

## 03.03 Loan to Value Ratio (LVR)

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## 1. About this policy

### 1.1 Why this policy?

This policy will help you determine the maximum loan to value ratio (LVR) when assessing a loan application.

You must read this policy in conjunction with [Acceptable Security Collateral](#) policy. The [Acceptable Security Collateral](#) policy will help you identify the types of securities we accept in

a consumer mortgage application.

## 1.2 What is LVR?

LVR is a term used to express the percentage ratio of a loan to the value of an asset or assets that provide security collateral for a loan.

The bank uses LVR to:

- Assign a maximum percentage we will lend against security property offered, with or without mortgage insurance
- Show the amount of lending (expressed as a percentage ratio) a customer may already have against a collateral
- Identify when Lender's Mortgage (LMI) is required

By using the assigned LVRs in this policy and the [security collateral value](#) of the property, we can determine the *lending value* of the offered security collateral.

For definition relating to LVR, refer to [Glossary](#) for further details.

## 2. Rules you must apply

### 2.1 Maximum base and / or capped LVR

The maximum base LVR assigned to a loan is determined by a number of risk characteristics of the application.

**Based on the risk characteristics, a lower LVR threshold will override the maximum base LVR for owner-occupied and investment security detailed below.**

Category	Maximum base LVR
Owner occupied	<ul style="list-style-type: none"> <li>• <b>Non-mortgage insured loan:</b> 80%</li> <li>• <b>Mortgage insured loan:</b> 95% inclusive of any capitalised mortgage insurance (MI) premium (if available)</li> </ul> <p><b>Note:</b> An Owner Occupied product should only be selected where the funds are 'wholly or predominantly to be for personal, domestic or household use'</p>
Investment	<ul style="list-style-type: none"> <li>• <b>Non-mortgage insured loan:</b> 80%</li> <li>• <b>Mortgage insured loan:</b> 90% inclusive of any capitalised mortgage insurance premium (if available)</li> </ul> <p><b>The following is permitted where:</b></p> <ul style="list-style-type: none"> <li>• Investment Property Loans (either standalone or combined with a home loan) with at least one security collateral being owner occupied can be considered up to 95% inclusive of any capitalised MI premium</li> <li>• Investment Property Loans (either standalone or combined with a home loan or line of credit) with all security collateral being Non-owner occupied can be considered up to 90% inclusive of any capitalised MI premium.</li> </ul>

## 2.2 LVR based on multiple risk characteristics and multiple securities

Category	Action
Multiple risk characteristics	<p>Apply the <b>lowest</b> LVR - for example:</p> <ul style="list-style-type: none"> <li>The LVR for a residential detached house is 80% and for a borrower using acceptable foreign income for serviceability the LVR is 70%.</li> <li>The LVR for a residential detached house is 80% and for a borrower who is a resident of Greece the LVR is 0% LVR. In this situation, we would not be able to proceed as the lowest LVR is 0%.</li> </ul>
Multiple security collateral	<p>Apply the relevant LVR to each type of security collateral to determine the total lending value. The sum of the lending value of each proposed security is the total amount the bank will consider lending against all securities (see <a href="#">Case examples</a> in this policy).</p>

For further information about risk characteristics refer to:

- LVR by borrower type and income source
- LVR by product features and purpose
- LVR by property value
- LVR by security collateral location
- LVR by security collateral type
- Unacceptable security collateral

## 2.3 Lenders Mortgage Insurance –additional requirements

Where lenders' mortgage insurance (LMI) is required:

- refer to [Lenders Mortgage Insurance](#)
- maximum exposure to a single borrower is \$2.5M across Group (Westpac, St.George, RAMS) where LMI is required

## 2.4 LVR by borrower type and income source

Where there are two or more applicants (borrower or income guarantor) included on the loan application, the most conservative policy must be applied regardless of their contribution to the loan, for example:

An Australian citizen who is married to a permanent resident visa holder, living in Australia and earning foreign income, will be restricted to a maximum LVR of 70%, and all policies applicable to the permanent resident visa holder applicant, will apply.

**Note:** Applicants who meet the Bank's definition of a non-resident as per [Lending to Non-Australian Citizens](#) policy > Non-Resident lending are unacceptable to the Bank and no lending is permitted.

Refer to [Lending to Non-Australian Citizens](#) policy for acceptable visa class and confirmation if LMI available

Borrower type	Income source	Borrower location	Non-MI – max base LVR	MI – Max base and capitalised (cap) LVR	
				Owner occupied	Investment
Australian citizen	AUD	Ordinarily resident in or out of Australia	80%	95% base LVR 95% cap LVR	90% base LVR 90% cap LVR
	Foreign <sup>2</sup>	Ordinarily resident in or out of Australia	70% (no refinance and/or cash out permitted) <sup>3</sup>	MI not available	
New Zealand citizen or permanent resident visa holder	AUD	Ordinarily resident in Australia	80%	95% base LVR 95% cap LVR	90% base LVR 90% cap LVR
	AUD	Ordinarily resident out of Australia	70% (no refinance and/or cash out permitted) <sup>3</sup>	MI not available	
	Foreign <sup>2</sup>	Ordinarily resident in or out of Australia			
Temporary resident visa holder	AUD	Ordinarily resident in Australia	80%	90% base LVR 90% cap LVR	90% base LVR 90% cap LVR
	AUD	Ordinarily resident out of Australia	Lending not permitted		

Borrower type	Income source	Borrower location	Non-MI – max base LVR	MI – Max base and capitalised (cap) LVR	
				Owner occupied	Investment
	Foreign <sup>2</sup>	Ordinarily resident in or out of Australia	Lending not permitted		
Non-residents (existing or new customers)	Lending not permitted				
Legend No.	Category	Requirement			
2	Foreign income	<ul style="list-style-type: none"><li>• PAYG income only. No foreign self-employed income</li><li>• Currency must be listed on the <a href="#">acceptable country and currency list</a></li></ul>			
3	No refinance and/or cash out permitted	<p>Cross collateralised foreign income loans where:</p> <ul style="list-style-type: none"><li>• A customer has an existing loan; <b>and</b></li><li>• Earns foreign income; <b>and</b></li><li>• The current LVR is less than 70% <b>then</b></li></ul> <p>You may use the existing security as additional security in a purchase where the overall LVR is be up to 70% (See <i>Case examples</i>).</p>			

## 2.5 LVR by product features and purpose

Product, features and purpose	Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
		Owner occupied	Investment
<p>All products where:</p> <ul style="list-style-type: none"> <li>the application involves an existing Bridging loan (internal or external) that is <b>not</b> being cleared using loan funds (refinance) or customer funds prior to drawdown of new loan (non-refinance). If non-refinance must meet requirements as per <a href="#">Commitments</a></li> </ul>		No lending or approval (including 'In Principle Approval') is permitted	

Product, features and purpose		Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
policy > Mortgages being treated as an Excluded Mortgage liability.				
Bridging Loan (Interest Capitalised) (owner occupied security only)  Refer to <a href="#">Glossary</a> for Peak debt definition		80% based on peak debt	MI not available	
Business purpose  Refer to <a href="#">Eligibility</a>	<ul style="list-style-type: none"> <li>≤50% of the requested loan amount.</li> </ul>	80%	90% base LVR 95% cap LVR	90% base LVR 90% cap LVR
	<ul style="list-style-type: none"> <li>&gt;50% of the requested loan amount.</li> </ul>	0%	0%	MI not available
Cash out via: <ul style="list-style-type: none"> <li>New Loan</li> <li>Loan Increase</li> </ul> <b>Mortgage Insured Applications:</b> - Cash out of greater than \$100k are to be referred to Credit for consideration on a case by case basis  Cash out for renovations without Progress Draws - Refer to <a href="#">Construction Loans</a> > Progress Payments not required for conditions		80%	90% base LVR 95% cap LVR	90% base LVR 90% cap LVR
Construction Loan  Refer to <a href="#">Construction Loans</a>	<ul style="list-style-type: none"> <li>Licensed Builder - Fixed Price Contract</li> </ul>	80%	95% base LVR 95% cap LVR	90% base LVR 90% cap LVR
	Construction where the customer is returning to construct a new dwelling on residential property they already own and the existing mortgage loan is <b>internal debt<sup>#</sup></b> . The new borrowing may be via: <ul style="list-style-type: none"> <li>New Loan</li> <li>Loan Increase</li> <li>Internal refinance</li> </ul>	80%	95% base* LVR 95% cap LVR	90% base LVR 90% cap LVR

Product, features and purpose		Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
	<p>#Internal Debt definition</p> <ul style="list-style-type: none"> <li>WBC for WBC applications</li> <li>STG/BoM/BSA for STG/BoM/BSA applications</li> </ul> <p><b>* Note:</b> Only a mortgage held internally against the collateral being offered as security can be refinanced where the base LVR is greater than 90%</p>			
	<p>Construction and refinance where the customer wants to construct a new dwelling on residential property they already own and the existing mortgage loan is an <b>external debt</b><sup>#</sup>. <b>The new borrowings are</b> via:</p> <ul style="list-style-type: none"> <li>New Loan</li> </ul> <p>#External Debt definition</p> <ul style="list-style-type: none"> <li>All lenders other than WBC for WBC applications</li> <li>All lenders other than STG/Bom/BSA for STG/BoM/BSA applications</li> </ul> <p><b>* Note :</b> For the external debt refinance, a max base LVR 90% applies, using the land (plus any existing retained improvements, where applicable e.g. shed, pool) value. Brokers must complete a manual calculation to ensure base LVR will not be exceeded when the funds are released for the refinance. The total (external refinance plus new construction) max base LVR is then determined</p>	80%	95% base* LVR 95% cap LVR	90% base* LVR 90% cap LVR

Product, features and purpose			Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
				Owner occupied	Investment
	using the 'on completion' valuation figure				
	• Licensed Builder - Cost Plus Contract		70%	MI not available	
	• Owner builder • Kit homes (Not permitted for foreign income or foreign employment)		60%	MI not available	
Equity access loan (not available for new lending)			80%	90% base LVR 90% cap LVR	90% base LVR 90% cap LVR
Guarantee  Refer to <a href="#">Guarantees</a>	Family Security Guarantee	LVR against the <b>borrower's security collateral</b>	80%	MI not available  <b>Note:</b> MI waiver is permitted to the maximum allowable application LVR where eligible under a special package	
		LVR against the <b>guarantor's security collateral</b>	80%	MI not available	
	Shared Equity Guarantee	LVR against the <b>borrower's share of ownership (%) in the security collateral</b>	80%	MI not available	
	Spousal Guarantee	Applies to: • Security Guarantee	80%	MI not available  <b>Note:</b> MI waiver is	



Product, features and purpose			Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
				Owner occupied	Investment
		<ul style="list-style-type: none"><li>Income plus Security Guarantee</li><li>Income Guarantee</li></ul>		permitted to the maximum allowable application LVR where eligible under a special package	
Increase for further loan  E.g. customer purchases a second property and uses both the existing property (with existing debt) and the new property as security collateral.			80%	90% base LVR 95% cap LVR	90% base LVR 90% cap LVR
Interest Only in Advance (IOA) repayment term			80%	MI not available	
Interest only (IO) repayment term  (Exceptions apply refer LVR by product features and purpose - additional requirements) <sup>5</sup>  If IOA, refer to 'Interest Only in Advance (IOA) repayment term'	<ul style="list-style-type: none"><li>Where product is a Home loan *</li></ul> *available for internal and external refinance		80%	80% base LVR 80% cap LVR	80% base LVR 80% cap LVR
	<ul style="list-style-type: none"><li>Where product is an Investment Property Loan or Equity Access Loan</li></ul>		80%	90% base LVR 90% cap LVR	90% base LVR 90% cap LVR
Parental leave – use of 'return to work' income <ul style="list-style-type: none"><li>New Loan, or</li><li>Increase</li></ul> Where the loan will be advanced and the first repayment is due <b>before</b> the applicant's return to work date, refer <a href="#">Serviceability Assessment</a> > Parental leave use of 'return to work' income			80%	90% base LVR 90% cap LVR Credit referral required. Considered on a case-	MI not available

Product, features and purpose		Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
			by-case basis	
Refinance of existing debt including debt consolidation via <ul style="list-style-type: none"><li>• New Loan</li><li>• Loan Increase</li></ul> <b>Note:</b> For a refinance of external mortgage where the new product is a ‘home loan’ with ‘interest only (IO) repayment type refer to LVR by product features and purpose > Interest only (IO) repayment term > where product is a home loan	Existing debt including debt consolidation, excluding family loan / private debt, refer below	80%	90% base LVR 95% cap LVR	90% base LVR 90% cap LVR
	Family loan / Private Debt	80%	MI not available  <b>Note:</b> MI waiver is permitted to the maximum allowable application LVR where eligible under a special package	
Legend No.	Category	Requirement		
5	Interest only (IO) repayments in certain scenarios (these are exception scenarios to 'Interest only (IO) repayment term' listed above)	Maximum Base LVRs may be considered in the following: <ul style="list-style-type: none"><li>• During progress draw phase of a construction loan where the end loan will be on a P&amp;I basis, refer to <a href="#">LVR by product, features and purpose</a> &gt; Construction Loans</li></ul>		

## 2.6 LVR by property value

Property location	Property value	Non MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
All locations (single property)	≤ \$2.5m	80% <sup>1</sup>	Applications may be referred up to a maximum base loan amount or total Westpac Group exposure of \$2.5m	

Property location	Property value	Non MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
Australian Capital Territory Northern Territory Queensland South Australia Tasmania Western Australia	> \$2.5m and ≤ \$3.5m	70% - 80% up to a maximum loan size of \$2.45m	LMI is determined on a case by case	
	> \$3.5m (prestige property)	70%		
New South Wales Victoria	> \$2.5m and ≤ \$5.0m	70% - 80% up to a maximum loan size of \$3.5m		
	> \$5m (prestige property)	70%		

<sup>1</sup>In some instances, the maximum LVR offered will be higher than 80% under an eligible LMI waiver special package

## 2.7 LVR by security collateral location

Security collateral location		Non MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
<b>Concentration risk postcodes</b>	0880, 0881, 4717, 4718, 4742, 4744, 4745, 4746, 4803, 4804, 4854, 4874, 5725, 6348, 6390, 6429, 6442, 6714,	70%	MI not available	

Security collateral location		Non MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
	6720, 6721, 6722, 6751, 6753, 6798			
Island postcodes not connected by a road bridge to the mainland	The below are known postcodes for island locations not connected by a road bridge. This postcode list is not definitive. In some cases a mainland and island location may share the same postcode. Brokers must manually check if the security location is also an island location not connected by a bridge <b>and</b> apply the correct LVR.  2898, 4025, 4183, 4184, 4803, 4819, 5220, 5221, 5222, 5223, 6798, 7255, 7256  Refer below for 2899 (Norfolk Island), 5223 (Kingscote), 6799 (Cocos Island)	70%	MI not available	
		Above 70% to max 80% for owner occupied home loan only		
	<b>2899 (Norfolk Island) security for:</b> <ul style="list-style-type: none"><li>• New loans</li><li>• Loan Increases</li><li>• Variation activities requiring re-origination</li></ul>	Lending not permitted		

Security collateral location		Non MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
	<b>2899 (Norfolk Island) security for variation activities:</b> <ul style="list-style-type: none"> <li>Involving loans with an existing Norfolk Island security where: <ul style="list-style-type: none"> <li>The variation activity does not require re-origination</li> </ul> </li> </ul>	70%	MI not available	
		Above 70% to max 80% for owner occupied home loan only		
	<b>Special condition</b> 5223 Kingscote (for Bank SA branch at that location only)	80% owner occupied	90% base LVR 90% cap LVR	MI not available
	<b>Special condition:</b> 6799 Cocos Island	Lending not permitted		
<b>Mortgage Insured loan referrals</b>	2103, 2156, 2206, 2483, 2558, 2758, 3758, 4207, 4208, 4209, 4210, 4211, 4280, 4405, 4413, 4512, 4556, 4680, 4700, 4710, 4720, 4802, 4805, 4820, 4825, 4860, 4869, 4881, 4883, 5341, 5353, 5554, 5600, 5700, 6167, 6168, 6169, 6170, 6171, 6172, 6173, 6174, 6175, 6176, 6180, 6207, 6208, 6209, 6210, 6225, 6333, 6401	80%	Refer MI applications to Credit on a case by case basis where LVR > 90%, if acceptable max: 95% base LVR 95% cap LVR	90% base LVR 90% cap LVR

Security collateral location		Non MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
	<ul style="list-style-type: none"> <li><b>Cat 7 – Locations</b> Refer to <a href="#">Security Collateral Value</a> &gt; <i>Postcode Categories</i></li> </ul>	80%	Refer MI applications to Credit for consideration on a case by case basis where LVR > 90%, if acceptable max: 95% base LVR 95% cap LVR	90% base LVR 90% cap LVR
Vacant land	<ul style="list-style-type: none"> <li>≤8 ha in postcode Category 1 &amp; 2 Refer to <a href="#">Security Collateral Value</a> &gt; <i>Postcode Categories</i></li> </ul>	80%	95% base LVR 95% cap LVR	90% base LVR 90% cap LVR
	<ul style="list-style-type: none"> <li>≤8 ha in postcode Category 3 &amp; 7 Refer to <a href="#">Security Collateral Value</a> &gt; <i>Postcode Categories</i></li> </ul>	80%	90% base LVR 95% cap LVR	90% base LVR 90% cap LVR

## 2.8 LVR by security collateral type

For additional information about security collateral type refer to [Acceptable security collateral > Rules > Assessing security collateral requirements – Non-Standard Development](#).

Security type	Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
		Owner occupied	Investment
Company title	80%	MI not available	

Security type	Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
		Owner occupied	Investment
Conversions to residential from other usage where permanent occupancy is allowed: <ul style="list-style-type: none"> <li>Commercial offices</li> <li>Warehouse and industrial</li> <li>Converted hotels / motels</li> </ul>	80%	95% base LVR 95% cap LVR	90% base LVR 90% cap LVR
House (Detached) on residential land >8ha but ≤50ha	80%	Applications referred to Credit for consideration on a case by case basis	
Display homes	80%	MI not available	
Dual key layout (units)	80%	MI not available	
Kit homes (under construction)  Refer to <a href="#">Construction Loans</a>	60%	MI not available	
Leasehold <ul style="list-style-type: none"> <li>ACT Crown lease (99yr term)</li> </ul>	80%	95% base LVR 95% cap LVR	90% base LVR 90% cap LVR
Leasehold <ul style="list-style-type: none"> <li>Sydney / Darling Harbour Foreshore lease (99yr term)</li> </ul>	80%	<u>Maximum Base LVR:</u> <b>90%</b> subject to check of the Security Development Register (SDR). Refer <a href="#">Acceptable security collateral &gt; Process to follow &gt; Security development register</a>  <b>Note:</b> The SDR shows maximum LVR including capitalised mortgage insurance premium.	
Leasehold <ul style="list-style-type: none"> <li>River Murray Crown lease (99yr term)</li> <li>Roman Catholic Diocese lease (99yr term)</li> </ul>	80%	MI not available	

Security type		Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
Leasehold <ul style="list-style-type: none"> <li>Lord Howe Island (perpetual lease)</li> </ul>		70% investment home loan 80% owner occupied home loan	MI not available	
Leasehold <ul style="list-style-type: none"> <li>located in the NSW and Victorian snowfields (loan term must not exceed remaining lease term)</li> </ul>		60%	MI not available	
Mixed residential and commercial		60%	MI not available	
Moiety title		70%	Refer MI applications to Credit for consideration on a case by case basis	
Two dwellings on one title  Refer <a href="#">Acceptable Security Collateral</a> > Assessing security collateral requirements – standard real estate	<ul style="list-style-type: none"> <li>2 <b>standard</b> separate residential dwellings</li> </ul>	80%	Refer MI application to Credit for consideration on a case by case basis, if acceptable max:  95% base LVR 95% cap LVR	Refer MI application to Credit for consideration on a case by case basis, if acceptable max:  90% base LVR 90% cap LVR
More than two dwellings: <ul style="list-style-type: none"> <li>on one title, or</li> <li>adjacent to each other, or</li> <li>in the same</li> </ul>	<ul style="list-style-type: none"> <li>3 <b>standard</b> separate residential dwellings</li> </ul>	Must be referred to Credit for consideration on a case by case basis  <b>Listed LVR indicative</b>	MI not available	



Security type		Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
strata plan  Refer <a href="#">Acceptable Security Collateral</a> > Assessing security collateral requirements – standard real estate		<b>only</b>  70% LVR  Higher or lower LVR's may be applied at Credit's discretion		
	<ul style="list-style-type: none"> <li>4 <b>standard</b> separate residential dwellings</li> </ul>	Must be referred to Credit on a case by case basis for consideration on a case by case basis  <b>Listed LVR indicative only</b>  60% LVR  Higher or lower LVR's may be applied at Credit's discretion	MI not available	
National Rental Affordability Scheme (NRAS)	<ul style="list-style-type: none"> <li>Non-entity joint venture (NEJV)</li> </ul>	80%	Not applicable to NRAS	90% base LVR 90% cap LVR
	<ul style="list-style-type: none"> <li>Head lease arrangement</li> </ul>	70%	Not applicable to NRAS	85% base LVR 90% cap LVR
Over 55s developments		70%	MI not available	

Security type		Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
Second mortgage  LVR based on combined 1st and 2nd mortgage loan amounts plus 20% buffer		80%	MI not available	
Serviced apartment where permanent occupancy is permitted  Subject to a check of the Security Development Register (SDR). Refer <a href="#">Acceptable security collateral &gt; Process to follow &gt; Security development register</a>  <b>Note:</b> The SDR shows maximum LVR including capitalised mortgage insurance premium		70%	MI not available	
Split contract: <ul style="list-style-type: none"><li>• Single residential property constructions</li><li>• Multi-unit residential development</li></ul>		0% during construction period if the land does not display all acceptable characteristics. Refer to <a href="#">Acceptable security collateral &gt; Rules &gt; Assessing security collateral requirements – Non-Standard Development</a> .		
Stratum title		80%	MI not available	
Student accommodation Where permanent occupancy is allowed  Subject to a check of the Security Development Register (SDR). Refer <a href="#">Acceptable security collateral &gt; Process to follow &gt; Security development register</a>  <b>Note:</b> The SDR shows maximum LVR including capitalised mortgage insurance premium		70%	MI not available	
Term Deposit	<ul style="list-style-type: none"><li>• When used as part of existing Loan Servicing Activity</li></ul>	100%	MI not available	

Security type		Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
	e.g. Portability or substitution of security collateral <b>only</b> , to assist customers to transition between properties			
	<ul style="list-style-type: none"> <li>When used as Guarantee security collateral. Refer <a href="#">Guarantees &gt; Policy rules per acceptable guarantee type</a></li> </ul>	80%	MI not available	
Transportable homes Refer to <a href="#">Construction Loans</a>		80%	MI not available	
Unit  Subject to a check of the Security Development Register (SDR). Refer <a href="#">Acceptable security collateral &gt; Process to follow &gt; Security development register</a>  <b>Note:</b> The SDR shows maximum LVR including capitalised mortgage insurance premium	Within <ul style="list-style-type: none"> <li>Category 5 (High Density) or</li> <li>Category 6 (High Risk) postcode location</li> </ul> No matter the size of the unit.  Refer to <a href="#">Security Collateral Value &gt; Postcode Categories</a>	80%	Maximum Base LVR: <b>90%</b>  Maximum Capitalised LVR: <b>95%</b>  <b>Note:</b> Any request for a pre cap or capitalised LVR >90% is by exception and must be referred to Credit for consideration on a case by case basis	
	<ul style="list-style-type: none"> <li>Living area ≥40sqm</li> </ul> Units must contain full living facilities including kitchen and bathroom facilities.	80%	95% base LVR 95% cap LVR	90% base LVR 90% cap LVR

Security type		Non-MI – max base LVR	MI – max base and capitalised (cap) LVR	
			Owner occupied	Investment
Vacant land	<ul style="list-style-type: none"> <li>• ≤8 ha in postcode Category 1 &amp; 2 Refer to <a href="#">Security Collateral Value</a> &gt; <i>Postcode Categories</i></li> </ul>	80%	95% base LVR 95% cap LVR	90% base LVR 90% cap LVR
	<ul style="list-style-type: none"> <li>• ≤8 ha in postcode Category 3 and 7 Refer to <a href="#">Security Collateral Value</a> &gt; <i>Postcode Categories</i></li> </ul>	80%	90% base LVR 95% cap LVR	90% base LVR 90% cap LVR
	<ul style="list-style-type: none"> <li>• &gt;8 ha but ≤50 ha</li> </ul>	80%	Refer MI application to Credit for consideration on a case by case basis, if acceptable max: 90% base LVR 95% cap LVR	Refer MI application to Credit for consideration on a case by case basis, if acceptable max: 90% base LVR 90% cap LVR

## 2.9 Unacceptable security collateral

Refer to [Glossary](#) for definition of security type.

Category	LVR
ACT and NSW asbestos-affected homes (Mr Fluffy)	0%
Aged care facility	0%
Boarding houses	0%
Commercial property (all)	0%
Converted motel units where permanent occupancy is not allowed	0%

Category	LVR
Hotels, motels, holiday resort style development, ski resort, sub lease ownership structure within a tourist / holiday location	0%
Industrial property (all)	0%
Investment property security involving third-party financing (customers providing housing finance to third parties – business purpose)	0%
Leasehold under a private lease	0%
License (properties under a license to occupy agreement)	0%
Living area < 40 square metres	0%
Managed apartments with on sale covenants	0%
More than four properties on one title.	0%
National Rental Affordability Scheme (NRAS) security and government Rental Guarantee security <b>that does not</b> meet the residential security requirements.	0%
Non-specialised commercial and industrial	0%
Portable dwellings	0%
Purple Title (WA)	0%
Residential property converted for commercial use	0%
Resort and hotel units where permanent occupancy is not allowed	0%
Retirement village accommodation	0%
Residential > 50 hectares (with or without a dwelling)	0%
Rural vacant land of any size (e.g. farm land)	0%
Rural properties which contain water allocation rights or licence	0%
Rural properties (all other)	0%
Security collateral located outside Australia	0%

Category	LVR
Shares and debenture stock	0%
Timeshare property	0%
Unconventional building materials (e.g. mud brick, rammed earth, straw bale)	0%
Log cabins	0%
Unsupported guarantee	0%

## 2.10 Second mortgage

The bank takes a second mortgage over a security property, where there is a prior mortgagee (e.g. where the first mortgage is held by another financial institution).

STG, BSA, BoM and RAMS are considered to be other financial institutions.

Mortgage insurance is not available where a second mortgage applies.

For more information about assessing the second mortgage applications you may also refer to [Acceptable Security Collateral > Certificate of title > Second Mortgage behind other financial institution \(OFI\)](#).

Second mortgage lending value calculation and priority amount conditions	
Category	Action
Calculation	<p>A 20% buffer for contingencies is to be used in the calculation of the Lending value.</p> <p><b>a.</b> Determine the lending value of the offered security property (using the security value and assigned LVR)</p> <p><b>b.</b> Identify the value of the debts secured by the first mortgage with the other external financial institution (higher of limits or outstanding balance of loan)</p> <p><b>c.</b> Multiply figure at b by 120%</p> <p><b>d.</b> Remaining available lending value = a – c</p> <p>refer to <a href="#">Example</a> for illustration.</p>

Priority amount - Special condition for settlement	<p>Write to the prior mortgagee seeking consent requesting that the prior mortgagee establish their priority amount.</p> <p>The priority amount must be no more than the amount initially used to calculate the lending value for our loan (i.e. higher of the limit or balance outstanding plus 20%). If this occurs, you must seek additional approvals from Credit.</p>
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## 2.11 LVR calculation

Calculating the LVR and security value		
Category	Detail	
<b>LVR Calculation</b>	<p>The Loan to Value Ratio (LVR) is calculated and expressed as a percentage by dividing the loan amount (new debt + existing remaining debt) by the total Security Collateral Value (refer <a href="#">Security Collateral Value Assessment</a> and 'Security Value' below)</p> <p><b>Exception:</b> The LVR for Bridging (Relocation) loans is calculated on Peak Debt</p> <p>Refer to <a href="#">Glossary</a> for Peak debt definition</p>	
<b>Security value</b>	Scenario	Security Value
	For security collateral being purchased (has a purchase/contract price):	<ul style="list-style-type: none"> <li>The valuation amount where the below applies: <ul style="list-style-type: none"> <li>Favourable purchase (preferential purchase/transfer price) for sales between family members, <b>or</b></li> <li>Favourable purchase (preferential purchase/transfer price) other than between family members. Subject to acceptance by Credit, <b>or</b></li> <li>Off the Plan Purchase with a Contract date greater than 12 months old</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>If the above does not apply, then           <ul style="list-style-type: none"> <li>The purchase price/contract price as validated by AVM or Desktop (if AVM or Desktop permitted by policy - refer to Security Collateral Value Assessment), <b>or</b></li> <li>The <b>lower of</b>:               <ul style="list-style-type: none"> <li>The purchase price/contract price <b>and</b></li> <li>The valuation amount (if policy requires or permits a valuation refer to Security Collateral Value Assessment)</li> </ul> </li> </ul> </li> </ul>
	For security collateral <b>not</b> being purchased (i.e. security collateral is already held by the customer/has no purchase/contract price)	<ul style="list-style-type: none"> <li>The customer's estimated security collateral value as validated by AVM or Desktop (if AVM or Desktop permitted by policy -refer to Security Collateral Value Assessment), <b>or</b></li> <li>The valuation amount (if policy requires or permits a valuation refer to Security Collateral Value Assessment)</li> </ul>
	For security collateral which is a 'Family-Security Guarantee' or a 'Shared Equity Guarantee'	<ul style="list-style-type: none"> <li>The guarantee limit/amount (\$) where the security collateral is a 'Family-Security Guarantee' or 'Shared Equity Guarantee'</li> </ul>
	Licensed Builder -construction loans (and House/Land packages) where: <ul style="list-style-type: none"> <li>Contract is for <b>full</b> property construction <b>and</b> land purchase</li> </ul>	<ul style="list-style-type: none"> <li>The Construction Valuation 'Market Value' where the below applies:           <ul style="list-style-type: none"> <li>Favourable purchase (preferential</li> </ul> </li> </ul>



		<p>purchase/transfer price) for sales between family members, <b>or</b></p> <ul style="list-style-type: none"> <li>◦ Favourable purchase (preferential purchase/transfer price) other than between family members. Subject to acceptance by Credit</li> </ul> <ul style="list-style-type: none"> <li>• If the above does not apply, then           <ul style="list-style-type: none"> <li>◦ The <b>lower of</b>:               <ul style="list-style-type: none"> <li>▪ The Construction Valuation 'Market Value' valuation amount <b>and</b></li> <li>▪ Contract amount</li> </ul> </li> </ul> </li> </ul>
	<p>Licensed Builder -construction loans (includes Kit homes) where:</p> <ul style="list-style-type: none"> <li>• Contract is for <b>full</b> property construction <b>and</b> the land is already owned</li> </ul>	<ul style="list-style-type: none"> <li>• The Construction Valuation 'Market Value' where the below applies:           <ul style="list-style-type: none"> <li>◦ Favourable purchase (preferential purchase/transfer price) for sales between family members, <b>or</b></li> <li>◦ Favourable purchase (preferential purchase/transfer price) other than between family members. Subject to acceptance by Credit</li> </ul> </li> <li>• If the above does not apply, then           <ul style="list-style-type: none"> <li>◦ The 'Land Value' from Construction Valuation, <b>plus</b></li> <li>◦ The <b>lower of</b>:               <ul style="list-style-type: none"> <li>▪ 'Improvements' from the Construction Valuation <b>and</b></li> <li>▪ Build Contract amount <b>plus</b> any additional quotes detailed within</li> </ul> </li> </ul> </li> </ul>

		the Construction Valuation
	<p>Owner Builder-Construction loans (includes Kit homes) for:</p> <ul style="list-style-type: none"> <li>Contract is for <b>full</b> property construction <b>and</b> land purchase</li> </ul>	<ul style="list-style-type: none"> <li>The Construction Valuation 'Market Value' where the below applies: <ul style="list-style-type: none"> <li>Favourable purchase (preferential purchase/transfer price) for sales between family members, <b>or</b></li> <li>Favourable purchase (preferential purchase/transfer price) other than between family members. Subject to acceptance by Credit</li> </ul> </li> <li>If the above does not apply, then <ul style="list-style-type: none"> <li>The <b>lower of</b>: <ul style="list-style-type: none"> <li>The Construction Valuation 'Market Value' valuation amount, <b>and</b></li> <li>The Independent Advisor's Report <b>plus</b> Land Contract amount</li> </ul> </li> </ul> </li> </ul>
	<p>Owner Builder-Construction loans (includes Kit homes) for:</p> <ul style="list-style-type: none"> <li>Contract is for <b>full</b> property construction <b>and</b> the land is already owned</li> </ul>	<ul style="list-style-type: none"> <li>The Construction Valuation 'Market Value' where the below applies: <ul style="list-style-type: none"> <li>Favourable purchase (preferential purchase/transfer price) for sales between family members, <b>or</b></li> <li>Favourable purchase (preferential purchase/transfer price) other than between family members. Subject to acceptance by Credit</li> </ul> </li> <li>If the above does not apply, then</li> </ul>

		<ul style="list-style-type: none"> <li>◦ The 'Land Value' from Construction Valuation <b>plus</b></li> <li>◦ The <b>lower of</b>: <ul style="list-style-type: none"> <li>▪ 'Improvements' from the Construction Valuation' <b>and</b></li> <li>▪ The Independent Advisor's Report</li> </ul> </li> </ul>
	Renovations/improvements/additions requiring a Construction valuation	Construction Valuation 'Market Value' valuation amount
	Transportable Homes	As per Licensed Builder – Construction loans above
	Multiple Dwellings-Construction loans	

## 2.12 Debt allocation / Debt apportioning

Debt allocation may be required when assessing a loan application (new origination or variation) where the borrower:

- Has an existing debt secured by two or more properties and the existing debt is not being refinanced (either partially or in full), **and**
- Not all properties securing the existing debt will be used as security collateral in the new loan.

**Note:** Debt allocation is not required where all the security collateral properties for the existing debt, are being offered as security collateral for the new loan origination or variation.

### The following debt allocation principles apply:

- For properties offered as security collateral on the new loan, the market value from an existing acceptable valuation (where applicable) or new valuation, is the market value used in the new loan application
- Where a property is not being used as security collateral for the new loan but will remain a security collateral for an existing debt, it is shown as an asset property in the new loan application. The value of the asset property entered will be the market value from an existing valuation where it is acceptable to be re-used, or a new valuation (where the existing valuation cannot be re-used), refer [Security Collateral Value Assessment](#) > Re-using an Existing Valuation.
- Where two or more new loans are proceeding at the same:
  - Under a single submission, each new loan must mirror each other, i.e. all new loans must reflect the other new loan(s), regardless of whether or not the new loans will settle / draw down simultaneously, or
  - In concurrent submissions and:
    - Settling simultaneously, then each concurrent loan must mirror each other.
    - Not settling simultaneously (i.e. waterfall), application supporting notes must identify the order in which the loans will settle / draw down and each new loan must be reflected in any subsequent concurrent application.

- The maximum permitted non-LMI LVR is applied to each security collateral and asset property, which may include a higher LVR policy where LMI is waived (e.g. Medico 90%), refer to rules in this chapter. Noting however, that **lower LVR thresholds may apply** according to borrower type and income source, product features and purpose, property value, security location and type e.g. where foreign income is included in servicing a max LVR 70% applies to all security collateral(s) and existing asset property(s).
- Debt allocation can only be applied between properties owned by the borrower(s)

**Debt allocation cannot be applied where:**

- **The security collateral is partially or fully owned by a non-borrower, e.g. where a family security guarantee supports an existing debt.**
- Any of the existing security collateral are under construction, until such time as the loan has been fully advanced and the construction is complete. This includes where an existing construction loan has multiple security collateral.
- **An application is Mortgage insured**, unless **all** insured security collateral are linked to the new loan. Where this occurs, the LMI premium will be calculated on the TSE and will require referral to Mortgage Insurer for a manual premium calculation

### 3. Case examples

#### 3.1 Refinance or cash out for foreign income earner

Category	Examples
Acceptable	It is <b>acceptable</b> where an existing customer is going to cross collateralise the security/loans and there is no cash out to the customer, only additional funds for the purchase settlement.
Not acceptable	It is <b>not acceptable</b> where an existing customer wants to access equity to assist with a new purchase, but is not cross collateralising the security, i.e. each transaction will be standalone. The release of equity is classified as cash out and not permitted. The new loan for the purchase may proceed at LVR 70% but no additional equity release against the existing property is possible. It does not matter if the proposed new loan is with Westpac or external financier.

#### 3.2 LVR for single security collateral

Category	Security value	LVR (principle and interest loan)		Lending value	
		Non-MI – max base LVR	MI - max base LVR	Non-mortgage insured	Mortgage insured
Owner-occupied detached house	\$350,000	80%	95%	\$280,000	\$332,500

### 3.3 LVR for multiple security collateral

Category	Security collateral value	LVR (principle and interest loan)		Lending value	
		Non-MI – max base LVR	MI - max base LVR	Non-mortgage insured	Mortgage insured
Residential real estate < 8 ha – owner occupied	\$250,000	80%	95%	\$200,000	\$237,500
Company title	\$250,000	80%	85%	\$200,000	\$212,500
Serviced apartment floor size > 40sqm	\$150,000	70%	Not available	\$105,000	Not available
Residential real estate >8 ha but <= 50 ha (non-	\$100,000	80%	Not available	\$80,000	Not available

Category	Security collateral value	LVR (principle and interest loan)		Lending value	
		Non-MI – max base LVR	MI - max base LVR	Non-mortgage insured	Mortgage insured
income producing)					
<b>Totals without MI</b>				\$585,000	
<b>Totals with MI</b>					Unable to proceed as a cross collateralised transaction with mortgage insurance due to unacceptable security collateral

### 3.4 First and second mortgage security collateral for two residential properties

Category	Estimated security value	LVR	Available loan amount
Property A: First mortgage with us	\$350,000	80%	\$280,000
Property B: Second mortgage with us and first mortgage with NAB	\$350,000	80%	\$280,000
<b>Less</b> \$150,000 (NAB mortgage Property B) <b>Plus</b> \$30,000 buffer (\$150,000 x 20%)			(\$180,000)
<b>Sub Total</b>			\$100,000
<b>Total Maximum Lending Value</b>			\$380,000

## Change History

Amendment number	Amendment issue date	Description of changes
1	3 November 2021	First OBP issue online for Brokers on the OKA platform.
2	20 February 2022	<p>Updated 'LVR by security location' to specify the below for 2899 Norfolk Island:</p> <ul style="list-style-type: none"> <li>For new loans, loan increases and variation activities requiring re-origination= Lending not permitted</li> <li>For variations on loans with existing Norfolk Island security, where the variation activity does not require re-origination = Non MI max base LVR 70% or above 70% to max 80% for owner occupied home only, and MI not available</li> </ul>
3	3 April 2022	<p><b>Change 1</b> Under section ' <b>LVR by product features and purpose</b>':</p> <ul style="list-style-type: none"> <li>Added LVR rules for Interest in Only in Advance (IOA): <ul style="list-style-type: none"> <li>80% max base non-MI LVR, and</li> <li>MI not available</li> </ul> </li> </ul> <p><b>Change 2</b> New content added 2.7 LVR by security collateral location &gt; Island postcodes not connected by a road bridge to the mainland:</p> <ul style="list-style-type: none"> <li>Special condition for Kingscote (for Bank SA branch at that location only). <ul style="list-style-type: none"> <li>Non MI – max base LVR 80% owner occupied</li> <li>MI Owner occupied - max base LVR 90%, max cap LVR 90%</li> <li>MI Investment – MI not available</li> </ul> </li> </ul> <p><b>Change 3</b> <b>Updated section '2.4 LVR by borrower type and income source' to clarify existing policy (no change to policy or risk appetite):</b></p> <ul style="list-style-type: none"> <li>Australian citizen ordinarily residing in or out of Australia earning AUD: <ul style="list-style-type: none"> <li>80% base LVR with no LMI</li> </ul> </li> </ul>

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> <li>◦ 95% base or cap LVR with LMI (owner occupied)</li> <li>◦ 90% base or cap LVR with LMI (investment)</li> <li>• NZ citizen or permanent resident visa holder with AUD income and ordinarily resident in Australia:               <ul style="list-style-type: none"> <li>◦ 80% base LVR with no LMI</li> <li>◦ 95% base or cap LVR with LMI (owner occupied)</li> <li>◦ 90% base or cap LVR with LMI (investment)</li> </ul> </li> <li>• Link to Migrant Lending policy moved from legend item #3 to above the table</li> </ul> <p><b>Change 4</b> Updated section ' 2.4 LVR by borrower type and income source':</p> <ul style="list-style-type: none"> <li>• Deleted the below from footnote #3 for 'Permanent and temporary resident'. Change made as credit referral for LMI approval is no longer required for the below scenarios:               <ul style="list-style-type: none"> <li>◦ For a permanent resident, mortgage insured loans where LVR &gt;90% will refer to Credit for LMI approval (DUA2)</li> <li>◦ For a temporary resident, mortgage insured loans will refer to Credit for consideration before seeking LMI approval (DUA4)</li> </ul> </li> </ul>
4	22 May 2022	<p><b>Change 1.</b> Updated:</p> <ul style="list-style-type: none"> <li>• Section 'LVR by Product, Features, Purpose' to:               <ul style="list-style-type: none"> <li>◦ Specify that MI not available in OBP for 'Shared Equity Guarantee' type</li> <li>◦ Include 80% max non LMI base LVR against the Guarantee Limit/Amount for the 'Shared Equity Guarantee' type</li> <li>◦ Specify that for all products, if the application involves an existing Bridging loan (internal or external) that is <b>not</b> being cleared (using loan funds or customer funds), no lending or approval (including 'In Principle Approval' is permitted</li> <li>◦ Section 'LVR' calculation to specify that the security value is the guarantee limit/amount (\$) where the security collateral is a 'Shared Equity Guarantee'</li> </ul> </li> </ul> <p><b>Change 2.</b> Policy Clarification</p> <ul style="list-style-type: none"> <li>• Removal of reference to HomeBuilder Grant (as this initiative has been withdrawn by the government)</li> <li>• Updated wording to Cash Out</li> <li>• Updated wording for Refinance of Existing debt</li> </ul>



Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> <li>Updated wording for return borrowing for construction internal and external existing debt</li> </ul>
5	27 May 2022	Bridging Loan aligned to legacy policy
6	17 July 2022	<p><b>Change 1</b> Updated section 'LVR Calculation' to include reference to Bridging loans:</p> <ul style="list-style-type: none"> <li><b>Exception:</b> The LVR for Bridging (Relocation) loans is calculated on Peak Debt</li> </ul> <p><b>Change 2</b> <b>Update to the below scenarios in 2.5 LVR by product features and purpose</b></p> <p><b>OLD</b> Interest only (IO) repayment term where product is a Home loan</p> <p>(Exceptions apply refer LVR by product features and purpose - additional requirements) <sup>5</sup></p> <p>If IOA, refer to 'Interest Only in Advance (IOA) repayment term'</p> <p><b>NEW</b> Interest only (IO) repayment term where product is a Home loan*</p> <p>*available for internal and external refinance (Exceptions apply refer LVR by product features and purpose - additional requirements) <sup>5</sup></p> <p>If IOA, refer to 'Interest Only in Advance (IOA) repayment term'</p> <p><b>Change 3</b> <b>Update to LVR by Product features and purpose</b></p> <p><b>Old</b> Refinance of existing debt including debt consolidation via</p> <ul style="list-style-type: none"> <li>New Loan</li> <li>Loan Increase</li> </ul> <p><b>New</b> Refinance of existing debt including debt consolidation via</p> <ul style="list-style-type: none"> <li>New Loan</li> <li>Loan Increase</li> </ul> <p><b>Note:</b> For a refinance of external mortgage where the new product is a 'home loan' with 'interest only (IO) repayment type refer to LVR by product</p>

Amendment number	Amendment issue date	Description of changes
		<p>features and purpose &gt; Interest only (IO)            repayment term &gt; where product is a home loan</p> <p><b>Change 4</b>  <b>The below scenarios have been deleted from 2.5 LVR by product features and purpose Westpac Brand</b></p> <p>Refinance of <b>external</b> mortgage loan where:</p> <ul style="list-style-type: none"> <li>the new loan with Westpac will be owner occupied on an IO repayment basis <b>and</b></li> <li>no other mortgage loan held with Westpac <b>or</b> being refinanced to Westpac.</li> </ul> <p>Note: 'external mortgage loan' includes STG/BoM/BSA and RAMS.</p> <p><b>Westpac Brand</b></p> <p>Refinance of <b>external</b> mortgage loan where:</p> <ul style="list-style-type: none"> <li>the new loan with Westpac will be owner occupied on an IO repayment basis <b>either</b> <ul style="list-style-type: none"> <li>at least one other mortgage loan is already held with Westpac <b>or</b></li> <li>at least one other mortgage loan which is not owner occupied on an IO repayment basis will be refinanced to Westpac at the same time.</li> </ul> </li> </ul> <p>Note: 'external mortgage loan' includes STG/BoM/BSA and RAMS.</p>
7	26 July 2022	<p><b>Change 1</b>            Updated Section 'LVR by Product, Features, Purpose' to:</p> <ul style="list-style-type: none"> <li>Specify that for all products, if the application involves an existing Bridging loan (internal or external) that is <b>not</b> being cleared using loan funds (refinance) or customer funds prior to drawdown of new loan (non-refinance), no lending or approval (including 'In Principle Approval') is permitted. If non-refinance must meet requirements as per Commitments policy &gt; Mortgages being treated as an Excluded Mortgage liability.</li> <li>Reflect a change to the max LVR for Bridging Loans as follows and to add a hyperlink to Glossary for definition of peak debt:</li> </ul> <p><b>From</b></p>

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> <li>◦ 75% on loan principal amount (not the capitalised amount)</li> </ul> <b>To</b> <ul style="list-style-type: none"> <li>◦ 80% based on peak debt</li> </ul>
8	2 October 2022	<p>Update to content in section 2.4 LVR by borrower type and income source</p> <p><b>Old wording</b></p> <p>Refer to Migrant Lending policy for acceptable visa class and confirmation if LMI available</p> <p><b>New wording</b></p> <p>Refer to Lending to Non-Australian Citizens policy for acceptable visa class and confirmation if LMI available</p>
9	20 November 2022	<p><b>Change 1</b></p> <p><b>Updated section 'LVR by product features and purpose' to reflect that cash out is not available for construction where progress payments are not required.</b></p> <p><b>Old wording</b></p> <p><b>Cash out for construction or renovations without Progress Draws:</b> Refer to <a href="#">Construction Loans</a> &gt; Progress Payments not required for conditions</p> <p><b>New wording</b></p> <p><b>Cash out for renovations without Progress Draws:</b> Refer to <a href="#">Construction Loans</a> &gt; Progress Payments not required for conditions</p> <p><b>Change 2</b></p> <p><b>Section Debt Allocation / Debt Apportioning updated as follows:</b></p> <p><b>Old wording:</b></p> <p>Debt allocation enables us to:</p> <ul style="list-style-type: none"> <li>• identify which property/ies secure an existing debt, and</li> <li>• calculate the available equity against the property/ies as required</li> </ul> <p><b>Warning:</b> Debt allocation <b>is not available for mortgage insured applications</b> unless <b>all</b> insured security collateral is linked to the new loan. Where this occurs the LMI premium will be calculated on the TSE and will require referral to Mortgage Insurer for a manual premium calculation</p> <p><b>New wording:</b></p> <p>Debt allocation may be required when assessing a</p>

Amendment number	Amendment issue date	Description of changes
		<p>loan application (new origination or variation) where the borrower:</p> <ul style="list-style-type: none"> <li>• Has an existing debt secured by two or more properties and the existing debt is not being refinanced (either partially or in full), <b>and</b></li> <li>• Not all properties securing the existing debt will be used as security collateral in the new loan.</li> </ul> <p><b>Note:</b> Debt allocation is not required where all the security collateral properties for the existing debt, are being offered as security collateral for the new loan origination or variation.</p> <p><b>The following debt allocation principles apply:</b></p> <ul style="list-style-type: none"> <li>• For properties offered as security collateral on the new loan, the market value from an existing acceptable valuation (where applicable) or new valuation, is the market value used in the new loan application</li> <li>• Where a property is not being used as security collateral for the new loan but will remain a security collateral for an existing debt, it is shown as an asset property in the new loan application. The value of the asset property entered will be the market value from an existing valuation where it is acceptable to be re-used, or a new valuation (where the existing valuation cannot be re-used), refer Security Collateral Value Assessment &gt; Re-using an Existing Valuation.</li> <li>• Where two or more new loans are proceeding at the same: <ul style="list-style-type: none"> <li>◦ Under a single submission, each new loan must mirror each other, i.e. all new loans must reflect the other new loan(s), regardless of whether or not the new loans will settle / draw down simultaneously, or</li> <li>◦ In concurrent submissions and: <ul style="list-style-type: none"> <li>▪ Settling simultaneously, then each concurrent loan must mirror each other.</li> <li>▪ Not settling simultaneously (i.e. waterfall), application supporting notes must identify the order in which the loans will settle / draw down and each new loan must be reflected in any subsequent concurrent application.</li> </ul> </li> </ul> </li> <li>• The maximum permitted non-LMI LVR is applied to each security collateral and asset property, which may include a higher LVR</li> </ul>

Amendment number	Amendment issue date	Description of changes
		<p>policy where LMI is waived (e.g. Medico 90%), refer to rules in this chapter. Noting however, that <b>lower LVR thresholds may apply</b> according to borrower type and income source, product features and purpose, property value, security location and type e.g. where foreign income is included in servicing a max LVR 70% applies to all security collateral(s) and existing asset property(s).</p> <ul style="list-style-type: none"> <li>• <b>Debt allocation can only be applied between properties owned by the borrower(s)</b></li> </ul> <p><b>Debt allocation cannot be applied where:</b></p> <ul style="list-style-type: none"> <li>• <b>The security collateral is partially or fully owned by a non-borrower, e.g. where a family security guarantee supports an existing debt.</b></li> <li>• <b>Any of the existing security collateral are under construction, until such time as the loan has been fully advanced and the construction is complete. This includes where an existing construction loan has multiple security collateral.</b></li> <li>• <b>An application is Mortgage insured,</b> unless all insured security collateral are linked to the new loan. Where this occurs, the LMI premium will be calculated on the TSE and will require referral to Mortgage Insurer for a manual premium calculation</li> </ul> <p><b>Change 3</b>  <b>Updated section LVR by product, features and purpose to:</b></p> <ul style="list-style-type: none"> <li>• <b>Include max LVR's where Parental leave use of 'return to work' income is used in serviceability</b></li> <li>• <b>Update wording for return borrowing for construction internal and external debt</b></li> <li>• <b>Reduce base LVR to 90% for construction with an external refinance and added following policy clarification:</b></li> </ul> <p><b>*Note:</b> For the external debt refinance, a max base LVR 90% applies, using the land (plus any existing retained improvements, where applicable e.g. shed, pool) value.</p> <p>Brokers must complete a manual calculation to ensure base LVR will not be exceeded when the funds are released for the refinance.</p> <p>The total (external refinance plus new</p>

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		construction) max base LVR is then determined using the 'on completion' valuation figure
10	19 February 2023	<p><b>Change 1</b> Minor wording update to content in section 2.7 LVR by security collateral location</p> <ul style="list-style-type: none"> <li>Scenario &gt; Mortgage insured loan referrals postcodes &gt; 4208, 4208 etc</li> </ul> <p><b>Old wording</b> For LVR &gt; 90% Applications referred to Credit for consideration</p> <p><b>New wording</b> Refer MI applications to Credit on a case by case basis where LVR &gt; 90%, if acceptable max:</p> <ul style="list-style-type: none"> <li>Scenario &gt; Mortgage insured loan referrals postcodes &gt; 2835, 4209, 4413 etc</li> </ul> <p><b>Old wording</b> For LVR &gt; 80% Applications referred to Credit for consideration</p> <p><b>New wording</b> Refer MI application to Credit for consideration on a case by case basis if acceptable max:</p> <ul style="list-style-type: none"> <li>Scenario &gt; Mortgage insured loan referrals postcodes &gt; Cat 7 location</li> </ul> <p><b>Old wording</b> For LVR &gt; 90% applications referred to Credit for consideration</p> <p><b>New wording</b> Refer MI applications to Credit for consideration on a case by case basis where LVR &gt; 90%, if acceptable max:</p> <p><b>Change 2</b> Minor wording update to content in section 2.8 LVR by security collateral type &gt; Security type:</p> <ul style="list-style-type: none"> <li>Scenario &gt; House (detached) on residential land &gt; 8ha but ≤ 50ha</li> </ul> <p><b>Old wording</b> Applications referred to Credit for consideration</p> <p><b>New wording</b> Applications referred to Credit for consideration on a case by case basis</p> <ul style="list-style-type: none"> <li>Scenario &gt; Moiety title</li> </ul> <p><b>Old wording</b> Refer MI applications referred to Credit</p> <p><b>New wording</b> Refer MI applications to Credit for consideration on a case by case basis</p>

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> <li>Scenario &gt; Multiple dwellings on one title &gt; 2 standard separate residential dwellings  <b>Old wording</b>  Refer MI application to Credit on a case by case basis, if acceptable:  <b>New wording</b>  Refer MI application to Credit for consideration on a case by case basis, if acceptable max:</li> <li>Scenario &gt; Multiple dwellings on one title &gt; 3 standards separate residential dwellings  <b>Old wording</b>  Must be referred to Credit on a case by case basis  <b>New wording</b>  Must be referred to Credit for consideration on a case by case basis</li> <li>Scenario &gt; Multiple dwellings on one title &gt; 4 standard separate residential dwellings  <b>Old wording</b>  Must be referred to Credit for consideration  <b>New wording</b>  Must be referred to Credit for consideration on a case by case basis</li> <li>Scenario &gt; Unit &gt; Within Cat 5 or Cat 6 postcode location  <b>Old wording</b>  <b>Note:</b> Any request for a pre cap or capitalised LVR &gt; 90% is by exception and must be referred to credit  <b>New wording</b>  <b>Note:</b> Any request for a pre cap or capitalised LVR &gt; 90% is by exception and must be referred to Credit for consideration on a case by case basis</li> <li>Scenario &gt; Vacant land &gt; 8ha but ≤ 50 ha  <b>Old wording</b>  Applications referred to Credit for consideration  <b>New wording</b>  Refer MI application to Credit for consideration on a case by case basis, if acceptable max:</li> </ul>
11	26 March 2023	<b>Change 1</b> Section 2.4 'LVR by borrower type and income source' updated to include the following content which has been moved from Verifying Income > Foreign income and employment: <b>New wording:</b> Where there are two or more applicants (borrower or income guarantor) included on the loan application, the most conservative policy must be applied regardless of their contribution

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		<p>to the loan, for example:            An Australian citizen who is married to a permanent resident visa holder, living in Australia and earning foreign income, will be restricted to a maximum LVR of 70%, and all policies applicable to the permanent resident visa holder applicant, will apply.</p> <p><b>Note:</b> Applicants who meet the Bank's definition of a non-resident as per Lending to Non-Australian Citizens policy &gt; Non-Resident lending are unacceptable to the Bank and no lending is permitted.</p> <p><b>Change 2</b>            Updated section 'LVR by product features and purpose' (clarification only change):            Updated 'Owner Builder' to clarify that owner builder is not permitted for foreign income or foreign employment. Wording previously only referred to 'not permitted for foreign income'.</p>
12	2 July 2023	<p><b>Change 1</b>  <b>Add "Purple Title (WA)" to unacceptable security collateral</b></p>
13	19 November 2023	<p><b>Change 1</b>            Updated LVR by security type adding:</p> <ul style="list-style-type: none"> <li>• Dual key layout</li> <li>• Leasehold ACT Crown lease (99yr term), Sydney / Darling Harbour Foreshore lease (99yr term), River Murray Crown lease (99yr term), Roman Catholic Diocese lease (99yr term) &amp; Lord Howe Island (perpetual lease)</li> </ul> <p>Updated Unacceptable security by adding:</p> <ul style="list-style-type: none"> <li>• Leasehold under a private lease</li> <li>• License (properties under a license to occupy agreement)</li> </ul> <p><b>Change 2</b>            Updated section 2.8 LVR by security collateral type to separating multiple dwellings on one title into the following.</p> <ul style="list-style-type: none"> <li>• Two dwellings on one title</li> <li>• More than two dwellings:               <ul style="list-style-type: none"> <li>◦ on one title, or</li> <li>◦ adjacent to each other, or</li> <li>◦ in the same strata plan</li> </ul> </li> </ul> <p><b>Change 3</b>            Correction to LVR by security collateral location</p>



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		<ul style="list-style-type: none"> <li>Removal of post codes 6714,6721 and 6722 from Mortgage Insurance Referrals, as these are Concentration Risk postcodes</li> </ul> <b>Change 4</b> Updated section 2.8 LVR by security collateral type to reflect MI waive under a special package is allowed for a Family Security Guarantee and Spousal Guarantees
14	18 February 2024	<b>Change 1</b> Updates to the postcode list for Mortgage Insured loan referrals : <ul style="list-style-type: none"> <li>The &gt;80% LVR referral rule is removed so that all LMI high risk postcodes are only referred for &gt;90% LVR. The existing &gt;80% LVR postcodes has been moved into the &gt;90% LVR list or removed entirely.</li> </ul>
15	7 April 2024	<b>Change 1</b> <b>Updated section LVR by product features and purpose to include:</b> <ul style="list-style-type: none"> <li>Refinance of Family loan / Private Debt, to a max allowable LVR of 80%.</li> <li>MI not available, however MI waiver is permitted to the maximum allowable application LVR where eligible under a special package.</li> </ul> <b>Change 2</b> <b>Updated section 2.8 LVR by security collateral type to update the max allowable LVR to 80% (-20%) for Term Deposit where used as guarantee security collateral (WBC only)</b>
16	19 May 2024	<b>Change 1</b> <b>Included Kit Homes with Owner builder in the LVR by product features and purpose table</b> <b>Change 2</b> <b>In the LVR by security collateral type table:</b> <ul style="list-style-type: none"> <li>Deleted Converted hotels / motels and added this to Conversions to residential from other usage where permanent occupancy is allowed</li> <li>Updated the LVR to 80% for non LMI, 95% for LMI and owner occupied, 90% for LMI and investment</li> <li>Added "units" to Dual key layout</li> <li>Added "under construction" to Kit homes</li> </ul>

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