purpose</p> <p>Added the below new content</p> <p>The following table outlines the Acceptable and Unacceptable loan purposes. You must also refer to:</p> <ul style="list-style-type: none"> individual Product Policies for any additional Product specific restrictions and eligibility criteria Suitability Assessment under Responsible Lending <p>Change 5</p> <p>Deleted below content in section 2.5.1 Acceptable Loan purpose (the information which was contained in the table has been merged with the table in 2.5.3 Definitions - to reduce duplication of information)</p> <p>2.5.1 Acceptable Loan Purpose</p> <p>After considering the predominant loan purpose, the below are considered acceptable use of funds for consumer mortgage products. This includes:</p> <ul style="list-style-type: none"> All brands: applications for new loans and increases to an existing loan. <p>Acceptable Loan Purpose</p> <ul style="list-style-type: none"> Bridging loan Cash out (subject to acceptable purposes as defined below) Construction, renovations or improvements (for further information refer to <i>Construction Loans</i> policy) Debt consolidation / refinance ¹ Loan increases Investment property Other investment purposes (e.g. purchase of shares or other non-property investment) Owner Occupied property Personal purposes ¹ Purchase of a residential property or vacant land (refer to <i>Acceptable Security Collateral</i> policy) 'Other' investment purposes (e.g. purchase of shares or other non-property investment) <p>You must also refer to individual Product Policies for any additional Product specific restrictions and eligibility criteria.</p> <p>Legend:</p> <p>¹ Repayment of:</p> <ul style="list-style-type: none"> Tax Debts or Tax Bills is only acceptable where the loan is non-mortgage insured and Credit have approved as a Bank policy exception Margin Loan is not acceptable as often the facility is linked to the value of a share portfolio which Consumer Banking does not monitor. Customers should contact their lender to arrange for the Margin Loan to be closed. Novated Lease is not acceptable due to issues and complexities that come with trying to close or reduce these facilities. Partial repayment and limit reduction of Non-Novated Lease facilities are not acceptable due to issues and complexities that come with reducing these facilities Family / Private loans are not acceptable where LMI is required or for a Partial Reduction Partial repayment and limit reduction of St George, Bank of Melbourne and Bank SA Portfolio loan facilities are not acceptable, due to issues and

Amendment number	Amendment issue date	Description of changes
		<p>complexities that come with reducing these facilities</p> <p>Change 6 Deleted below content in section 2.5.2 Unacceptable Loan purpose (the information which was contained in the table has been merged with the table in 2.5.3 Definitions - to reduce duplication of information) Unacceptable Loan Purpose Purposes that are illegal Gambling Meet repayments on existing commitments ¹ Any purpose which poses a reputation risk to the group Predominantly Business purpose. These loans must be referred to Business Bank and a suitable business product provided. Legend: ¹ Repayment of Tax Debts or Tax Bills is only acceptable where the loan is non-mortgage insured and Credit have approved as a Bank policy exception</p> <p>Change 7 Heading '2.5.3 Definitions' has been deleted. The table outlining the Loan Purpose and Description has been retained. And now appears in the section 2.5 Loan Purpose Information from 2.5.1 Acceptable Loan Purpose and 2.5.2 Unacceptable loan purpose has been migrated into the section 2.5 Loan purpose .</p> <p>Change 8 The Loan Purpose type > Cash out > Description column has been updated to provide references to other policy chapters with specific cash out rules. Old Cash out is where existing funds are fully or partly released directly to the customer for an acceptable purpose as listed in this policy New Cash out is where existing funds are fully or partly released directly to the customer for an acceptable purpose as listed in this table. Individual policy restrictions may apply regarding cash out, for further information refer to:</p> <ul style="list-style-type: none"> • Glossary > definition > Cash out • Guarantees > Family – Security Guarantee > Loan purpose • Special Packages – ProLoan Lending policy – WBC Brand only > Residential real estate security collateral – maximum limits > Medico with a predominant loan purpose other than Residential property purchase or construction • Loan to value ratio (LVR): <ul style="list-style-type: none"> ◦ LVR by borrower type and income source ◦ LVR by product features and purpose > Cash out • Acceptable Security Collateral > Security under the National Rental Affordability Scheme (NRAS) > NRAS type > All NRAS (new purchase, loan increase or refinance) • Construction Loans: <ul style="list-style-type: none"> ◦ Progress payments ◦ Progress payments not required

Amendment number	Amendment issue date	Description of changes
		<p>Change 9 Impacted section 2.6 Suitability assessment under responsible lending. Updates have been made to clarify documentation about how the funds are being used is not required. Lenders / assessors need to enquire and record the outcome of customer discussions.</p> <p>Old 2.6 Suitability Assessment under Responsible Lending</p> <p>Residential lending products can be used for any worthwhile and legal purpose where the loan is considered to be not unsuitable for the customer. It is the lender's responsibility to make reasonable inquiries with the customer regarding the loan purpose, i.e. what will the funds be used for.</p> <p>As part of completing the suitability assessment for Responsible Lending requirements, lenders are to:</p> <ul style="list-style-type: none"> Identify and document the purpose(s) and amount of all loan funds, including any requested cash out(s). It is not a requirement to capture a detailed breakdown of each individual cash out e.g. renovations totalling \$80,000 is sufficient and an itemised breakdown of the renovation is not required, as per the following cash out example comments: <ul style="list-style-type: none"> Example 1: \$80,000 cash out for renovations Example 2: \$25,000 cash out for a family holiday Example 3: \$45,000 cash out: <ul style="list-style-type: none"> \$30,000 for furniture \$15,000 for a family holiday Example 4: \$100,000 for investment in shares Example 5: \$100,000 cash out <ul style="list-style-type: none"> \$60,000 for investment in shares \$40,000 for renovations <p>Notes:</p> <p>Where there are two or more co-borrowers, the Substantial benefit test must be met. In addition, Construction Loans > Progress payments and Progress payments not required and B usiness purpose policies must also be satisfied for cash out transactions</p> <ul style="list-style-type: none"> Make reasonable inquiries regarding the customer's current and future financial situation to the extent relevant to the customer's ability to meet their financial obligations under the loan. Verify the customer's financial situation to the extent relevant to the customer's ability to meet their financial obligations under the lending product (see income verification policy). Make an assessment as to whether the lending product is not unsuitable for the customer. Ensure that the Lending Policy requirements are met. Ensure if the lending product will be regulated under the National Credit Code (NCC) <p>Notes:</p> <ul style="list-style-type: none"> For specific requirements and restrictions for each lending product, refer to the individual Product Policies. For more details regarding Responsible Lending refer to the <i>Responsible Lending</i> intranet site.

Amendment number	Amendment issue date	Description of changes
		<p>New</p> <p>Residential lending products can be used for any worthwhile and legal purpose where the loan is considered to be not unsuitable for the customer. It is the lender's responsibility to make reasonable inquiries with the customer regarding the loan purpose, i.e. what will the funds be used for.</p> <p>Identifying and recording the use of funds</p> <p>As part of completing the suitability assessment for Responsible Lending requirements, lenders are to:</p> <ul style="list-style-type: none"> Identify and record in the origination platform the purpose(s) and amount of all loan funds, including any requested cash out(s). It is not a requirement to capture a detailed breakdown of each individual cash out. The applicant(s) do not need to provide further supporting documentation for acceptable cash-out purposes, refer to Loan purpose > Acceptable loan purposes table: Business Cash out <p>Examples of recording the use of cash out, i.e. for:</p> <ul style="list-style-type: none"> Renovations totalling \$80,000. A family holiday \$25,000 A total amount of \$45,000: <ul style="list-style-type: none"> \$30,000 for furniture \$15,000 for a family holiday Investment in shares \$100,000 A total amount of \$100,000: <ul style="list-style-type: none"> \$60,000 for investment in shares \$40,000 for renovations <p>Other requirements</p> <p>Where there are two or more co-borrowers, the Substantial benefit test must be met.</p> <p>Lenders / Assessors must:</p> <ul style="list-style-type: none"> Make reasonable inquiries regarding the customer's current and future financial situation to the extent relevant to the customer's ability to meet their financial obligations under the loan. Verify the customer's financial situation to the extent relevant to the customer's ability to meet their financial obligations under the lending product (see income verification policy). Make an assessment as to whether the lending product is not unsuitable for the customer. Ensure that the Lending Policy requirements are met. Ensure if the lending product will be regulated under the National Credit Code (NCC) <p>Notes:</p> <ul style="list-style-type: none"> For specific requirements and restrictions for each lending product, refer to the individual Product Policies.
8	20 November 2022	<p>Change 1</p> <p>Updated Loan Purpose section to remove reference to Construction Loans where progress payments not required:</p> <p>Old wording</p> <ul style="list-style-type: none"> Construction Loans :

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> Progress payments Progress payments not required New wording <ul style="list-style-type: none"> Construction Loans : <ul style="list-style-type: none"> Progress payments
9	21 May 2023	Change 1 Updated section 2.3 'Australian Citizen residency status' to remove Medicare Card as an acceptable document for verifying Australian citizenship
10	20 August 2023	Change 1 Updated to 2.5.2 Substantial benefit test policy wording. <u>Old Wording:</u> A substantial benefit requires that each co-borrower must get a real and tangible benefit arising out of the underlying transaction. That is, where there are 2 or more co-borrowers: <ul style="list-style-type: none"> Each co-borrower has a direct legal or equitable ownership interest of at least 30%* in the asset (i.e. property) being purchased with the loan funds, or At least 30%* of the loan funds will be used to repay or refinance debts or other obligations in each co-borrower's name. *If there are more than two co-borrowers, or the co-borrowers have different levels of ownership, then the percentage figure may be reasonably adjusted. For example, 4 co-borrowers could be 25% each. If the minimum percentage is not met, consider whether the applicant who is not receiving a substantial benefit from the loan is better protected under a guarantor structure. Brokers must enquire of the borrowers how the loan funds will be used and ensure the percentage of loan funds used meets the policy minimum. Brokers must also record in the loan origination system, details of the customer's response and the reasons why both borrowers will receive a substantial benefit. The substantial benefit requirement is to be satisfied on the information the customer has provided us in the course of the loan application. However, further clarification must be sought from the customer if the information they provide conflicts with any other information disclosed in the application. To understand how the substantial benefit requirement applies to individual scenarios (loan origination, refinance or further lending / increase) refer to the below table: <u>New Wording:</u> A substantial benefit requires that each co-borrower must get a real and tangible benefit arising out of the underlying transaction. That is, where there are 2 or more co-borrowers: <ul style="list-style-type: none"> Each co-borrower has a direct legal or equitable ownership interest of at least 30%* in the asset (i.e. property) being purchased with the

Amendment number	Amendment issue date	Description of changes				
		<p>loan funds, or</p> <ul style="list-style-type: none">At least 30%* of the loan funds will be used to repay or refinance debts or other obligations in each co-borrower’s name. <p>*If there are more than two co-borrowers, or the co-borrowers have different levels of ownership, then the percentage figure may be reasonably adjusted. If the minimum percentage is not met, consider whether the applicant who is not receiving a substantial benefit from the loan is better protected under a guarantor structure.</p> <p>In meeting the banks R&O requirements to determine a borrowers Substantial Benefit, lenders must:</p> <ul style="list-style-type: none">Enquire of the borrowers how the loan funds will be used and ensure the percentage of loan funds used meets the policy minimum: andRecord in the loan origination system, details of the customer’s response and the reasons why both borrowers will receive a substantial benefit. <p>Change 2</p> <p>Update to 2.5.3 “Co-borrowing where substantial benefit test has not been met – spousal allowable exceptions” – and will now be titled: “Co-borrowing where substantial benefit test has not been met”</p> <p>Old Wording:</p> <p>Where the substantial benefit tests (refer Substantial benefit test) has not been met for a co-borrower, the only allowable exceptions are as follows:</p> <table><tr><th>Sample lending scenario</th><th>Allowable exceptions</th></tr><tr><td><p>1) Co-borrowers are spousal (married or de facto)</p><p>And</p><p>Security is already owned by one co-borrower. Co-borrowers on the debt being refinanced from other financial institution are identical to the co-borrowers on the new application.</p><p>Or</p><p>Co-borrowers are spousal (married or de facto)</p><p>And</p><p>Security is being purchased in the name (of) one co-</p></td><td><ul style="list-style-type: none">The security property is or will be, the primary residence of both borrowers (The benefit is that both co-borrowers will have a place to reside and would not need to maintain separate owner occupied homes)<p>Or</p><ul style="list-style-type: none">The proposed structure is for asset(s) protection e.g. One of the co-borrowers is Self-Employed and / or in a professional field of employment (e.g. Director, Doctor, Accountant or Lawyer etc)<p>Or</p><ul style="list-style-type: none">The proposed structure is to maximise taxation benefits e.g. The loan purpose is to purchase or refinance an investment property and the structure supports a beneficial taxation strategy</td></tr></table>	Sample lending scenario	Allowable exceptions	<p>1) Co-borrowers are spousal (married or de facto)</p> <p>And</p> <p>Security is already owned by one co-borrower. Co-borrowers on the debt being refinanced from other financial institution are identical to the co-borrowers on the new application.</p> <p>Or</p> <p>Co-borrowers are spousal (married or de facto)</p> <p>And</p> <p>Security is being purchased in the name (of) one co-</p>	<ul style="list-style-type: none">The security property is or will be, the primary residence of both borrowers (The benefit is that both co-borrowers will have a place to reside and would not need to maintain separate owner occupied homes) <p>Or</p> <ul style="list-style-type: none">The proposed structure is for asset(s) protection e.g. One of the co-borrowers is Self-Employed and / or in a professional field of employment (e.g. Director, Doctor, Accountant or Lawyer etc) <p>Or</p> <ul style="list-style-type: none">The proposed structure is to maximise taxation benefits e.g. The loan purpose is to purchase or refinance an investment property and the structure supports a beneficial taxation strategy
Sample lending scenario	Allowable exceptions					
<p>1) Co-borrowers are spousal (married or de facto)</p> <p>And</p> <p>Security is already owned by one co-borrower. Co-borrowers on the debt being refinanced from other financial institution are identical to the co-borrowers on the new application.</p> <p>Or</p> <p>Co-borrowers are spousal (married or de facto)</p> <p>And</p> <p>Security is being purchased in the name (of) one co-</p>	<ul style="list-style-type: none">The security property is or will be, the primary residence of both borrowers (The benefit is that both co-borrowers will have a place to reside and would not need to maintain separate owner occupied homes) <p>Or</p> <ul style="list-style-type: none">The proposed structure is for asset(s) protection e.g. One of the co-borrowers is Self-Employed and / or in a professional field of employment (e.g. Director, Doctor, Accountant or Lawyer etc) <p>Or</p> <ul style="list-style-type: none">The proposed structure is to maximise taxation benefits e.g. The loan purpose is to purchase or refinance an investment property and the structure supports a beneficial taxation strategy					

Amendment number	Amendment issue date	Description of changes	
		borrower only with loan funds from this application.	<ul style="list-style-type: none"> • A new co-borrower cannot be added simply to boost serviceability capacity
		2) Co-Borrowers are spousal (married or de facto) and Security being refinanced to us is already owned. Debt being refinanced is in a sole name however the new loan application has been submitted as a co-borrower application.	<ul style="list-style-type: none"> • This may be considered an acceptable co-borrower structure when the co-borrowers inform us that the debt repayments come from the household income <p>Note: The substantial benefit requirement is to be satisfied on the information the customer has provided us in the course of the loan application. However, further clarification must be sought from the customer if the information they provide conflicts with any other information disclosed in the application</p>
		<p>Note: when the application qualifies with the above allowable spousal exceptions the following must be completed in all instances</p> <ul style="list-style-type: none"> • Take reasonable steps to ensure that the individual who does not appear to be receiving a substantial benefit: • understands the risks of entering into the loan and • understands the difference between being a co-borrower and a guarantor and • has received the 'Fact Sheet: Co-borrower or Guarantor?' and • provided the reasons why they want to be a co-borrower, and • the broker is satisfied that the individual is not experiencing financial abuse and • Record details of the customers response and the reasons why the loan should proceed in the origination system. • There is no requirement to refer to Credit if all of the above conditions are met. 	
		<p>New Wording:</p> <p>Where the substantial benefit test (refer Substantial benefit test) has not been met for a co-borrower, If the borrowers still want to proceed the broker must take reasonable steps to ensure that the individual who does not appear to be receiving a substantial benefit:</p> <ul style="list-style-type: none"> • understands the risks of being a co-borrower on the loan; and • understands the difference between being a co-borrower and a guarantor; and • has received the 'Fact Sheet: Co-borrower or Guarantor?'; and • provided the reasons why they want to be a co-borrower; and the broker is satisfied that the individual is not experiencing financial abuse; and • record details of the customer's response and the reasons why the loan should proceed in the origination system 	

Amendment number	Amendment issue date	Description of changes	
		Spousal Applications (max 2 borrowers)	Non-Spousal applications
		Assessor may progress the application provided they are satisfied with the details provided in the above steps	Assessor must refer the application to the Credit Decisioning team
		Change 3 Added to Loan Purpose > Unacceptable loan purpose: Portability/Substitution with new lending (i.e., portability/substitution with simultaneous settlement)	
11	18 February 2024	Change 1 Updated requirement on Identifying and recording the use of funds for cash out - where "Other personal purposes" category is selected, use of these funds to be identified and recorded in ApplyOnline	
12	19 May 2024	Change 1 Update to Eligibility Section: Partnerships: <ul style="list-style-type: none"> Old Wording: Partnership borrowers (either individual or corporate) are only available via Business Banking and Private Wealth channels New Wording: Partnership borrowers (either individual or corporate) are only available via Business Banking, Private Wealth and ProLoan (Retail Growth Markets) channels 	
13	30 June 2024	Change 1 Update to Substantial benefit test to expand and clarify: Old Wording: A substantial benefit requires that each co-borrower must get a real and tangible benefit arising out of the underlying transaction. That is, where there are 2 or more co-borrowers: <ul style="list-style-type: none"> Each co-borrower has a direct legal or equitable ownership interest of at least 30%* in the asset (i.e. property) being purchased with the loan funds, or At least 30%* of the loan funds will be used to repay or refinance debts or other obligations in each co-borrower's name. New Wording: A substantial benefit requires that each co-borrower must get a real and tangible benefit arising out of the underlying transaction. That is, where there are 2 or more co-borrowers: Property Purchase <ul style="list-style-type: none"> Each co-borrower has a direct legal or equitable ownership interest of at least 30%* in the asset (i.e. property) being purchased with the loan funds Refinance <ul style="list-style-type: none"> At least 30%* of the loan funds will be used to repay or refinance debts or other obligations in each co-borrower's name. Equity Release / Cash out	

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none">At least 30%* of the released equity / cash out loan funds will be used for the direct benefit of each of the co-borrowers. Where loan funds will be used for multiple purposes, each of the co-borrowers must receive a substantial benefit of the total loan amount.

[Comment on this policy](#)

Rate this policy



Published 30/06/2024
Date