

Standard Loans Policy

(Version 1.7 - 1 July 2024)

Ocean/Ultra Products

1.1 Loan Purpose

To purchase, build, renovate, improve or refinance (including debt consolidation) a residential property and is therefore *a National Credit Code regulated loan* under the National Consumer Protection Act 2009 (NCCP Act).

1.2 Eligible Consumers

- (a) The below are eligible consumers for the Standard Loans:
- (i) Natural Person over 18 years of age (including sole traders and partnerships) who is an Australian Citizen and resides in Australia;
 - (ii) Natural Person over 18 years of age (including sole traders and partnerships) who is an Australian Citizen and does not reside in Australia (Expatriate Consumer);
 - (iii) Natural Person over 18 years of age (including sole traders and partnerships) who is a Permanent Resident of Australia with an Acceptable Visa (Expatriate Consumer);
 - (iv) Natural Person over 18 years of age (including sole traders and partnerships) who is a Temporary Resident of Australia with an Acceptable Visa (Expatriate Consumer);
 - (v) Natural Person over 18 years of age (including sole traders and partnerships) who is a New Zealand Citizen and resides in Australia or New Zealand;
 - (vi) Natural Person over 18 years of age (including sole traders and partnerships) who is a New Zealand Citizen and does not reside in Australia or New Zealand (Expatriate Consumer);
 - (vii) Company incorporated in Australia;
 - (viii) Trustee of a Trust;
 - (ix) Any combination of the above; and
 - (x) Natural Person over 18 years of age who does not qualify as an eligible consumer (per above) is acceptable as a co-borrower provided at least one borrower is an eligible consumer.

1.3 Expatriate Consumer

- (a) Expatriate consumers are defined as:
“An Australian Citizen that does not reside in Australia, a Permanent or Temporary Resident of Australia with an Acceptable Visa or a New Zealand Citizen that does not reside in Australia or New Zealand.”
- (b) The following criteria is applicable to all expatriate consumers:
- (i) maximum LVR is 90%;
 - (ii) PAYG and Self-Employed consumers are acceptable;
 - (iii) companies, business consumers and trusts are excluded;

- (iv) the applicant(s) must provide their passport as identification to satisfy *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF)* requirements;
- (v) acceptable income evidence must be translated into English via an authorised / approved translator and converted into Australian dollars using the average daily exchange rate over the past 30 days;
- (vi) the visa of an Australian Permanent or Temporary Resident must have a minimum of 6 months validity (155 Visa excluded); and
- (vii) the residential address of Expatriate consumers are limited to the following “*Acceptable Countries*” list:
List of Acceptable Countries: Argentina, Australia, Brazil, Brunei, Canada, China, France, Ghana, Germany, Guam, Hong Kong, India, Israel, Indonesia, Japan, Kenya, Macau, Malaysia, Mexico, New Caledonia, New Zealand, Oman, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, South Korea, Switzerland, Taiwan, Thailand, Türkiye, United Kingdom (England, Scotland, Wales, Northern Ireland), United Arab Emirates, United States of America, Vietnam and any other European Union countries not specified in this list, excluding sanctioned countries as determined by DFAT (the DFAT sanctioned regime list can be located here: <https://www.dfat.gov.au/international-relations/security/sanctions/sanctions-regimes> (this list is subject to change)).

1.4 Acceptable Visa List

Visa No.	Visa Type	Visa No.	Visa Type	Visa No.	Visa Type
100	Permanent	188	Temporary	491	Temporary
103	Permanent	189	Permanent	494	Temporary
111	Permanent	190	Permanent	500	Temporary
114	Permanent	191	Permanent	590	Temporary
115	Permanent	200	Permanent	790	Temporary
116	Permanent	201	Permanent	801	Permanent
119	Permanent	202	Permanent	804	Permanent
120	Permanent	203	Permanent	808	Permanent
121	Permanent	204	Permanent	814	Permanent
124	Permanent	300	Temporary	820	Temporary
132	Permanent	309	Temporary	835	Permanent
134	Permanent	310	Temporary	836	Permanent
136	Permanent	401	Temporary	838	Permanent
137	Permanent	403	Temporary	855	Permanent
138	Permanent	405	Temporary	856	Permanent
139	Permanent	407	Temporary	857	Permanent
143	Permanent	410	Temporary	858	Permanent
151	Permanent	415	Temporary	864	Permanent
155	Permanent	416	Temporary	866	Permanent
157	Permanent	420	Temporary	870	Temporary
160	Temporary	422	Temporary	884	Temporary

161	Temporary
162	Temporary
163	Temporary
164	Temporary
165	Temporary
173	Permanent
175	Permanent
176	Permanent
186	Permanent
187	Permanent

423	Temporary
428	Temporary
444	Temporary
457	Temporary
461	Temporary
475	Temporary
476	Temporary
482	Temporary
485	Temporary
487	Temporary

885	Permanent
886	Permanent
887	Permanent
888	Permanent
890	Permanent
891	Permanent
892	Permanent
893	Permanent

1.5 Companies

- (a) All companies must be registered in Australia.
- (b) For company loans, all directors and shareholders (excluding notional Directors) must be co-consumers. Requests to waive this requirement are not permitted by the funder.

1.6 Trusts (other than SMSF - refer to SMSF Loan Schedule)

- (a) The trustee for a trust can be either a natural person or a company and must always be a consumer in its own right and as trustee of the trust.
- (b) This requirement applies to both family / discretionary and unit trusts.
- (c) Where the trustee is a company, all directors and shareholders (excluding Notional Directors) must provide unconditional joint and several personal guarantees.
- (d) The two types of usually encountered in lending are:
 - (i) Unit Trust - Beneficiaries hold units which identify their entitlement in the trust; and
 - (ii) Discretionary Trust - Trustee in its discretion can select the beneficiaries; potential beneficiaries have no property and hold no units.
- (e) The funder enters into an agreement with the trustee of the trust, not the trust itself. A trustee has a right of indemnity out of the trust assets. The following guidelines can be used to assist the funder in ensuring that parties to a loan or security transaction are correctly identified where the funder advances monies or takes security or a guarantee from entity acting in a capacity as a trustee of a trust as well as in its own capacity:
 - (i) Where the funder advances monies to a Consumer in its own capacity and as trustee of a trust, the loan offer letters should refer to the Consumer in both capacities (e.g. "ABC Pty Ltd in its own capacity and as trustee for the ABC Trust")
 - (ii) Where the funder takes security from a mortgagor, whether in its own capacity or in a capacity as trustee of a trust, the security section of the loan offer letter should simply refer to the mortgagor as: "ABC Pty Ltd".

- (iii) Where a loan is regulated under the NCCP, the funder can only take a mortgage from a mortgagor if the mortgagor is also a Consumer or a guarantor of the loan.
 - (iv) The Loan Contract must state *“The Consumer(s) is liable in its own rights and as trustee of the Trust”* and/or *“The Guarantor(s) gives this guarantee in its own rights and as trustee of the Trust”*.
- (f) The following guidelines are also applicable to trustees:
- (i) ensure that the trustee has the ability to service the loan;
 - (ii) obtain a copy of the Trust Deed and refer documents to a panel solicitor to identify if trustee can borrow and / or guarantee on behalf of trust and beneficiaries in accordance with the trust deed;
 - (iii) obtain Equifax Australia Group Pty Limited reports on the trustee and adult beneficiary(s) who are to act as guarantors;
 - (iv) the Trust should have been established for at least 1 year, otherwise evidence must be provided that trustee has the experience and skill to promote the trust in its proposed business activities in the best interests of the beneficiaries; and
 - (v) all beneficiaries must sign a letter of acknowledgment of the loan.

1.7 Excluded Consumers

The below is the excluded Consumers List:

- (a) Limited liability companies;
- (b) Associations;
- (c) Churches;
- (d) Clubs;
- (e) Political Parties;
- (f) Unemployed (except where the unemployed applicant is a co-borrower with an eligible consumer);
- (g) Non-Residents (except where the Non-Resident applicant is a co-borrower with an eligible consumer);
- (h) Minors under the age of 18; and
- (i) Consumers of Convenience.

2.1 Residential Product and Security Summary

(a) Residential Properties Product Summary

Key Parameters	Standard Documentation
Maximum Loan Size	\$3,500,000
Maximum Single Borrower Exposure	\$7,500,000
Minimum Loan Size	\$50,000
Maximum Loan Term (in months)	360
Maximum number of loans	6
Maximum LVR (Owner Occupied)	95%
Maximum LVR (Investment)	95%
Serviceability	NDI 1.00 times cover NDI 1.10 times cover (where LVR >90%)
Repayment Types	Principal and Interest Interest Only for maximum of 10 years (5 + 5)
Employment Types	PAYG and Self-Employed

All residential properties values are GST inclusive for the purposes of calculating the LVR ratio.

(b) Commercial Properties Product Summary

Key Parameters	Standard Documentation
Maximum Loan Size	\$3,500,000
Maximum Single Borrower Exposure	\$7,500,000
Minimum Loan Size	\$50,000
Maximum Loan Term (in months)	359
Maximum number of loans	4
Maximum LVR (Owner Occupied)	80%
Maximum LVR (Investment)	80%
Serviceability	NDI 1.00 times cover
Repayment Types	Principal and Interest Interest Only for maximum of 5 years
Employment Types	Company, Trust, Self-Employed and Partnerships

All commercial properties values are GST exclusive for the purposes of calculating the LVR ratio.

(c) Standard Residential Properties Maximum Loan Size and LVR Matrix

	LVR (%)	Standard Documentation		
		Inner-City	Metro	Non-Metro
Existing Dwelling ¹²³	0 - 70.00	\$3,000,000	\$3,500,000	\$3,000,000
	70.01 - 80.00	\$2,500,000	\$3,000,000	\$2,500,000
	80.01 - 90.00	\$2,000,000	\$2,000,000	\$1,750,000
	90.01 - 95.00	N/A	\$1,750,000	\$1,500,000
Construction ¹²³	0 - 70.00	\$3,000,000	\$3,500,000	\$3,000,000
	70.01 - 80.00	\$2,500,000	\$3,000,000	\$2,500,000
	80.01 - 90.00	\$2,000,000	\$2,000,000	\$1,750,000
	90.01 - 95.00	N/A	\$1,750,000	N/A

¹ Maximum LVR greater than 80% is subject to LMI approval (refer to Security Property Postcode Matrix in the Master Lending Policy).

² Maximum LVR for High Density postcode properties and Expatriate Borrowers is 90% subject to LMI approval.

³ Maximum LVR for Inner-City, High-Risk and Non-Metro postcode properties is 85% (refer to Security Property Postcode Matrix in the Master Lending Policy).

(d) SMSF Residential and Commercial Properties Maximum Loan Size and LVR Matrix

	LVR (%)	Standard Documentation		
		Inner-City	Metro	Non-Metro
Existing Dwelling ¹	0 - 70.00	\$3,000,000	\$3,500,000	\$3,000,000
	70.01 - 80.00	\$2,000,000	\$3,000,000	\$2,000,000
	80.01 - 90.00	N/A	\$2,500,000 ¹	N/A

¹ Maximum LVR for Inner-City, High Density, High-Risk and Non-Metro postcode properties is 80% (refer to Security Property Postcode Matrix in the Master Lending Policy).

(e) Residential Properties Maximum Loan Size and Repayment Type Matrix

Loan Amount	Standard Documentation	
	P&I	IO
Minimum individual loan	\$50,000	\$50,000
Maximum individual loan	\$3,500,000	\$3,000,000
Maximum aggregate loans per borrower	\$7,500,000	\$7,500,000

(f) Commercial Properties Maximum Loan Size and Repayment Type Matrix

Loan Amount	Standard Documentation	
	P&I	IO
Minimum individual loan	\$50,000	\$50,000
Maximum individual loan	\$3,500,000	\$3,000,000

Maximum aggregate loans per borrower	\$7,500,000	\$7,500,000
--------------------------------------	-------------	-------------

(g) Residential Properties Maximum LVR and Property Type Matrix

Security Type	Standard Documentation	
	P&I	IO
Detached and semi-detached residential	95%	90%
Residential vacant land to 1,500sqm* (*must be construction loan)	95%	90%
Lifestyle block / Vacant land	90%	90%
Warehouse conversions	80%	80%
Heritage listed properties	90%	90%
Company title	N/A	N/A
High density developments	90%	90%

(h) Commercial Properties Maximum LVR and Property Type Matrix

Security Type	Standard Documentation	
	P&I	IO
Commercial – Torrens Title, Strata Title	80%	75%
Industrial – Owner Occupied	80%	75%
Industrial – Tenants	80%	75%
Retail – Owner Occupied	80%	75%
Retail – Torrens Title, Strata Title	80%	75%
Retail – Tenants	80%	75%
Residential ≥ 3 or more on one title	80%	75%
Medical/Dental Suites	80%	75%
Serviced Apartments	75%	70%
Childcare Centre	70%	65%
Boarding Houses	70%	65%
Retirement Units	70%	65%
Student Accommodation	70%	65%

(i) Residential Properties Maximum LVR and Acceptable Loan Purpose Matrix

Residential Property Loan Purpose	Standard Documentation	
	P&I	IO
Purchase/Refinance owner occupied property	95%	90%
Purchase/Refinance investment property	95%	90%

Purchase/Refinance residential property plus debt consolidation (max. 4 debts)	90%	90%
Business use	85%	85%
Construction – owner occupied property (IO only for construction period where LVR > 80%) *	95%*	90%
Construction – investment property (IO only for construction period where LVR > 90%) *	95%*	90%
Home improvements	90%	90%
Equity Release	80%	80%

(j) Commercial Properties Maximum LVR and Acceptable Loan Purpose Matrix

Residential Property Loan Purpose	Standard Documentation	
	P&I	IO
Purchase/Refinance owner occupied property	80%	75%
Purchase/Refinance investment property	80%	75%
Equity Release	80%	75%

(k) Equity Release / Cash Out

Equity release / cash out is defined as funds derived from proceeds of an approved loan going directly to the borrower/s regardless of the purpose disclosed with the application.

The following restrictions are in place:

- > 90% LVR – Cash out not available
- > 80% and ≤ 90% LVR – limited to 20% of security value
- ≤ 80% LVR – unlimited

3.1 Maximum Exposure

- (a) The funder has set a limit to the total exposure they are prepared to consider to a borrower and any associated entities e.g., borrowing in individual name(s) and separate borrowings in a company name where the individual is a director of borrowing company would both form part of the maximum exposure amount.
- (b) The maximum aggregate borrowing for an individual borrower is \$7.5 million, with a limit of \$5.0 million for any individual loan. The maximum aggregate borrowing for a company is \$7.5 million, with a limit of \$5.0 million for any individual loan.
- (c) Where the individual is both an individual borrower and a co-borrower as a Director of their company a combined maximum exposure tests of \$7.5m applies. E.g., If the company already had a total loan exposure of \$5.0m then the individual would only be able to borrow \$2.5m.

4.1 Rental Income Documentation

- (a) The funder will accept applications from Sophisticated Investors that are solely rent reliant under the following criteria.



- (i) Consumer has at least two (2) existing investment properties located in Australia (including this loan).
 - (ii) Consumer has a minimum 25% combined equity across all existing investment properties located in Australia (including this loan).
 - (iii) Each individual investment property located in Australia must have a minimum 20% equity.
 - (iv) The total rental income for all investment properties located in Australia is sufficient to service the total minimum monthly repayments for all existing loans in Australia. All existing loans that are currently interest only repayments must be assessed based on principal and interest repayments using a minimum benchmark rate of 4.50% on a P&I basis over a 30year term.
 - (v) The total minimum monthly principal and interest repayment for all investment loans in Australia being refinanced is lower than the existing total minimum monthly principal and interest repayments; and
 - (vi) The total monthly interest expense for all investment loans in Australia being refinanced is lower than the existing total monthly interest expense.
- (b) All applications that satisfy the above criteria must supply the following supporting documentation.
- (i) The funder's Sophisticated Investor serviceability calculator.
 - (ii) The funder's Sophisticated Investor Declaration form, signed by all applicants.
 - (iii) A recent copy of all existing loan statements or other bank statements to confirm the minimum monthly repayments. Statements must be less than 7 months old.
 - (iv) A copy of the Rental Statement(s) for all investment properties to confirm rental income used for serviceability.
 - (v) Confirmation that the existing repayment obligations have been met over a minimum of 12 months (no loan repayment greater than 15 days in arrears);
 - (vi) Confirmation that there are no indications of any financial deterioration; and
 - (vii) Credit Reports, for each applicant, to provide evidence that the applicant(s) can meet their existing commitments.
- (c) All investment properties must be supported with an acceptable valuation, per the funder business rules, ordered via Valex, to confirm the declared property value(s). Each valuation must have been completed within the last 90 days.

5.1 Minimum Serviceability Assessment Rate

- (a) New Loans – a minimum serviceability assessment rate of Actual Consumer Rate plus 2.00%, the prevailing RBA target cash rate plus 3.00% or 5.00%, whichever is higher, is to be used in the serviceability calculations.
- (b) Existing Loans – existing loans include any loans that are either already settled, formally approved, or have finance applications in progress with either the funder or another Lender. Each existing loan must have its minimum monthly repayment recalculated using the higher of:

- (i) the actual monthly repayment plus 10%; or
 - (ii) the minimum monthly repayment calculated on the facility limit (including any available redraw) using an assessment rate of Actual Consumer Rate plus 1.00% on a P&I basis over a 30year term; or
 - (iii) the minimum monthly repayment calculated on the facility limit (including any available redraw) using a minimum benchmark rate of 5.00% on a P&I basis over a 30year term.
- (c) All loans – A recent copy of all existing loan statements or the consumers comprehensive credit report must be provided with the loan submission to confirm the facility limit. Statements must be less than 7 months old.
- (d) Loan tenure and repayment behaviour are key determinants when assessing refinance applications. As a result, the funder will assess the application where the consumer is switching to a lower cost product under the following circumstances.
- (i) Confirmation that the existing repayment obligations have been met over a minimum of 12 months (no loan repayment greater than 15 days in arrears);
 - (ii) Confirmation that there are no indications of any financial deterioration; and
 - (i) Credit Reports, for each applicant, to provide evidence that the applicant(s) are able to meet their existing commitments.

5.2 Expatriate Living Expenses

- (a) Living expenses¹ must be accounted for in the serviceability assessment and are determined based on the number of applicants and dependants in a household. The funder uses the Australian Household Expenditure Measure (HEM) and the international living expense conversion calculator (www.numbeo.com) to determine the minimum living expenses benchmark for applicants that live overseas. Living expenses used for serviceability will be the higher of:
- (i) 110% of calculated HEM living expense adjusted by the international living expense conversion calculation (per above); or
 - (ii) Borrower declared expenses.

5.3 Expatriate Acceptable Superannuation Contributions

- (a) Some countries allow mortgage repayments from the borrower's superannuation fund. These repayments are acceptable for inclusion in serviceability calculations provided that the contribution capability is regulated / legislated. The borrower's

¹ **Note:** You will need to take further steps to verify the borrower declared expenses are far lower than would be expected and as indicated by HEM.

monthly loan commitments can be reduced by the lower of the borrower's contribution to their superannuation fund or the current repayments being made by the fund. Superannuation or loan statements are required as evidence of these contributions to enable inclusion in serviceability calculations.

5.4 Expatriate Credit Card Limits

- (a) Some expatriate consumers obtain numerous Credit Cards for the status, rewards and benefits offered and do not utilise these cards. The funder must consider the available credit that the borrower can access and therefore credit card limits are required to be included in the loan servicing calculation. The funder will accept a reduced credit card limit of 120% of the highest balance over the preceding 3 months, for non-AUD credit cards, provided that the supporting consumer credit report includes card balances and repayment history (i.e. positive reporting). Where actual card balances are not provided on the consumer credit report then 3 months card statements will be required as evidence. The minimum monthly commitment to be used in loan servicing calculations will be 4.5% of the reduced limit.

5.5 Net Disposable Income

- (a) The minimum Net Disposable Income (NDI) for consumers where applicants are solely rent reliant then the NDI requirement is 1.10:1 times cover.

6.1 Minimum Requirements for Residential Properties

- (a) Must be zoned for residential or rural residential use only. Where the actual Zoning is not residential or rural residential, but the Current Use is residential, and the valuation report confirms residential use the funder will consider these applications on a case-by-case basis;
- (b) Must be one or a combination of a house, villa, home unit/apartment, townhouse, duplex;
- (c) Power & water must be connected;
- (d) Must be 100% complete and confirmed by valuation report (construction loans are the only exception to this requirement);
- (e) Direct vehicular access is available (e.g. an island with a bridge that links it with the mainland is an acceptable location);
- (f) No adverse features such as the need for essential repairs, poorly maintained or environmental issues;
- (g) A minimum of 30m² of actual living space excluding balconies, storage space and car spaces on property title;
- (h) Acceptable forms of land tenure include:
 - (i) Freehold (Torrens Title, Strata Title, Group and Community Titles);
 - (ii) Crown Leasehold (subject to the lease not expiring until a date at least 5 years past maturity date of loan); and



- (iii) Leasehold (subject to the lease not expiring until a date at least 15 years the past maturity date of loan).

Distribution