



BankVic Broker Underwriting Guidelines

Consumer Credit

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1. Introduction

BankVic is the bank for police, emergency and health workers. We're 100% owned by our members. All our profits are reinvested into our business or the communities we're a part of.

Our heritage is important to us and we are committed to ensuring we remain relevant for all our members.

1.1 Our History and Purpose

1.2 Where we started

We began back in 1974, to improve the financial wellbeing of Victoria Police members and their families. More than forty-five years on, our services now extend to members of the health, emergency and public services sectors.

1.3 Where we are

We are Victorian based, and have over 117,000 members. While we are big enough to matter, with \$3 billion in assets, we are still small enough to care about the financial wellbeing of each and every one of our members.

1.4 Why we're here

BankVic exists to strengthen the communities which we serve. We aim to build healthy communities that are financially, socially and environmentally sustainable. It's these beliefs that drive our work and underpin our certification as a B Corp.

1.5 Who we are

Our culture is shaped around 'Being BankVic', where we respect and honour each other, our communities and our members by living our Values of Together, Honest and Brave every day.

It is through our people and their commitment to our Values, vision and purpose that sees us strive to be the most trusted financial institution for police, health, and emergency services.

Our people thrive and grow, knowing they are valued and can make a meaningful contribution toward our members and the broader community. With this, we aim to deliver exceptional experiences for our members, many of which are on the frontline serving our communities.

2. How to use this Underwriting Policy?

This Underwriting Policy is designed to be used to assist in completing applications for Consumer Credit. It contains requirements and guidance surrounding the various aspects of Credit applications and verification.

BankVic's credit assessment process is not limited to the information contained in this document and BankVic is under no obligation to approve applications submitted. Please also ensure the applicant meets BankVic membership eligibility criteria prior to submitting an application. Please refer to your Broker Development Manager for further details.

Please note: BankVic only accepts Full Income Documentation applications. A Full Income Documentation application is where an applicant has all required verification documents available for submission to BankVic to support and verify the details disclosed in their application for Credit.

3. What is 'Credit'?

Credit refers to the BankVic lending funds to members for acceptable purposes, such as the purchase of residential property.

4. Legislative and Policy Framework

This Underwriting Policy is designed to assist BankVic in complying with regulatory and legislative requirements including the responsible lending conduct obligations of the National Consumer Credit Protection Act 2009 (NCCP) and our Credit Risk policies.

One of the key responsible lending requirements is that BankVic will not enter into a credit contract with a member, suggest a credit contract or assist a member to apply for a credit contract if the credit contract is unsuitable for the member.

Meeting our responsible lending obligations will always include the following steps:

- Make reasonable inquiries about the applicant's financial situation, their requirements, and objectives,
- Take reasonable steps to verify the applicant's financial situation,
- Make an assessment about whether the credit contract is 'not unsuitable' for the applicant (based on the inquiries and information obtained in the first two steps)

A credit product will be unsuitable if it is likely the:

- Member will be unable to comply with their financial obligations under the product; or
- Member will only be able to comply with their financial obligations under the product with substantial hardship; or
- Product will not meet the member's requirements and objectives.

Accordingly, a prudent assessment of credit applications is undertaken based on the following criteria:

- Borrower Eligibility and Conduct (including residential, employment and repayment history)
- Borrower Repayment Capacity
- Acceptable Security Support

Only after this assessment has been completed, documented and concludes the credit contract is "not unsuitable" can BankVic enter into a credit facility with the member.

We must also observe the Privacy legislation obligations and not seek personal information about an applicant unless there is a lawful reason to do so. That information may only be retained to meet that reason and after that time, must be destroyed or de-identified.

5. Borrowers

5.1 Acceptable Borrowers

Borrower Type	
Individuals	Individuals who are working and living in Australia and are: <ul style="list-style-type: none">• Aged 18 years or older, and• Either a citizen of Australia or New Zealand or a permanent resident of Australia

5.2 Unacceptable Borrowers

BankVic will not consider Lending to the below borrower types:

- Any applicant aged below 18.
- Sole income is derived from Centrelink Newstart allowance.
- Bankrupt or a person currently under Part IX/X Arrangement.
- Self-Managed Superannuation Funds (SMSF's).
- Applications requiring a guarantor.
- A non-resident, i.e. an Australian or New Zealand citizen or a permanent resident of Australia who is living in a country other than Australia.
- A non-citizen and/or non-permanent resident is a non-Australian Citizen/Permanent Resident who is living in Australia.
- Companies.
- Trust.
- Borrower who is added to a loan to provide serviceability and/or security but does not receive a benefit from the loan transaction. (A "third party" is prohibited from being added as a borrower simply to provide income to support loan servicing, or simply to provide added security for another party to purchase a property). Borrower must have a beneficial interest in the loan transaction either by way of security and/or dependence as mortgagor. e.g. spouse or de-facto relationship

5.3 Co-borrowers

Any person who is to be an additional or co-borrower MUST receive a substantial benefit of the loan, from the loan contract or other credit facility.

Where a substantial benefit to the co-borrower is not clear, BankVic is to be satisfied the co-borrower is aware of the risks associated with entering into the loan and we need to understand why the person wants to be a co-borrower.

BankVic also needs to be satisfied that the co-borrower is not experiencing any financial abuse.

6. Deposit & Equity

6.1 Funds to Complete

Funds to complete a transaction must be from an acceptable source and fully verified supporting documentation must meet the verification standards and be held on file.

The borrowers credit application must evidence adequate funds to complete a purchase, including stamp duty, legal fees and any other associated costs, utilising a combination of loan proceeds and available funds. Funds to complete can consist of (but is not limited to) savings held via bank account/s or term deposit/s. It can also relate



to government grants that may be applicable, which the applicant has advised will be used towards the purchase. Borrowed funds against an existing property are also acceptable.

6.2 Genuine Savings

Applicants with more than 10% equity need only to provide evidence of their deposit and will not need to demonstrate a 5% savings history. Evidence of 5% Genuine Savings is required where the applicant has equity of 10% or less.

Definition of Genuine Savings	<p>Genuine savings is defined as a demonstrable savings pattern established over a minimum period of three (3) months in the name of at least one (1) borrower prior to the loan application being received.</p> <p>Genuine savings can be from any of the following sources:</p> <ul style="list-style-type: none"> • Accumulated savings (savings account). • Sale proceeds of shares or managed funds (net any tax due). • Equity in or from real estate. • Additional loan repayments that are able to be redrawn.
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Type of Deposit	Definition
Equity from Existing Property	<p>Defined as using equity in property already owned towards a new purchase. Equity cannot be an incentive from a builder or vendor.</p>
Gifts	<p>Where funds from a non-repayable gift are being used to complete a purchase, the gift must be from an immediate family member and either:</p> <ul style="list-style-type: none"> • Have been held in an account in the name of at least one (1) borrower for a minimum period of three (3) months prior to the loan application being received <i>(if LMI is applicable, this criteria is a requirement as per the LMI Guide).</i> <p>Or</p> <ul style="list-style-type: none"> • Statutory declaration to be obtained from the immediate family member, confirming the amount of the gift, as well as confirming that the gift is non-repayable, with funds to be cleared into an account in the name of at least one (1) borrower as condition of approval <p>Immediate family members are:</p> <ul style="list-style-type: none"> • Spouse / De Facto partner • Parents / Children • Siblings • Grandparents / Grandchildren
Inheritance	<p>Where funds from an inheritance are being used to complete a purchase, the inheritance must be from an immediate family member and be held in an account in the name of at least one (1) borrower, or solicitors trust in the name of at least one (1) borrower for a minimum period of three (3) months prior to the loan application being received.</p> <p>Immediate family members are:</p> <ul style="list-style-type: none"> • Spouse / De facto partner • Parents / Children • Siblings • Grandparents / Grandchildren.



Term Investments	Lump sums (e.g. term deposits) must have been held in an account in the name of at least one (1) borrower for a minimum period of three (3) months prior to the loan application being received.
Non-acceptable forms of genuine savings	<ul style="list-style-type: none">• Government grants / rebates (including First Home Owners Grant)• Gifts (not from immediate family members)• Inheritance (not from immediate family members)• Advance on wages/commission• Barter Card or other swap negotiations• Builder discount/finance or any form of incentive• Proceeds from gambling• Proceeds from illegal activities• Rental discount• Vendor gift / discount / finance / rebate or any form of incentive• Advantageous / favourable purchases• Lender finance of 5% deposit• Borrowed funds (e.g. personal loan)

7. Employment & Income

For all lending purposes, Core Members shall be defined as members whose primary income is derived from any of the professions as outlined in the section below:

- **Police**
(Any permanent employee of Victoria police. All other law enforcement agencies are covered as employees of Government Departments)
- **Health**
(Any health professional who holds registration with one of the 15 National Bodies governed by the Australian Health Practitioner Regulation Agency (AHPRA), as well as any permanent employee of any private or public hospital, health centre, or ancillary service within the health sector, in the state of Victoria)
- **Emergency Service Workers**
(Any permanent employee of State Emergency Services (SES), Country Fire Authority (CFA), Fire Rescue Victoria (FRV), Ambulance Victoria (AV) and Australian Volunteer Coast Guard (AVCG))
- **Government Departments**
(Permanent employee of any state or federal government department, including teachers within the public-school network)
- **BankVic Employee**
(Permanent current employee of BankVic)

All members not covered by any of the definitions above will be considered Non-Core.

7.1 PAYG Employment

Employment Type	Employment Criteria
Permanent Full-Time / Contract	<ul style="list-style-type: none"> • Minimum three (3) months in current position and no more than two (2) employers in the past twelve (12) months. • If applicant has been employed for less than three (3) months, the applicant must have been in previous employment for at least twelve (12) months and in the same industry. <i>Allowance may be made for a recently attained qualification within our core member groups, where there is a high probability of stable and secure ongoing employment.</i> • Applicants who have not completed a probationary period must have been in previous employment for at least twelve (12) months and in the same industry. <i>(if LMI is applicable, probationary period is required to have been completed successfully).</i>
Permanent Part-Time (principal employment)	<ul style="list-style-type: none"> • Minimum six (6) months in current position. <i>(if LMI is applicable, this criteria is a requirement).</i> • If applicant has been employed for less than six (6) months, the applicant must have been in previous employment for at least twelve (12) months and in the same field
Casual Employment or Second Job	<ul style="list-style-type: none"> • Minimum twelve (12) months in current position.
Borrowers employed by family	<ul style="list-style-type: none"> • Minimum six (6) months in current position or twelve (12) months continuous employment within the same industry.

7.2 PAYG Income

Income Type	Criteria
Full time / Part-Time / Contract / Second Job	<ul style="list-style-type: none"> All of a borrower's regular income may be used in the servicing assessment.
Casual	<ul style="list-style-type: none"> All of a borrower's regular income may be used in the servicing assessment. If Year-To-Date (YTD) income is annualised, serviceability is calculated as 11/12 of annualised amount. This is to allow for unpaid leave and/or shift irregularities (where employment is seasonal or known to have longer leave periods further adjustment should be made). If applicant is employed as a casual teacher, 40 weeks out of 52 is to be used to allow for the specified unpaid leave structure of that employment.
Salary packaging	<ul style="list-style-type: none"> Provided the borrowers total package is available in cash at the borrowers option, then the total package can be treated as gross income (less compulsory superannuation contribution) for loan servicing purposes.
Overtime & Shift Allowance	<p>All Member Groups</p> <ul style="list-style-type: none"> If Overtime/shift allowance is required to meet affordability guidelines the overtime/shift allowance needs to be regular, ongoing and in line with industry expectation. <p>Core Member</p> <ul style="list-style-type: none"> 100% of regular Overtime/shift allowances may be used if the payment is regular, ongoing and in line with industry expectations. <p>Non-Core Member</p> <ul style="list-style-type: none"> 80% of regular Overtime/shift allowances may be used if the payment is regular, ongoing and in line with industry expectations. <p>Verification Requirements</p> <ul style="list-style-type: none"> If YTD income on payslip verifies 6 months or greater of earned income for current financial year, YTD calculation can be utilised to confirm projected annualised income, and this amount can be used in serviceability. If YTD income on payslip verifies 3-6 months of earned income for current financial year, projected annualised income calculation must be compared to income earned for previous financial year (verified via PAYG summary or last payslip received for previous financial year). If projected annualised income based on YTD is trending upwards compared to previous year, then average of the two to be used. If trending downwards, lower amount between projected annualised income and last years verified earnings is to be used. <ul style="list-style-type: none"> If the applicant has had an increase in base salary between the financial years compared, the new base



	<p>wage amount can be used plus the overtime/shift allowance amount as verified by the above process.</p> <ul style="list-style-type: none"> ○ Where the applicant was not employed with the same employer for the full previous financial year, but was employed for at least 6 months, you may use a minimum 6-month period to help determine the average income across the two financial years. ● If YTD income on payslip verifies 0-3 months of earned income for current financial year, overtime is required to be evident on current payslip. PAYG summary or last payslip received for previous financial year is to be requested, with the figure verified from previous financial year may be used. <ul style="list-style-type: none"> ○ Where the applicant was not employed with the same employer for the full previous financial year, but was employed for at least 6 months, you may use a minimum 6 month period to help determine the average income across the two financial years.
Commission / Bonus	<p>The lesser amount of the below two options may be used to assess serviceability if the payment is regular, ongoing and in line with industry expectations:</p> <ul style="list-style-type: none"> ● Prior financial year as of date of application, or ● The average of the previous two (2) years
Vehicle / Car Allowance (not mileage)	<ul style="list-style-type: none"> ● May be added back to the gross taxable income if verified via employment contract or pay slips ● Any corresponding lease or hire purchase payments or loan repayments must be included in the servicing calculator
Mileage Reimbursement	<ul style="list-style-type: none"> ● Unacceptable Income
Fully Maintained Company Vehicle	<ul style="list-style-type: none"> ● Unacceptable Income
Foreign Income	<ul style="list-style-type: none"> ● Unacceptable Income

7.3 Other Income

Type of Income	Treatment of Income
Rental Income – Standard Residential <i>(Defined as Investment Property with ongoing lease agreement)</i>	<ul style="list-style-type: none"> ● 80% of the gross rental income.
Rental Income – Short Term Rentals <i>(Including Serviced and/or Managed Apartments, Holiday Rentals and Air BnB)</i>	<ul style="list-style-type: none"> ● 70% of the historical net income from the property may be used as rental income. (Income less any cleaning, letting and other fees from the previous 12 months)
Family Allowance	<ul style="list-style-type: none"> ● Family Tax Benefit Part A and B for a child, where the payment is intended to be permanent for the next five years
Pensions	<ul style="list-style-type: none"> ● Must be of a permanent nature. 100% can be accepted.
Child Support	<ul style="list-style-type: none"> ● Accepted where the payment is intended to be permanent for the next five years.

7.4 Self-Employed

A borrower is self employed where more than 50% of the borrowers total income is derived from a business wholly or partially owned by the applicant, or any portion of business income is required to service the loan.

Understanding the borrowers occupation and industry is crucial as this will indicate the likely turnover and expenses of their business.

A minimum 2 years in the same business is required, with the only exception being a borrower that has less than two years trading in the current business but two years prior employment in similar field, which may be considered on a case-by-case exception basis.

The length of time in business will be verified by the registration date of the Australian Business Number (ABN) or Australian Company Number (ACN) for any business that the borrower generates an income from.

ABN / ACN must be in the name of the borrower or an associated entity that can be directly linked to the borrower.

Type of Income	Treatment of Income
Self-Employed	<ul style="list-style-type: none"> In calculating serviceability, the lower of 100% of latest financial year figure or 120% of previous financial year will be considered. In the event income has decreased by greater than 20% between the two (2) years, an explanation as to why is to be sought from the applicant.
Self-Employed Allowable Adjustments	<p>Acceptable add-backs include:</p> <ul style="list-style-type: none"> Interest (not principal repayments) for loans being refinanced or included as a liability in the serviceability calculation. Loan interest where the loan ceased in the current trading period. Wages, salaries or directors' fees not already included and where evidenced in the individual's personal tax return matched to P&L entries. Superannuation contributions in excess of compulsory payment. Depreciation. Non-recurring expenses (must be fully explained).

8. Servicing Capacity

Borrowers must be able to demonstrate sufficient income to pay their financial obligations and living expenses without hardship. Two calculations are used to determine servicing capacity:

Net Serviceability Ratio (NSR)	The ratio of disposable income available to meet financial commitments. NSR should reflect a ratio of 1.0 or more, and a net monthly surplus of greater than \$200 per month (\$2,400 per annum).
Debt to Income Ratio (DTI)	<p>The ratio of the credit limit of all debts held by the borrower to the borrowers gross Income.</p> <p>Debt to income ratio should reflect a ratio of less than 6.</p> <p>(Include the credit limit of any debts, such as other mortgage lending, personal loans, credit-cards, consumer finance, margin lending, buy now pay later debt, Higher Education Loan Program (HELP) or Higher Education Contribution Scheme (HECS) debt, and any other debts held by the borrower, to any party, to the extent this is known to the ADI).</p>

The following section will cover other factors that must be taken into consideration, as they will affect a borrowers servicing capacity.

Type	Definition
Assessment Rates (Floor Rates)	<p>For all housing loans (both new and existing), interest rate buffers are applied for assessment purposes to stress test the capacity of borrowers to continue to meet their repayment obligations in the event of interest rate rises. The buffer is currently calculated as the higher of the following:</p> <ul style="list-style-type: none"> Borrowers Interest Rate + 3%; <p>Or</p> <ul style="list-style-type: none"> Floor rate (Currently 7.25%) <p>Introductory rates, fixed rates and package rates are assessed based upon the "Variable Rate" being the borrowers Interest Rate and based on loan purpose, this is either "Variable Rate Owner Occupied" or "Variable Rate Investment".</p>
Living Expenses	<p>BankVic requires members to declare their living expenses when completing an application for credit. The members living costs are to be assessed as the greater of:</p> <ul style="list-style-type: none"> The borrowers declared expenses, <p>Or</p> <ul style="list-style-type: none"> The HEM (Household Expenditure Measure) index adjusted in line with the quarterly release from Melbourne Institute (Applied Economic & Social Research) <p>If an applicant declares their household expenses as below 90% of HEM (as confirmed by BankVic's serviceability calculations), all accounts, inclusive of credit cards and loan accounts, must be reviewed to verify the member's declared living costs (Level 3 Verification Requirement).</p> <p>To undertake a sufficient review a minimum of three months account statements are required.</p> <p>Please refer to section 14 "Liability Verification, Expense Verification & Other Verification" for further information on expense verification and verification requirement levels.</p>



Personal Loan / Car loan / Term Loans	Where the borrower has term loans, such as personal loans or car loans, the minimum repayments and balance must be included.
Other Commitments	<p>The borrower may have varying other fixed payments based on their individual circumstances, such as (but not limited to):</p> <ul style="list-style-type: none"> • Child Support / Maintenance • Lease Payments • Rental Commitments and/ or Board. (where boarding or living with family the higher of actual payment or minimum notional rent of \$650 per month). • Private School Fees <p>Ensure any additional commitments the borrower may have are factored into the servicing calculation.</p>
HELP Loans / Study Debts (such as HECS-HELP) Other Commitments	<p>Where a HELP/STSL/Study debt is known or evidenced, the minimum HELP/STSL/Study debt repayment must be used (regardless of debt amount remaining).</p> <p>This minimum payment liability is calculated by applying applicable rates found within the 'study and training loan repayment thresholds and rates' table, found on the ATO website, to the assessable income of the applicant.</p> <p>The balance of this debt must also be entered into the loan servicing calculator to ensure the correct DTI calculation, as verified by statement.</p>
Credit Limits	<p>Assessment of Credit Card commitments (both new & existing) will be aligned to ensure that under a Principal and Interest basis the facility would be repaid within 3 years (calculated at 3.82% of the limit).</p>
Buy Now, Pay Later (BNPL)	<p>Buy now, pay later (BNPL) is a type of short-term financing that allows consumers to make purchases and pay for them over time, usually with no interest. Repayment for purchases are generally split into short-term period (e.g. 4-8 weeks).</p> <p>The balance (or limit if applicable) on any BNPL facilities should be loaded as a liability with nil repayments to ensure it is included in the DTI calculation, and the assessment should consider if the borrower has the short term ability to make the repayments either from retained savings and/or available credit limits. Multiple facilities should be listed separately.</p>
Interest Only Loans	<p>For new and existing Interest Only facilities, the borrowers capacity to repay will be determined using the remaining principal and interest period.</p>
Line of Credit	<p>Where the borrower has a Line of Credit, the repayments are calculated on an interest only basis of the facility limit. This is entered as a minimum monthly repayment amount by calculating the facility limit multiplied by the applicable assessment rate (as above) to determine yearly interest amount and then divided by 12.</p>
Foreign Loans	<p>Ensure that the foreign debt is converted to Australian Dollars and attach documentation of calculation and date of calculation.</p>
Margin Loans	<p>Margin Loans are to be calculated on an interest only basis of the facility limit. This is entered as a minimum monthly repayment amount by calculating the facility limit multiplied by the applicable interest to determine yearly interest amount and then divided by 12.</p> <p>Ensure that the foreign debt is converted to Australian Dollars and attach documentation of calculation and date of calculation.</p>



Borrowers approaching retirement	<p>Where any applicant to a credit facility is approaching retirement at the time of the application, in order to meet responsible lending obligations, BankVic will consider how the loan will be serviced and/or repaid at the time of retirement.</p> <p>While retirement ages may vary, in the absence of any evidence to the contrary, investigations into the borrowers exit strategy will be required where the borrower is aged 55 years or older at the time of application and the loan term exceeds age 67.</p> <p>The exit strategy must be considered reasonable and not result in the borrower being placed into a future position of financial hardship.</p>
Significant Future Changes	<p>Upon enquiry by the broker, if the borrower discloses any significant future changes the servicing capacity needs to have consideration for any changes that may or will impact on the borrower's capacity to repay without placing the borrower into a future position of potential financial hardship.</p> <p>Some examples of significant future changes include:</p> <ul style="list-style-type: none">• Maternity/paternity leave• Change in working hours, position, employer, occupation, industry, income. Career change.• Disposal of assets <p>Acquisition of assets (and possibly associated debts)</p>

9. Property type

Property used to secure a home loan needs to meet BankVic's security eligibility requirements. BankVic utilises the Location Guide of its Lenders Mortgage Insurer, QBE, to determine property location classification based on the postcode. Properties are classified as one of the following:

- Metropolitan
- Regional
- National

The QBE LMI Location Wizard or Location guide can be used to help you determine a property's classification. Refer to QBE LMI Website for further information.

(Please note, if LMI is applicable, QBE's LMI requirements will be required to be met, which may differ from requirements set by BankVic).

A loan to an eligible Core Member, to purchase an Owner-Occupied property in a Metropolitan area (as defined by QBE LMI's Location Guide) in Victoria may not require LMI until the LVR exceeds 90% (LMI Waiver).

For further information on the criteria required to be met for this consideration, see section 16.1 "[LMI Waivers and Exceptions](#)"

9.1 Standard Securities

Description	Valuation Requirements (Please note all properties with estimated value greater than \$1.5 mil and LVR>50% will require full sworn valuation)
<p>Residential Property located in "Metropolitan" or "Regional" postcodes, Includes:</p> <ul style="list-style-type: none"> • Villa /Duplex • Units/Apartments>50sqm NOT in a High-Density location • Land with residential home up to 8ha • Homes to be constructed by Licensed builder • Off the plan if occupancy is to be within 3 months 	<p><u>Owner Occupied</u></p> <p>Purchase (established property):</p> <ul style="list-style-type: none"> • Contract of Sale (dated less than 6 months from application) <ul style="list-style-type: none"> ○ Max LVR 80% • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 95% (LVR > 80% = LMI Applicable) <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none"> • Most recent Rates Notice with CIV, AVM, Desktop Valuation <ul style="list-style-type: none"> ○ Max LVR 65% • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 95% (LVR > 80% = LMI Applicable) <p>Homes to be constructed:</p> <ul style="list-style-type: none"> • Satisfactory Full Sworn Valuation TBE (To Be Erected) required <ul style="list-style-type: none"> ○ Max LVR 95% (LVR > 80% = LMI Applicable)



	<p><u>Investment</u></p> <p>Purchase (established property):</p> <ul style="list-style-type: none">• Contract of Sale (dated less than 6 months from application)<ul style="list-style-type: none">○ Max LVR 80%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable) <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none">• Most recent Rates Notice with CIV, AVM, Desktop Valuation<ul style="list-style-type: none">○ Max LVR 65%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable). <p>Homes to be constructed:</p> <ul style="list-style-type: none">• Satisfactory Full Sworn Valuation TBE (To Be Erected) required<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable).
<p>Vacant residential land located in “Metropolitan” or “Regional” postcodes</p>	<p><u>Owner Occupied</u></p> <p>Purchase:</p> <ul style="list-style-type: none">• Contract of Sale (dated less than 6 months from application)<ul style="list-style-type: none">○ Max LVR 80%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 95% (LVR > 80% = LMI Applicable) (LVR > 90% can only be considered for vacant land located in Metropolitan postcodes). <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none">• Most recent Rates Notice with Site Value, AVM, Desktop Valuation<ul style="list-style-type: none">○ Max LVR 65%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable) <p><u>Investment</u></p> <p>Purchase:</p> <ul style="list-style-type: none">• Contract of Sale (dated less than 6 months from application)<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 80% <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none">• Most recent Rates Notice with Site Value, AVM, Desktop Valuation<ul style="list-style-type: none">○ Max LVR 50%



	<ul style="list-style-type: none">• Full Sworn Valuation:<ul style="list-style-type: none">○ Max LVR 80%
<p>Residential property located in “National” postcodes, Includes:</p> <ul style="list-style-type: none">• Villa /Duplex• Units/Apartments>50sqm NOT in a High-Density location• Land with residential home up to 8ha• Homes to be constructed by Licensed builder.• Off the plan if occupancy is to be within 3 months	<p><u>Owner Occupied</u></p> <p>Purchase (established property):</p> <ul style="list-style-type: none">• Contract of Sale (dated less than 6 months from application)<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable) <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none">• Most recent Rates Notice with CIV, AVM, Desktop Valuation<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable) <p>Homes to be constructed:</p> <ul style="list-style-type: none">• Satisfactory Full Sworn Valuation TBE (To Be Erected) required<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable) <p><u>Investment</u></p> <p>Purchase (established property):</p> <ul style="list-style-type: none">• Contract of Sale (dated less than 6 months from application)<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 80% <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none">• Most recent Rates Notice with CIV, AVM, Desktop Valuation<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 80% <p>Homes to be constructed:</p> <ul style="list-style-type: none">• Satisfactory Full Sworn Valuation TBE (To Be Erected) required<ul style="list-style-type: none">○ Max LVR 80%



Vacant residential land located in “National” postcodes	<p><u>Owner Occupied</u></p> <p>Purchase:</p> <ul style="list-style-type: none">• Contract of Sale (dated less than 6 months from application)<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable) <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none">• Most recent Rates Notice with CIV, AVM, Desktop Valuation<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI Applicable) <p><u>Investment</u></p> <p>Purchase:</p> <ul style="list-style-type: none">• Contract of Sale (dated less than 6 months from application)<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 80% <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none">• Most recent Rates Notice with CIV, AVM, Desktop Valuation<ul style="list-style-type: none">○ Max LVR 50%• Full Sworn Valuation<ul style="list-style-type: none">○ Max LVR 80%
Properties with estimated value greater than \$1.5 mil	All properties with value greater than \$1.5 mil and LVR > 50% will require full sworn valuation

★ 9.2 Non-Standard Securities

Description	Valuation Requirements (Please note all properties with estimated value greater than \$1.5 mil and LVR>50% will require full sworn valuation)
<p>High Density Apartments <i>(a building having 10 or more floors, or more than 100 accommodation units.</i> <i>Single dwelling townhouses not connected to main building within the same complex will not be treated as high density)</i></p>	<p>Purchase:</p> <ul style="list-style-type: none"> • Contract of Sale (dated less than 6 months from application) <ul style="list-style-type: none"> ○ Max LVR 50% • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 80% <p>Refinance / Increase of Existing BankVic Home Loan:</p> <ul style="list-style-type: none"> • Most recent Rates Notice with CIV, AVM, Desktop Valuation <ul style="list-style-type: none"> ○ Max LVR 50% • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 80%
<p>Units 40-50sqm <i>(excluding balcony, storage units and car parking)</i> <i>Considered on exception basis (Must be configured to include at least one bedroom, separate from living areas, lounge/dining, kitchen/laundry, bathroom or bathroom/laundry.)</i></p>	<p>Purchase / Refinance / Increase of Existing BankVic Home:</p> <ul style="list-style-type: none"> • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 80% <i>(If any risk rating 4 or above other than security type, Max LVR 60%)</i>
<p>Serviced Apartments <i>Must meet minimum floor space of 50sqm</i> <i>(Must be configured to include at least one bedroom, separate from living areas, lounge/dining, kitchen/laundry, bathroom or bathroom/laundry.)</i></p>	<p>Purchase / Refinance / Increase of Existing BankVic Home:</p> <ul style="list-style-type: none"> • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 70% <i>(If any risk rating 4 or above other than security type, Max LVR 60%)</i>
<p>Unit Development Construction Greater than two (2) units <i>Split land and build contracts are not acceptable</i></p>	<p>Homes to be constructed:</p> <ul style="list-style-type: none"> • Satisfactory Full Sworn Valuation TBE (To Be Erected) required <ul style="list-style-type: none"> ○ Max LVR 80% <i>(If any risk rating 4 or above other than security type, Max LVR 60%)</i>
<p>Rural properties: Land greater than 8ha (Maximum of 50ha), and/or properties zoned farming (Must be non-commercial operation)</p>	<p>Purchase / Refinance / Increase of Existing BankVic Home:</p> <ul style="list-style-type: none"> • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 70%
<p>Display Home</p>	<p>Purchase / Refinance / Increase of Existing BankVic Home:</p> <ul style="list-style-type: none"> • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 80%
<p>99 Year Crown Lease (ACT)</p>	<p>Purchase / Refinance / Increase of Existing BankVic Home:</p> <ul style="list-style-type: none"> • Full Sworn Valuation <ul style="list-style-type: none"> ○ Max LVR 80%

10. Loan purpose

Home loan proceeds are to be used for the reason(s) disclosed in a borrower's home loan application and be acceptable to BankVic.

10.1 Acceptable Loan Purposes

Purpose	Description
Purchase Real Estate	Purchase an owner-occupied or investment real estate property.
Refinancing of an existing house and land home loan	A refinance loan is where the purpose is to pay out an existing home loan (usually through another Lender) using the same security property. Refinance loans may in addition to the home loan being refinanced, include other loan purposes such as funds for the purchase of an investment or the refinancing of personal loans, credit card debts, minor home improvements, car purchases etc.
Refinancing of a land loan for construction purposes	The initial loan would have been for the purpose of purchasing the vacant land. The main purpose of this additional loan is to now build the dwelling.
Consumer Goods	Purchase of consumer goods (e.g. cars, boats, house furnishings).
Debt Consolidation	For the purpose of repaying other debts held by the consumer and combining into one loan.
Equity release / Cash out	Equity Release / Cash Out / Top ups on home loans where the proceeds are being fully or partially released directly to the borrower are subject to the following: <ul style="list-style-type: none"> • Available on home loans secured by standard real estate security. • Full details of what the loan proceeds are to be used for is required and must be for acceptable loan purpose. • LVR < 80% > \$100,000 requires evidence of purpose. • LVR > 80% (Subject to LMI guidelines).
Home Improvements / Renovations	Depending on the level and nature of the work being undertaken will determine the verification required. For example, a structural renovation will be considered differently to improvements made to flooring as a structural renovation is changing the bones of the property held as security. (Please note where the funds are either fully or partially released directly to the borrowers cash out criteria applies).
Personal Investment	For investment in purposes other than real estate, such as business shares, stock market shares, gold.
Personal Expenditure	For the purpose of expenses related to life events (e.g. travel, wedding, funeral, medical, vet cost) or repairs (e.g. car repairs, hot water service).

10.2 Construction Loans

- Construction Loans can be utilised for the construction of residential property for owner occupied or investment purposes.
- Requirement for Fixed Price Building Contract.
- Requirement for Progress Payment schedule in line with industry standard.
If an exception to this is required, it is to be approved on a case-by-case exception only basis.
- Requirement for Registered Builder.



10.3 Unacceptable Loan Purposes

- Reverse Mortgages.
- Lending to Self-Managed Superannuation Funds.
- Business Purposes (including, but not limited to: loan for new business start-up and reliant on prospects, Commercial development (including owner-builder)).
- Payment of recurring debts (i.e. general utilities accounts, council rates, owners corporation fees).
- Payment of taxation liabilities.
- Low or No Doc Lending.

★ 11. Loan Types

11.1 Acceptable Loan Types

Description	
Mortgage Loan	<ul style="list-style-type: none"> • Owner Occupied • Investment • Construction Loan

11.2 Acceptable Repayment Types

Repayment Types	
Principal and Interest	<ul style="list-style-type: none"> • Owner Occupied Term Loan • Investment Term Loan
Interest Only	<ul style="list-style-type: none"> • Owner Occupied Construction • Investment

11.3 Acceptable Loan Terms

Loan Type	Restrictions	
Mortgage Loan	Principal and Interest	Maximum Thirty (30) Years. (BankVic reserves the right to impose a reduced loan terms for loans which include borrowings for personal and consumer purposes).
	Interest Only (for Investment Only)	Maximum Five (5) Years
	Interest Only (for Construction Only)	Maximum Two (2) Years Or (whichever comes first) Until Completion of Property (Certificate of Occupancy Provided)

11.4 Consents and Variations

Where a Loan variation relating to changes in the key attributes of an existing credit facility, BankVic's consent to expressly agree to an alteration or potential impact upon a security or loan structure is required.

Instructions on how to request a variation or a consent are available upon request.

★ 12. Verification Requirements

The table below outlines the minimum verification requirements to be met for a loan assessment.

Income Verification	Liabilities Statements Verification	Living Expense Verification	Asset Verification
Income Verification as per section 13 “Income Verification”	Liability Verification as per section 14 “ <u>Liability Verification, Expense Verification & Other Verification</u> ”	Living Expense Verification as per section 14 “ <u>Liability Verification, Expense Verification & Other Verification</u> ”	No (Unless Exit Strategy is reliant on asset realisation)

13. Income Verification

Payslip requirements:

- Confirming:
 - Base Income,
 - Year to Date (YTD) Gross Earnings,
 - Net Income After Tax
 - Allowances, Overtime, Deductions (if applicable)
- Computer generated.
- ABN.
- Contain both employee and employer name.
- Must not be older than five (5) weeks from date of application.

13.1 PAYG Income

Income Type	Payslips	Additional Documents
Base Income and Salary Packaging	<ul style="list-style-type: none"> • Core Member One (1) most recent payslip • Non – Core Member Two (2) most recent payslips 	
Overtime	<ul style="list-style-type: none"> • Core Member One (1) most recent payslip • Non – Core Member Two (2) most recent payslips with minimum of three (3) months YTD Income 	If within first six (6) months of current financial year also requires: <ul style="list-style-type: none"> • Last payslip from previous financial year confirming full years income Or • PAYG summary from previous financial year
Commission / Bonus		<ul style="list-style-type: none"> • Two (2) Payslips (one from each financial year) from previous two financial years confirming bonus for each year Or • Two (2) Years Full Tax Return
Vehicle / Car Allowance	<ul style="list-style-type: none"> • Two (2) most recent payslips 	If not evident via payslips: <ul style="list-style-type: none"> • Employment Contract



<p>New Employer</p>		<ul style="list-style-type: none"> • Copy of a signed employment contract confirming: <ul style="list-style-type: none"> ○ Start date ○ Salary Accompanied by employer contact or • Letter from the employer on company letterhead confirming the basis of employment, inclusive of salary and start date, accompanied by employer contact.
<p>Borrowers Employed by Family</p>	<ul style="list-style-type: none"> • Two (2) most recent payslips 	<ul style="list-style-type: none"> • Last Full Tax Return and ATO Notice of Assessment Or • If applicant employed for more than six (6) months but less than twelve (12) and is unable to provide Full Tax Return and Notice of Assessment confirming employment, six (6) months of account statements under the name of borrower confirming ongoing salary deposits from employer required.

13.2 Non-PAYG Income

Income Type	Verification Required
<p>Rental Income Long-Term Rentals <i>(Defined as Investment Property with ongoing lease agreement)</i></p>	<ul style="list-style-type: none"> • Most recent rental income statements (in name of at least one borrower); or • If new lease, signed complete copy of lease agreement (in name of at least one borrower); or • Most recent tax return; or • Estimate of rental income from both a current licenced Real Estate Agent, as well as Full Sworn Valuation. Lowest value between the two to be used in servicing.
<p>Rental Income Short-Term Rentals <i>(Including Serviced and/or Managed Apartments, Holiday Rentals, AirBnB/Stayz, etc)</i></p>	<ul style="list-style-type: none"> • Statement or Transaction List from provider such as (but not limited to) AirBnB/Stayz, etc. Confirming all historical Net Income (Income less any cleaning, letting and other fees) from the previous 12 months
<p>Centrelink – Aged Pension</p>	<ul style="list-style-type: none"> • Three (3) months of bank statements in name of borrower confirming net payments Or • If credits are unavailable or inconsistent, most recent Department of Human Services / Centrelink income statement confirming the regular / ongoing entitlement



<p>Centrelink Benefits <i>(Including Family Allowance, Parenting, Disability, Carers, etc.</i> Excluding Aged Pension)</p>	<ul style="list-style-type: none"> • Most recent Department of Human Services / Centrelink income statement confirming the regular / ongoing entitlement. <p>Please note that NDIS is not an income source to be used in servicing. NDIS is designed to provide reimbursement and/or payment of specific disability related expenses, such as carer or medical expenses.</p> <p>If required and deemed reasonable, it may be used to understand a borrower's expenses, and offset expenses used in serviceability.</p>
<p>Child Support / Maintenance</p>	<ul style="list-style-type: none"> • Child Support Agency statement confirming child support maintenance and evidence such as payment to bank account/s has been received for a minimum of three months.
<p>Superannuation Income (Through a complying superannuation fund; not SMSF)</p>	<ul style="list-style-type: none"> • Most recent statement from the Superannuation Fund confirming the regular or allocated pension amount.
<p>Superannuation Income - SMSF</p>	<ul style="list-style-type: none"> • Last two (2) years tax returns for Self-Managed Superannuation Fund.

13.3 Self Employed Income

Income Type	Verification Required
<p>Self Employed</p>	<ul style="list-style-type: none"> • Last two years personal taxation returns. • Last two years personal ATO Notice of Assessment. • Last two years Business taxation returns. (if a sole trader, this information will be contained within the personal taxation returns). • Last two years Business Profit and Loss Statements and Balance Sheets. • Last two years Business Balance Sheets. (a sole trader or partnership may not have a balance sheet). <p><i>The most recent tax returns must be less than 18 months old at the time of application. (i.e tax returns for the financial year ending June 2021 are out of date in December 2022)</i></p> <p><i>Accountant prepared Interim Profit and Loss statements, or BAS statements may be requested to support the income disclosed in the application where financial data is greater than 6 months old at the time of the application.</i></p>



14. Liability Verification, Expense Verification & Other Verification

14.1 Expense Verification Requirement Levels

BankVic utilises three different levels of expense verification requirements.

The below table outlines the different level of verification requirements.

Please note that all other standard verification documents i.e. income, funds to complete, exit strategy etc, is applicable for all levels.

Level	Criteria*	Statements & Transaction Review Requirements
1	<ul style="list-style-type: none"> Declared Expenses > HEM Credit Report Score =>750 Net Monthly Surplus => \$500 per month in surplus LVR =< 80% 	<ul style="list-style-type: none"> Liability statements as per section 14.2
2	<ul style="list-style-type: none"> One or more criteria of Level 1 not met. 	<ul style="list-style-type: none"> All documents and requirements as per Level 1 and, 3 months statements for transaction accounts (includes all accounts where salary is credited to and everyday expenses, bills/liabilities are paid from) The statements are to be used for review of conduct and undisclosed liabilities.
3	<ul style="list-style-type: none"> Living costs declared below 90% of HEM. 	<ul style="list-style-type: none"> All documents and requirements as per Level 1 & 2 and, 3 months of statements for all active bank accounts and credit facilities used for ongoing expenses. The statements are to be used for expense verification. (If an expense verification has already been undertaken during preliminary assessment, please forward the supporting documents as part of the submission)

*Credit Score and Net Monthly Surplus are based on the verified position of BankVic.

*BankVic reserves the right to request further document and/or verification requirements

14.2 Verification Documents

Verification Documents	What To Obtain	When To Obtain	Why We Obtain
Transaction Statements	<ul style="list-style-type: none"> Three (3) consecutive months of current transaction statements With borrower's name and account number included. Transactions and running balance evident. 	<ul style="list-style-type: none"> Only required for Level 2 and Level 3 verification requirements Any borrower who does not bank with BankVic. 	<ul style="list-style-type: none"> Assist in verification of conduct and undisclosed liabilities (if Level 3 verification applicable, also



		<ul style="list-style-type: none"> Can be obtained either as VFDR (Illion) report, or via formal .pdf bank statements directly from internet banking. 	verification of living expenses)
Evidence of Savings	<ul style="list-style-type: none"> Three (3) consecutive months of current statements. With borrower's name and account number included. Transactions and running balance evident. If gifted funds, letter from family member confirming the amount and agreement as non repayable. 	<ul style="list-style-type: none"> Borrowers who do not bank with BankVic. Contributing towards the purpose or the strength of the application lies in the savings asset held. Can be obtained either as VFDR (Illion) report, or via formal .pdf bank statements directly from internet banking. 	<ul style="list-style-type: none"> Confirms Funds to Complete are evident. Confirms borrower has demonstrated pattern of savings accrual behaviour (which supports ability to manage commitments).
Statements of Liabilities – Loan Purpose Does Not Involve Debt Consolidation	<ul style="list-style-type: none"> Most recent statement for any active liability: <ul style="list-style-type: none"> Six (6) months Home Loan Statements Three (3) months Personal Loan Statements One (1) month Credit Card/Continuing Credit statement If Level 3 verification applicable: <ul style="list-style-type: none"> Most recent three (3) months of statements should be obtained for any loan/credit facility being used for ongoing expenses (e.g. 	<ul style="list-style-type: none"> For all loan proposals that does not involve Debt Consolidation. 	<ul style="list-style-type: none"> Confirms the debt position – limits, balances, repayments. Confirms the history – consistent repayments or arrears, over the limit, late payments, etc. Clarifies data if information appears inconsistent.



	<p>credit card, store card, etc).</p> <ul style="list-style-type: none"> All statements must include borrowers name, account number, transactions and running balance. 		
<p>Statements of Liabilities – Loan Purpose Does Involve Debt Consolidation</p>	<ul style="list-style-type: none"> Most recent statement for any active liability covering a minimum of three (3) months. If applicant/s hold any home loans, most recent six (6) months of statements required for the home loan facilities If any adverse conduct noted, an additional three (3) months of statements to be obtained (for total of six (6) months). <p>All statements must</p> <ul style="list-style-type: none"> Not be older than one (1) month from date of application (if required, transaction listings from online banking can be utilised if formal statements older than one (1) month. BankVic reserves the right to request additional documentation if the transaction listings are deemed insufficient to verify liability accurately). Include borrowers name, account number, transactions and running balance. <p>Adverse conduct defined as:</p> <ul style="list-style-type: none"> Any late payment to facility Any unpaid missed payment or dishonoured payment. 	<ul style="list-style-type: none"> For all loan proposals that does involve Debt Consolidation 	<ul style="list-style-type: none"> Confirms the debt position – limits, balances, repayments Confirms the history – consistent repayments or arrears, over the limit, late payments, etc. Clarifies data if information appears inconsistent.



	<ul style="list-style-type: none"> • Credit Card Facilities outside the approved limit. • Three (3) or more cash withdrawals (cash advance) within a three (3) month period for an ongoing credit facility. 		
Superannuation	<ul style="list-style-type: none"> • Recent superannuation balance statement. 	<ul style="list-style-type: none"> • Exit Strategy is reliant on Superannuation. • Not required for borrowers aged under 55. 	<ul style="list-style-type: none"> • Confirm that borrowers exit strategy does not place them in a position of financial hardship.
Credit Limit, Cancellation or Reduction	<p>Limit held with Other Financial Institution (OFI):</p> <ul style="list-style-type: none"> • A letter from the OFI confirming the limit has been reduced / cancelled. <p>Limit held with BankVic:</p> <ul style="list-style-type: none"> • Reduction / cancellation will be verified internally as confirmed with borrower. 	<ul style="list-style-type: none"> • As part of the approval, the credit limit held is either reduced or closed. 	<ul style="list-style-type: none"> • To ensure that the limit is closed or reduced as per approval provided.
Contract of Sale & Section 32 / Vendor Statement – Real Estate	<ul style="list-style-type: none"> • Full contract. • Signed by vendor and purchaser. 	<ul style="list-style-type: none"> • Buying real estate property. 	<p>Confirmation of:</p> <ul style="list-style-type: none"> • Property details • Purchase Price • Purchaser name/s • Vendor Name/s • Selling Agent • Finance Date • Settlement Date • Conditions • Section 32 / Vendor Statement
Certificate of Insurance <i>(Certificate of Currency)</i>	<ul style="list-style-type: none"> • Insurer produced certificate. <p>Must include:</p> <ul style="list-style-type: none"> • Owner's name. • Property address/vehicle details. • Insured amount (if Full Sworn Valuation conducted, minimum replacement insurance on policy must meet at 	<ul style="list-style-type: none"> • Any loan with security. 	<ul style="list-style-type: none"> • Confirm that the asset being held as security is sufficiently insured.



	<p>least minimum replacement insurance as per valuation).</p> <ul style="list-style-type: none"> • Policy start and end date (policy must be current). • BankVic as interested party. 		
Construction	<ul style="list-style-type: none"> • Signed Fixed Price Building Contract (accompanied with any variations if applicable) • A full “As If Complete / To Be Erected” valuation. • Council-Approved Stamped Plans and Specifications (if Council does not provide this service, Building Permit will be required). • Builders Indemnity Insurance Certificate • Prior to first advance: Final Council Approved Plans and Specifications and Building Permit. • At Completion: Certificate of Insurance (Building) and Certificate of Occupancy. 	<ul style="list-style-type: none"> • Constructing a new property through a registered builder which will be used as security. • Completing a major renovation (that will impact the structure of the security property). 	<ul style="list-style-type: none"> • Confirmation of the building cost, the progress payment schedule, the inclusions and exclusions, the registered builder. • Confirmation of the value of the property upon completion (determine LVR at commencement, completion and during) and confirm reasonableness of build cost. • Insurance to protect risk against building damage and/or loss of builder. • Confirmation that the property is completed, habitable and approved.

15. Loan Disbursements

BankVic may impose conditions to direct payments to a third party (e.g. credit provider, construction company, etc). This is to ensure loan proceeds are directed to the disclosed purpose of the loan application. This may be required in the following circumstances:

- Debt consolidation or refinance.
- Purchasing an asset where that asset will be taken as security.
- Construction loans.
- In accordance with LMI Requirements concerning maximum 'cash out' provisions
- Home Improvements where:
 - The increased value of those improvements are built into any new valuation amount, or
 - Building plans are involved

BankVic reserves the right to impose a condition of controlled loan disbursements as deemed necessary for a loan proposal, and each application will be based on its own merits and treated on a case-by-case basis.

16. Lenders Mortgage Insurance

Any application that requires Lenders Mortgage Insurance (LMI) is required to meet QBE LMI's requirements, in addition to BankVic's requirements.

For further information on QBE LMI's underwriting requirements, please refer to QBE LMI's website for the most recent version of the "LMI Guide Australia". You may also refer to your Broker Development Manager for further details.

It's important to note that not all parts of QBE LMI's requirements and BankVic's credit policy are aligned. Accordingly, the loan will be assessed to ensure compliance with both parties.

16.1. LMI Waivers and Exceptions

A loan to an eligible Core-Members to purchase an Owner-Occupied property in a metropolitan area in Victoria may not require LMI until the LVR exceeds 90% (LMI Waiver). BankVic requires the following criteria to be met for an LMI Waiver to be considered.

16.1.1. Eligibility Criteria – Product and Purpose

Definition	Criteria
Loan Purpose	LMI Waivers are only applicable for the purchase of an Owner Occupied property located in a metropolitan area in Victoria as defined by the QBE location guide.
Borrower Eligibility	At least one borrower must be a Core Member.
Employment Eligibility	Must meet standard employment eligibility.
Product Types and Features	All standard BankVic mortgage products are eligible under the scheme.
Evidence of Genuine Savings	Minimum of 5% in Genuine Savings required.
Pricing	Standard home loan pricing to apply.



16.1.2.

Eligibility Criteria – LVR, Loan Amount and Security

Definition	Criteria
Loan to Value Ratio (LVR)	Between 80.01% to 90% maximum. (BankVic reserves the right to impose a lower LVR where the member holds sufficient funds available as a deposit).
Maximum Loan Amount	Maximum Individual Loan \$1.2m.
Aggregate Exposure	The maximum lending exposure must comply with standard BankVic policy.
Security Type	Standard Residential Property Only located in a metropolitan area in Victoria as defined by QBE location guide.
Security Conditions	Must hold First Mortgage against security property.
Valuation	Full Sworn Valuation Standard Valuation is required.

16.1.3.

Eligibility Criteria – Loan Servicing

Definition	Criteria
NDI	Serviceability to show a net monthly surplus of greater than \$500 per month (\$6,000 per annum).
Exceptions	Servicing without serviceability exceptions must be evident as per standard income and verification guidelines.