

Broker underwriting guidelines

Consumer credit

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1. Introduction

BankVic is the bank for police, emergency services and health workers.

Our products and services are designed with these sectors in mind, to make banking easier and more accessible for those who protect and serve our community.

BankVic was established in 1974 as the Police Credit Co-operative, to improve the financial wellbeing of Victoria Police members and their families. Since then, we've grown our membership to more than 100,000 and expanded to the emergency services sector, health workers, and state and government employees nationally.

As a member-owned bank, our profits are reinvested to provide better value banking to our members and support community initiatives. Since 2010, we've contributed over \$4 million in donations and sponsorships to non-profit organisations affiliated with the police, emergency and health services.

As a certified B Corp, we meet the highest standards of social and environmental performance, accountability, and transparency.

2. How to use this document

This document contains requirements and guidance on various aspects of credit applications and verification. Credit refers to BankVic lending funds to members for acceptable purposes, such as the purchase of residential property.

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.

You should ensure applicants meet BankVic's membership eligibility criteria prior to submitting an application – please refer to your Broker Development Manager for further details.

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. Legislative and policy requirements

These guidelines 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 internal credit risk policies.

A requirement of responsible lending conduct 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 enquiries 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 enquiries 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,
- the member will only be able to comply with their financial obligations under the product with substantial hardship, or
- the 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, and
- acceptable security support.

BankVic can only enter into a credit facility with the member once this assessment has been completed and documented and determined the credit contract is 'not unsuitable'.

BankVic must also adhere to 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.



4. Borrowers

4.1 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, andeither a citizen of Australia or New Zealand or a permanent resident of Australia.

4.2 Unacceptable borrowers

BankVic will not consider lending to the below borrower types:

- Any applicant aged below 18.
- Any applicant whose sole income is derived from Centrelink Newstart allowance.
- Any applicant who is bankrupt or currently under a Part IX/X Arrangement.
- Self-managed superannuation funds (SMSFs).
- Any applicant 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 (i.e. a non-Australian Citizen/Permanent Resident who is living in Australia).
- Companies.
- Trusts.
- 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). Borrowers must have a beneficial interest in the loan transaction either by way of security and/or dependence as mortgagor. For example, a spouse or de-facto relationship.

4.3 Co-borrowers

Any person who is to be an additional or co-borrower must receive a substantial benefit from the loan or credit facility.

Where a substantial benefit to the co-borrower is not clear, BankVic must be satisfied the co-borrower is aware of the risks associated with entering into the loan and 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.

5. Deposit and equity

5.1 Funds to complete

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

The borrower’s credit application must include evidence of 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.

5.2 Genuine savings

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.

Genuine savings can be from any of the following sources:

- 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.

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.

Type of deposit	Definition
Equity from existing property	Defined as using equity in property already owned towards a new purchase. Equity cannot be an incentive from a builder or vendor.
Gifts	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: <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. (If LMI is applicable, this is a requirement as per the LMI Guide). Or <ul style="list-style-type: none">• Be confirmed in a statutory declaration by the immediate family member, including the amount of the gift and 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. Immediate family members are: <ul style="list-style-type: none">• Spouse or de facto partner• Parents or children• Siblings• Grandparents or grandchildren.
Inheritance	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. Immediate family members are: <ul style="list-style-type: none">• Spouse or de facto partner• Parents or children• Siblings• Grandparents or 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 and rebates (including First Home Owner Grant).• Gifts (not from immediate family members).• Inheritance (not from immediate family members).• Advance on wages/commission.• Bartercard 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).



6. Employment and 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 police, protective service officer, police custody officer employees of any State or Territory police force, or Australian Federal Police employee and any member of The Police Association of Victoria (TPAV) or Australian Federal Police Association (AFPA).
- **Emergency service workers**
Any employee of any Ambulance, Fire & Rescue, Rural Fire, State Emergency Services (SES), Triple Zero organisations in any Australian State or Territory and any member of the Victorian Ambulance Union (VAU).
Please note any volunteer of the above organisations are not considered to be employed as a core member for loan assessment purposes.
- **Health**
Any health practitioner who is registered with one of the National Boards governed by the Australian Health Practitioner Regulation Agency (AHPRA), as well as any employee of any private or public hospital.
- **Government departments**
Any employee of any state, territory or federal government department.
- **BankVic employees.**

All members not covered by any of the definitions above will be considered *non-core*.

6.1 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 in their current position for less than three (3) months, they 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, the applicant needs to have successfully completed their probationary period).</i>
Permanent part-time (principal employment)	<ul style="list-style-type: none">• Minimum six (6) months in current position (if LMI is applicable, this is a requirement).• If applicant has been employed for less than six (6) months, they 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.
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6.2 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 must be used to allow for the specified unpaid leave structure of that employment.
Salary packaging	<ul style="list-style-type: none"> • Provided the borrower's total package is available in cash at the borrower's option, then the total package can be treated as gross income (less compulsory superannuation contribution) for loan servicing purposes.
Overtime and 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 six 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



	<p>projected annualised income and last year's verified earnings is to be used.</p> <ul style="list-style-type: none"> ○ If the applicant has had an increase in base salary between the financial years compared, the new base wage amount can be used plus the overtime/shift allowance amount as verified by the above process. ○ Where the applicant was not employed with the same employer for the full previous financial year, but was employed for at least six months, you may use a minimum six-month period to help determine the average income across the two financial years. <ul style="list-style-type: none"> ● 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 to 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 six months, you may use a minimum six-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.

6.3 Other income

Type of income	Treatment of income
Rental income – standard residential (Defined as investment property with ongoing lease agreement.)	<ul style="list-style-type: none"> ● 80% of the gross rental income.
Rental income – short term rentals (including serviced and/or managed apartments, holiday rentals and Airbnb)	<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**

- Accepted where the payment is intended to be permanent for the next five years.

6.4 Self-employed

A borrower is self-employed where more than 50% of their total income is derived from a business they own, either wholly or partially, or any portion of business income is required to service the loan.

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

A minimum of two 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	Acceptable add-backs include: <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 higher than the minimum superannuation guarantee amount that would apply if the applicant was an employee.• Depreciation.• Non-recurring expenses (must be fully explained).



7. 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 borrower's gross income.</p> <p>Debt to income ratio should reflect a ratio of less than 6.0.</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 lender).</p>

The following section will cover other factors that must be taken into consideration, as they will affect a borrower's 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">• borrower's 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 on the 'variable rate' being the borrower's 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 member's living costs are to be assessed as the greater of:</p> <ul style="list-style-type: none">• the borrower's declared expenses, <p>Or</p> <ul style="list-style-type: none">• the Household Expenditure Measure (HEM) index adjusted in line with the quarterly release from Melbourne Institute: Applied Economic & Social Research (University of Melbourne). <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 (3) months' account statements are required.</p>



	Please refer to section 13 ' Liability Verification, Expense Verification and Other Verification ' for further information on expense verification and verification requirement levels.
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 has are factored into the servicing calculation.</p>
Study debts (HELP/HECS and other study commitments)	<p>Where a study debt is known or evidenced, the minimum 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 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 application and/or servicing calculator to ensure the correct DTI calculation, as verified by statement.</p>
Credit limits	Assessment of credit card commitments (both new and existing) will be aligned to ensure that under a Principal and Interest basis the facility would be repaid within three years (calculated at 3.82% of the limit).
Buy now pay later	<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 is generally split into short-term periods (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	For new and existing Interest Only facilities, the borrower's capacity to repay will be determined using the remaining principal and interest period.
Line of credit	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 twelve (12).
Foreign loans	Ensure that the foreign debt is converted to Australian dollars and attach documentation of calculation and date of calculation.
Margin loans	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 twelve (12).
Borrowers approaching retirement	<p>Where any applicant 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 borrower's 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 their 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.• Acquisition of assets (and possibly associated debts).



8. 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, located on QBE's website, is used to determine a property's classification. You can access the wizard via <https://www.qbe.com/lmi>

If LMI is applicable, QBE LMI's requirements, which may differ from requirements set by BankVic, will need to be met.

A loan to an eligible Core member, to purchase an owner-occupied property in a metropolitan area (as defined by QBE LMI's Location Wizard) 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 15.1 [LMI Waivers and Exceptions](#).

Please note that:

- All **Owner Occupied** securities max LVR requirements outlined in section 8.1 and section 8.2 is **exclusive** of any capitalised LMI premium applicable. LMI may be capitalised to a maximum LVR of 97% (Vacant land maximum LVR is **inclusive** of any capitalised LMI premium applicable.)
- All **Investment** securities max LVR requirements outlined in section 8.1 and section 8.2 is **inclusive** of any capitalised LMI premium applicable.



8.1 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 three months. 	<p>Owner Occupied</p> <p>Purchase (established property):</p> <ul style="list-style-type: none"> • Contract of Sale (dated less than six 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 to be erected (TBE) required <ul style="list-style-type: none"> ○ Max LVR 95% (LVR > 80% = LMI applicable).
	<p>Investment</p> <p>Purchase (established property):</p> <ul style="list-style-type: none"> • Contract of sale (dated less than six 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 to be erected (TBE) required <ul style="list-style-type: none"> ○ Max LVR 90% (LVR > 80% = LMI applicable).



Description	Valuation requirements (Please note all properties with estimated value greater than \$1.5 mil and LVR>50% will require full sworn valuation.)
Vacant residential land located in metropolitan or regional postcodes	Owner Occupied Purchase: <ul style="list-style-type: none">• Contract of sale (dated less than six 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). Refinance/increase of existing BankVic home loan: <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).
	Investment Purchase: <ul style="list-style-type: none">• Contract of sale (dated less than six months from application)<ul style="list-style-type: none">○ Max LVR 50%.• Full sworn valuation<ul style="list-style-type: none">○ Max LVR 80%. Refinance/increase of existing BankVic home loan: <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%.• Full sworn valuation:<ul style="list-style-type: none">○ Max LVR 80%.



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 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 three months.	<p>Owner Occupied</p> <p>Purchase (established property):</p> <ul style="list-style-type: none">• Contract of sale (dated less than six 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 to be erected (TBE) required<ul style="list-style-type: none">○ Max LVR 90% (LVR > 80% = LMI applicable).
	<p>Investment</p> <p>Purchase (established property):</p> <ul style="list-style-type: none">• Contract of sale (dated less than six 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 to be erected (TBE) required<ul style="list-style-type: none">○ Max LVR 80%.



Description	Valuation requirements (Please note all properties with estimated value greater than \$1.5 mil and LVR>50% will require full sworn valuation.)
Vacant residential land located in national postcodes	<p>Owner Occupied</p> <p>Purchase:</p> <ul style="list-style-type: none"> • Contract of sale (dated less than six 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). <hr/> <p>Investment</p> <p>Purchase:</p> <ul style="list-style-type: none"> • Contract of sale (dated less than six 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.



8.2 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 (Building having 10 or more floors, or more than 100 accommodation units. Single dwelling townhouses not connected to main building within the same complex will not be treated as high density.)</p>	<p>Purchase:</p> <ul style="list-style-type: none"> • Contract of sale (dated less than six 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 (Excluding balcony, storage units and car parking. Must be configured to include at least one bedroom, separate from living areas, lounge/dining, kitchen/laundry, bathroom or bathroom/laundry.) Considered on exception basis.</p>	<p>Purchase/refinance/increase of existing BankVic home loan:</p> <ul style="list-style-type: none"> • Full sworn valuation <ul style="list-style-type: none"> ○ Max LVR 80% (If any risk rating 4 or above other than security type, Max LVR 60%.)
<p>Serviced apartments (Must meet minimum floor space of 50sqm. Must be configured to include at least one bedroom, separate from living areas, lounge/dining, kitchen/laundry, bathroom or bathroom/laundry.)</p>	<p>Purchase/refinance/increase of existing BankVic home loan:</p> <ul style="list-style-type: none"> • Full sworn valuation <ul style="list-style-type: none"> ○ Max LVR 70% (If any risk rating 4 or above other than security type, Max LVR 60%).
<p>Unit development construction greater than two (2) units (Split land and build contracts are not acceptable.)</p>	<p>Homes to be constructed:</p> <ul style="list-style-type: none"> • Satisfactory full sworn valuation to be erected (TBE)required. <ul style="list-style-type: none"> ○ Max LVR 80% (If any risk rating 4 or above other than security type, Max LVR 60%.)
<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 loan:</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 loan:</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 loan:</p> <ul style="list-style-type: none"> • Full sworn valuation <ul style="list-style-type: none"> ○ Max LVR 80%



9. 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.

9.1 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	To repay other debts held by the consumer and combine 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	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).



9.2 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 assessed on a case-by-case basis.
- Requirement for registered builder.

9.3 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.



10. Loan types

10.1 Acceptable loan types

Description	
Mortgage loan	<ul style="list-style-type: none">• Owner occupied• Investment• Construction loan.

10.2 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.

10.3 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)	<ul style="list-style-type: none">• Maximum two (2) years or <ul style="list-style-type: none">• Until completion of property and Certificate of Occupancy Provided (whichever comes first).

10.4 Consents and variations

Where a loan variation is requested 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.



11. 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 12 <u>Income verification</u>	Liability verification as per section 13 <u>Liability verification, expense verification and other verification</u>	Living expense verification as per section 13 <u>Liability verification, expense verification and other verification</u>	No (unless exit strategy is reliant on asset realisation)

12. 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.

12.1 PAYG income

Income type	Pay slips	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 returns.



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.
New employer		<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.
Borrowers employed by family	<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) months 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.

12.2 Non-PAYG income

Income type	Verification required
Rental income long-term rentals (Defined as investment property with ongoing lease agreement)	<ul style="list-style-type: none"> One of the following: <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. If more than three rental properties, confirmation of outgoings for each property will be required. A tax return which includes the section covering investment property income and expense breakdown is required. 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).



Rental income short-term rentals (Including serviced and/or managed apartments, holiday rentals, Airbnb/Stayz, etc.)	<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 twelve (12) months
Centrelink – Age Pension	<ul style="list-style-type: none"> Three (3) months of bank statements in name of borrower confirming net payments. Or <ul style="list-style-type: none"> If credits are unavailable or inconsistent, most recent Department of Human Services/Centrelink income statement confirming the regular/ongoing entitlement.
Centrelink benefits (Including Family Allowance, Parenting, Disability, Carers, etc. Excluding Age Pension)	<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. If required and deemed reasonable, it may be used to understand a borrower's expenses, and offset expenses used in serviceability.</p>
Child support/maintenance	<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.
Superannuation income (through a complying superannuation fund. Excluding SMSF)	<ul style="list-style-type: none"> Most recent statement from the superannuation fund confirming the regular or allocated pension amount.
Superannuation Income - SMSF	<ul style="list-style-type: none"> Last two (2) years tax returns for self-managed superannuation fund.

12.3 Self-employed income

Income type	Verification required
Self-employed	<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>The most recent tax returns must be less than 18 months old at the time of application (ie. tax returns for the financial year ending June 2021 are out of date in December 2022).</p>



	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 six months old at the time of the application.
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13. Liability verification, expense verification and other verification

13.1 Expense verification requirement levels

BankVic utilises three different levels of expense verification requirements, outlined in the below table.

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 and 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 13.2.
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, Three (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 and 2 and, Three (3) months' 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.) Can be obtained either as Illion bank statement retrieval service report, or via formal bank statements directly from internet banking.

*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.



13.2 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. • Can be obtained either as Illion report, or via formal .pdf bank statements directly from internet banking. 	<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 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. • Can be obtained either as Illion report, or via formal .pdf bank statements directly from internet banking. • If gifted funds, letter from family member confirming the amount and agreement as non-repayable. 	<ul style="list-style-type: none"> • When borrowers do not bank with BankVic. • Contributing towards the purpose or the strength of the application lies in the savings asset held. 	<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 	<ul style="list-style-type: none"> • For all loan proposals that do 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.



	<p>credit statement.</p> <ul style="list-style-type: none"> • 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. credit card, store card, etc). <p>All statements must</p> <ul style="list-style-type: none"> • Include borrowers name, account number, transactions and running balance. 		<ul style="list-style-type: none"> • Clarifies data if information appears inconsistent.
<p>Statements of liabilities – loan purpose <i>does</i> involve <i>debt consolidation</i></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. 	<ul style="list-style-type: none"> • For all loan proposals that do 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>BankVic reserves the right to request additional documentation if the transaction listings are deemed insufficient to verify liability accurately).</p> <ul style="list-style-type: none"> • 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. • 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 and Section 32/ Vendor	<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



<p>statement – real estate</p>			<ul style="list-style-type: none"> • Purchaser name/s • Vendor name/s • Selling agent • Finance date • Settlement date • Conditions • Section 32 / Vendor statement.
<p>Certificate of insurance (Certificate of Currency)</p>	<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 least minimum replacement insurance as per valuation). • Policy start and end date (policy must be current). • BankVic as interested party. 	<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>Construction</p>	<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 	<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



	Certificate of Occupancy.		reasonableness of build cost. <ul style="list-style-type: none">• Insurance to protect risk against building damage and/or loss of builder.• Confirmation that the property is completed, habitable and approved.
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14. Loan disbursements

BankVic may impose conditions on 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.



15. 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 the most recent version of the LMI Guide Australia via <https://www.qbe.com/lmi>. 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.

15.1. LMI waivers and exceptions

A loan to an eligible core member for an owner-occupied property in a metropolitan area, as defined by the QBE LMI Location Guide, and a purpose detailed in section 15.1.1 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.

15.1.1. Eligibility criteria – product and purpose

Definition	Criteria
Loan purpose	LMI Waivers are only applicable: <ul style="list-style-type: none">for the purchase of an owner-occupied property located in a metropolitan area as defined by the QBE LMI Location Guide.Police and emergency services employees may be eligible to refinance an Owner Occupied property located in a metropolitan area as defined by the QBE location guide. (The refinance amount must not include any additional funds; however, may include fees associated with the refinance.)
Borrower eligibility	At least one borrower must be a core member.
Employment eligibility	Must meet standard employment eligibility. Police and emergency services refinance applications require a minimum core employment term of 2 years (This requirement does not apply to a Police Officer).
Product types and features	All standard BankVic mortgage products are eligible under the scheme.
Evidence of genuine savings	Funds to complete are required in line with the requirements of section 5.2 " <u>Genuine savings</u> ". The use of gifts is not acceptable under the LMI waiver product. This means the borrower must meet the genuine savings requirement and the remaining funds to complete must also follow genuine savings requirements. Government grants may be used to help make up the funds to complete.
Pricing	Standard home loan pricing to apply.



15.1.2. 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 or as equity in another suitable security property).
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, located in a metropolitan area as defined by QBE LMI location guide. Properties located in Tasmania and Northern Territory may only be considered on a case by case basis. Standard Residential Property located in the Victorian postcodes of 3350 (Ballarat area) and 3550 (Bendigo area) may be acceptable for serving Victorian Police Officers.
Security conditions	Must hold first mortgage against security property.
Valuation	Full sworn valuation standard valuation is required.

15.1.3. Eligibility criteria – loan servicing

Definition	Criteria
Net Serviceability Ratio (NSR)	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.