

# LENDING WITH BOQ

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**Important:** This is **NOT** a full version of the Bank of Queensland's home loan policy. It is a guide only. Acceptance of any loan application is always at Bank of Queensland's lending discretion, and this document is not to be relied upon or represented as the bank's current policy. Bank of Queensland Limited ABN 32 009 656 740 (BOQ).





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# INTRODUCTION

## Loan Interviews

- Conduct face-to-face loan interviews with all new Borrowers and Guarantor/s.
- Obtain identification and verify inline with group Customer Identification Guidelines.

**Note:** Face to Face loan interviews can be conducted via video conferencing facilities. Customer identification requirements must be satisfied inline with the Banks operating processes.

## Acceptable Borrowers Applicants, & Guarantors

- Strata Corporations (Body Corporate),
- Individuals who are employees,
- Companies for residential investment purpose only,
- Self-employed individuals,
- Individuals and Companies as Trustee for a trust,
- Joint debtors – where all debtors will receive a benefit,
- All borrowers must be either an Australian Citizen, Permanent Australian Resident, or Eligible Temporary Resident and must be living and working in Australia.

## Validity Period for Approvals

- Approvals remain valid for 90 days after the date of approval.

## Unacceptable Borrowers & Guarantors

- Any individual considered unacceptable under the Prohibited or Restrictive Industries Appendix.
- Foreign Residents/Citizens (Non-Residents/Citizens) or
- Any person not meeting the acceptable borrower criteria.
- Applicants (individuals or joint) who are not PAYG or Self Employed, and solely reliant on a government pension or benefit.

## Unacceptable Purposes

- Purposes that are illegal; or
- Any purpose which poses a reputation risk to the organisation; or
- Business purposes; or
- Where the purpose involves cryptocurrency; or
- The payment to refinance any debt from a payday lender, (such as but not limited to: Nimble, Cash Train, etc). or a Debt Repair agency (such as CreditCorp or Fox Symes); or
- The payment of any Government penalties or fines (including SPER debt) or court orders (including court judgements); or
- Any purpose that is not an acceptable purpose in the Home Loan Policy.

## Net Monthly Surplus (NMS)

- Where the loan to value ratio (LVR) is greater than 90%, the borrower must have a minimum \$200 per month net monthly surplus.

# FORMS OF ACCEPTABLE INCOME

## Interest Only Loans

Applications with interest only terms require:

1. Recorded reasons why interest only is required, and
2. Maximum LVR for interest only loans is 90% inclusive of LMI capitalisation.

## Primary Sources of Income

PAYG Salary and Wages (Full time, part time, casual or contract)

### Full time or permanent part-time

- 100% of gross income

### 2nd Part time

- 80% of a 2nd part-time position with a minimum of 6 months continuous service with the same employer.

### Casual

- 80% of gross income, with a minimum of 6 months continuous service with the same employer.

### PAYG Contractor

- 100% of gross income

### Employment Contract – Teachers Only

- 100% of gross income is to be used when calculating serviceability where: written confirmation is held to confirm the borrower has a minimum of 12 months continuous service.

## Self-Employed

The lower of:

- The average net profit from the last two (2) years tax returns/profit and loss statements; OR
- The net profit from the most recent tax return/profit and loss statements.

## Self-Funded Retirees and Self-Managed Super Fund Retirees

80% of net income from the lower of the last 2 years.

## Rental Income

- 80% of gross income for standard residential investment property.
- 70% of gross income for all other investment property types. E.g. Commercial, All High Density, NRAS, Serviced Apartments, Holiday Rentals, 'airbnb', Multiple Units, properties located in a Mining Town, Car Space, and Student Accommodation.
- 100% of the nominated net rental figure for DHA Leaseback property.

## Permanent Australian Government Superannuation Scheme Pensions (PSS, CSS, PSSAP)

- The net income payment as listed on the Australian Government Superannuation Fund advice.

## **Additional Sources of Income**

### **Overtime, Shift allowance and Penalties**

- 80% of the gross income.
- 100% of gross income for Essential Service Industry only.

**Note:** Essential Services industry being Ambulance, Police, Fire Service, Medical Doctors, Medical Nursing, Defence, Corrective Services, Government Transport Service (trains, bus, watercraft), and major commercial aviation employees (major domestic\* and international airline staff only).

\* Major 4 domestic passenger airlines are Qantas, Virgin Australia, Jetstar, Tiger Airways only. Excludes any regional, private or charter airlines, or such services.

### **Commission**

80% of the gross income.

### **Parental Leave**

100% of Parental Leave Payment (Employer paid or Government paid working parent payment) subject to the income currently being paid and no payment gap more than 60 days from end of payment and resumption of employment income.

### **Permanent Government Pensions (i.e. Veteran Affairs, Centrelink Disability, or Old Age pension)**

100% of payments.

**Note:** Single parent payments are not ongoing hence are not acceptable.

### **Family Allowance (Family Tax Benefit Part A and Part B)**

100% of payments where the child is less than 11 years old.

### **Child Support**

100% where the child is less than 13 years old.

### **Car Allowance**

100% of car allowance.

### **Investment Income (Interest or dividends)**

80% of gross income from the lower of the last 2 years tax returns.

### **Non-Australian Income**

80% of net salary based overseas income from an ASX 200, Australian Government, or large multinational company.

Currencies must be GBP, EUR, USD, CAD, HKD, JPY, SGD, or NZD.

Maximum LVR of 70% for BOQ Metro Plus or Category 1 location.

### **Bonus Income**

80% of the lowest bonus income earned in the last two years.

**Note:** It must be confirmed as a permanent ongoing condition of their employment and been earned over a minimum of two years.

### **Site Allowance**

50% of site allowance.

**Note:** It must be confirmed as a permanent ongoing condition of their employment and been earned over a minimum of two years.



# VALIDATING INCOME

## BASE PAYG Income

Either of the following documents must be obtained:

- The 2 most recent electronically issued or paper payslips, which must be verified or
- 3 consecutive months bank account statements prior to application date showing regular salary credits, with the name of the employer evident. If salary credits are not for the same amount, the lowest amount of these credits should be used for serviceability calculation.

**Note:** Bank Statements cannot be used to validate other types of income such as Overtime, Commission, etc. Payslips must be provided.

If the above documents are unavailable, at least two of the following must be obtained:

- The most recent payslip for the borrower; or
- The most recent Tax Assessment Notice no older than 12 months; or
- The most recent PAYG Income Statement; or
- Signed and dated employment contract containing as a minimum borrower name, salary, employer name and ABN (except Government employer).

**Note:** If multiple sources of evidence are available, the lowest amount must be used in all cases.

## PAYG Contractors

- Obtain both of the following:
- The two most recent electronically issued or paper payslips (the most recent payslip being no older than 45 days prior to the application date); and
- Prior year Tax return or PAYG Summary confirming income is in line with current income and industry?

**Note:** Where income utilised is > 20% higher than prior year tax return refer request to risk assessment.

## Overtime, Shift Allowance or Penalties

Income is from MORE THAN 4 months of the financial year (1st November onwards)	Income is from LESS THAN 4 months of the financial year (prior to 1st November)
Two most recent payslips showing overtime, with the average monthly income to be taken from the total YTD overtime.  If the payslips show overtime earned and do not have an overtime YTD figure, Employer Confirmation of the YTD figure is required.	Obtain both the following: (i) the two most recent payslips showing overtime; and (ii) evidence of the total amount of overtime paid in the prior financial year, by obtaining either: <ul style="list-style-type: none"><li>• A letter from the employer; or</li><li>• Employment Confirmation – Verbal (performed by BOQ); or</li><li>• The last payslip from the prior financial year.</li></ul> From (i) and (ii) above, use the average overtime earned from the total period validated

## **Overtime, Allowances or Penalties for Essential Services Only**

Obtain either the:

- (i) The two most recent payslips showing overtime, shift allowances, or penalties with the average monthly income to be taken from the total YTD overtime; or
- (ii) Three consecutive months' bank account statements prior to the application date, showing regular salary credits, with the name of the employer evident. Use the average amount of these credits for income calculations.

**Notes:** Essential Services industry being Ambulance, Police, Fire Service, Medical Doctors, Medical Nursing, Defence, Corrective Services, Government Transport Service (trains, bus, watercraft), and major commercial aviation employees (major domestic\* and international airline staff only).

\* Major 4 domestic passenger airlines are Qantas, Virgin Australia, Jetstar, Tiger Airways only. Excludes any regional, private or charter airlines, or such services, any contractors to airlines, associated services or airport employees.

Transport services employees must be directly employed by the Federal, State Government, and local council, or employed by a corporate provider of passenger transport services under contract from the Government.

Acceptable allowances include all allowances earned as part of the applicants standard employment conditions.

Casual employees in the above industries, incomes are assessed at 80%.

## **Commission**

Obtain either the:

- Borrower's employment letter / employment contract, and
- Written evidence of the commission received over a minimum 6 months prior to the application date and then annualised. Acceptable documents are either a letter from employer or a payslip showing commissions earned over the 6 month period.

## **Self-Employed Borrowers**

- Individual – last 2 yrs tax returns and Tax Assessment Notices.
- Corporate/Trusts – last 2yrs tax returns and accountant prepared financial statements.
- Tax status confirmed by written confirmation from the self-employed borrower's accountant or Tax Portals and Integrated Client Account Portal for each self employed borrower and guarantor.

## **Self-Funded Retirees**

- Net income as confirmed by last two annual Funds statement (if confirmed as non taxable) or the last 2 years tax returns.
- Superannuation and/or investment statements showing the current balance.

## **Family Employment**

Where the borrower is employed by family or through a family owned or controlled business, letters of employment or payslips must be supported by minimum last two pay deposits shown in bank statements.

## **Parental Leave Payment**

Signed and dated confirmation letter from the employer containing employer name, employee name, salary amount, and proposed return to work date.

For PAYG income validation the following applies:

- The most recent payslip being no older than 45 days prior to the application date.
- Where bank statements are used to validate PAYG income, the latest statement cannot be older than 45 days prior to the application date.

### **Self-Managed Super Fund Retirees**

- Last 2 years tax returns with the most recent being no more than 18 months old; and
- Superannuation and /or investment statements showing the current balance.

### **Government Pensions Centrelink and Dept. of Veteran Affairs**

- Statement of benefits (not more than 3 months old) issued by CentreLink; or
- The Department of Veterans Affairs; or
- 3 months current bank statements confirming receipt of CentreLink payments.

### **Family Allowance (Family Tax Benefit Part A and Part B)**

CentreLink Statement of benefits (not more than 3 months old) must be provided by the customer or 3 months current bank statements confirming receipt of CentreLink payments.

**Note:** Rent Assistance that forms part of the Family Tax Benefit Part A is unacceptable income.

### **Child Support Payment**

A copy of the current Child Support Assessment or the Maintenance Agreement registered with the Child Support Agency; and the 3 most recent months current bank account statements showing regular credits.

### **Investment Income (Interest or dividends)**

- The 2 most recent tax returns no more than 18 mths old; and
- A copy of current account statement or share certificate or CHESS statement.

### **Bonus Income**

- Copy of Letter of entitlement from employer or employment contract; and
- Letter from employer detailing the bonus amounts received over the past two years, supported by either a tax return, PAYG Income Statement, payslip or bank statement credit entry.

### **Permanent Australian Government Superannuation Scheme Pensions (PSS, CSS, PSSAP)**

The most recent Superannuation Fund advice issued by the Australian Government (advice must be dated within the last 12 months).

### **Rental Income**

For properties being purchased – existing rental tenancy either:

- Signed current lease agreement; or
- Latest monthly real estate agents tax statement or rental statements issued by the managing agent within 90 days; or
- Contract of Sale, where current tenancy details (rent, lease terms, and tenants) are stated.

For non tenanted property either:

- Panel Valuer estimated rental income; or
- A real estate agent's letter stating the expected rental income (if a range is stated, use the minimum amount).

For properties already owned by the borrower, any one of the following:

- Signed current lease agreement; or
- The most recent personal tax return; or
- Latest monthly real estate agents tax statement or rental statements issued by the managing agent within 90 days; or
- The last three consecutive months of the borrowers statements showing regular rental credits to the borrowers account, with the name of the managing agent evident.



Where the above is not available use the most recent personal tax return.

For properties converting from owner occupied to investment, any of the following is acceptable to confirm proposed rent:

- Copy of the recent full valuation if undertaken, if not either of:
- Copy of proposed lease agreement or
- A letter from a local agent confirming expected rental income.

For Defence Housing Australia (DHA) lease, a copy of either document providing it is no more than one year old:

- A copy of the DHA lease agreement or
- The most recent written rental confirmation from DHA.

**Note:** If multiple sources of evidence are available, the lowest rental amount must be used in all cases.

### **Rental Income for mining town locations**

For an existing property, either of the following must be provided:

- The last three consecutive months of the borrower's statements showing regular rental credits to the borrower's account, with the name of the managing agent evident; or
- A copy of rental statements or rental receipts issued by the managing agent within the last 45 days.

**Note:** The lowest rental amount must be used in all cases.

Where a valuation report is held by the bank on the property, the lower of the actual rental or the valuation rental estimate is to be utilised.

For a new property being purchased:

- A copy of the existing lease agreement or if currently vacant, the new signed lease agreement.
- Where a valuation report is held by BOQ on the property, the lower of the actual rental or the valuation rental estimate is to be utilised.

**Note:** No estimated rental income will be considered if the property being purchased is currently vacant.

### **Serviced Apartments/Holiday Rentals**

Properties rented through 'airbnb', obtain all of the following:

- The most recent lodged tax return (confirming the previous 12 months rental income) and
- The most recent Tax Assessment Notice; and
- The most recent 'airbnb' statement showing receipt of rental within the last 120 days.

**Note:** The acceptable age of required documentation is in relation to the date of the application.

### **Validating Payslips - Payslips must meet the standards as set out in this section and be verified**

Payslips must contain as a minimum:

- Borrower name
- Employer name
- YTD figure
- ABN (except for government bodies, or Bank of Queensland employees)

**Hand written payslips are not acceptable.**

## Unacceptable Income

Any form of income not listed in the above sections is considered unacceptable.

Examples of income sources that fall into this category are:

- Seasonal income
- Entertainment fees
- Travel allowances (including any meals, accommodation, offsite or other such allowances)
- Non-permanent allowances (e.g. Higher Duties)
- Income from boarders (e.g. owner occupied property)
- New start or unemployment benefits, workers compensation, sickness benefits
- Any other government benefits or pensions that are not of a permanent nature i.e. single parent payments, childcare benefits, and carers payments.
- Income of a Non-Recurring nature
- Foster care payments (Note: don't include foster children as permanent dependents)
- Cash payments
- Leave loading
- Rent Assistance
- Any income not acceptable under the BOQ Home Loan policy
- Income from cryptocurrency sources.

## Probationary Period

The borrower on probation is allowable if:

- Probation is with the same company that the applicant has been continuously engaged with for a minimum of 12 months; or
- Their prior employment in the same occupation is greater than 2 years and no more than 4 months break in employment. Prior employment will be confirmed.

## Validating Taxation Status

Confirm the taxation status of the self-employed borrowers (personal and business) by either:

- A written confirmation from the self-employed borrower's accountant, specifically noting the individual borrower names and/or entity names, taxation year, and status; or
- A copy of the business Income Tax Lodgement Status Portal and the Integrated Client Account Portal; Income Tax Account Portal (companies only); or
- An Australian Tax Office receipt confirming the payment of an outstanding ATO notice.

### Note:

- Where taxation payments are in arrears, a copy of the payment arrangement letter from the ATO must be obtained and the repayments included when calculating the debt servicing capacity of the borrower. The debt and repayments must be listed as a liability and conduct recorded as adverse. The application must be referred to Retail Credit Risk Assessment,
- If the applicant is in partnership, the Integrated Client Account and Lodgement Status portal for the partnership is required in addition to confirmation of the individual partner's tax status.
- Where an itemised ITA is held confirming tax lodgement no corresponding lodgement portals are required.

## Applicants with both Self-Employed and PAYG income sources.

- Accountant written confirmation that the self-employed business is trading profitably and tax liabilities are up to date.

# VALIDATING SAVINGS, ACCOUNT CONDUCT AND EXPENSES

## Valid Account Statements

Account statements are used for a variety of validation purposes, including validation of identity, account conduct, savings history, income, living expenses, and employment.

Account statements must be either original documentation issued directly by the financial institution or online digital providers. Electronically issued statements obtained via internet banking or internet transaction listings.

<b>Account statements or electronically issued statements are acceptable if:</b>	It displays the logo of the bank or other financial institution; and It displays the borrower's name, full BSB and account number; and Individual transactions are itemised and there is a running account balance.
<b>Internet Transaction listings are acceptable if:</b>	<b>Either:</b> <ol style="list-style-type: none"><li>1. It displays the borrower's name, full BSB and account number; AND</li><li>2. Individual transactions are itemised and there is a running account balance.</li></ol> <b>Or, where the borrower's name and BSB are not shown, then:</b> <b>Option 1:</b> <ol style="list-style-type: none"><li>1. Obtain Bank account statement(s) dated within the last 12 months prior to the application date;</li><li>2. Match the account number on any internet transaction listing to the bank account statement/s provided; and</li><li>3. Individual transactions are itemised and there is a running account balance</li></ol> <b>Option 2:</b> <ol style="list-style-type: none"><li>1. Obtain 'Proof Of Account Balance Letter' from other Bank, showing logo and account details;</li><li>2. Match the account number and account name, on the internet transaction listings to the account details on the 'Proof Of Account Balance Letter'; and</li><li>3. Individual transactions on the transaction listings are itemised and there is a running account balance.</li></ol>

## Transaction Account Statements

- Most recent 1 month transaction account statement prior to the application confirming applicants transaction history, living expenses and salary credits (to be no more than 45 days old at the date of application).



The statements must cover a period of three consecutive months, where either:

- The application is for a loan above 80% LVR; or
- Requires lenders mortgage insurance (LMI); or
- Any applicant is self employed; or
- Any applicant has adverse credit on their credit bureau file.
- When a credit card is the only account used for transactions; then applicable credit card statements will be required.

### **Refinancing External Existing Debt**

- All Break Costs and Exit Fees;
- 6 consecutive months for Home Loans, Investment Loans, Personal Loans and LOCs;
- 3 consecutive months for Credit Cards (if paying out credit cards);
- Statements can be no more than three months old at the date of the application.

### **Genuine Savings**

- 5% genuine equity if mortgage insurance is required.

The equity must be held in the name of at least one borrower for 3 months or more and can include:

- Funds held in a Bank Account or Term Deposit,
- Equity in residential property owned,
- Shares held,
- Funds held in the Federal Government First Home Super Saver (FHSS) scheme.

Where funds have not been held for three months or more, the borrower's rental history may be accepted subject to lending criteria.

**Note:** Rental Payment History cannot be utilised as the sole source of genuine savings.

### **Non-Genuine Savings**

Where the customer cannot demonstrate genuine savings, such applications may be considered if the customer has non-genuine savings and the following is met:

- The loan purpose must be for the purchase or construction of a house or unit for owner occupation only.
- The security property cannot exceed 2.2ha in area; and
- Repayments must be on a principal and interest basis, with no interest only terms available.

The non-genuine savings contribution may consist of:

- Gifts, Inheritance, sale of assets, tax refund;
- Validation must be provided.

**Borrowers must hold sufficient funds to cover all relevant government fees, duties and charges. The use of borrowed funds from credit providers to pay relevant fees, duties and charges is not acceptable.**

## Verifying other commitments

Type of Commitments	Validation Method
Continuing mortgage, investment loan or personal loan with external institution	Obtain either of the following: <ul style="list-style-type: none"> <li>The latest mortgage statement or</li> <li>Written evidence from the external institution showing regular payment or</li> <li>The most recent 3 months savings account statements showing regular mortgage payments (no older than 90 days).</li> </ul>
Rent	Obtain either of the following: <ul style="list-style-type: none"> <li>A current rental agreement, or</li> <li>Obtain a written verification of the scheduled rent from the real estate agent.</li> </ul>
Child Support	Court Order document or letter from Child Support Agency.
Board	The higher of either the amount the customer declares or \$650 per month per household.
Other significant commitments advised by customer	Confirmation letter/invoice or confirm against the bank transaction statements <b>Leases/Asset Finance:</b> <ul style="list-style-type: none"> <li>Copy of current lease agreement; or</li> <li>Written confirmation via a statement, letter or amortisation schedule issued by the Accountant/ Lease/Financier in the last 45 days confirming repayments; or</li> <li>Confirm against the last 45 days bank transaction statements.</li> </ul> <b>Novated leases:</b> <ul style="list-style-type: none"> <li>A copy of the novated lease agreement; or</li> <li>A copy of the applicant's payslip confirming the deduction.</li> </ul>
HECS/HELP	Obtain either of the following: <ul style="list-style-type: none"> <li>Last two most recent payslips; or</li> <li>Latest Tax Assessment Notice.</li> <li>Tax Agent portal – Client Account List.</li> </ul>
Rates validation for external refinances where the LVR exceeds 80%	Obtain the following: <ul style="list-style-type: none"> <li>Current rates notice and confirmation that rate payment is up to date by:</li> <li>Payment Receipt, or</li> <li>Bank statement, or</li> <li>Credit card statement, or</li> <li>Letter from the local government authority.</li> </ul>
Remaining Credit Cards (not being refinanced)	Obtain either of the following: <ul style="list-style-type: none"> <li>The latest credit card statement no older than 45 days prior to application date showing limit, or</li> <li>'Proof of Account Balance Letter' showing other Bank logo, account name, account details, current and available credit card balance.</li> </ul>
Body Corporate Levies/ Fees – Owner Occupied and Investment – Established Properties.	Obtain either of the following: <ul style="list-style-type: none"> <li>Copy of latest issued Body Corporate "Notice of Contributions" or similar tax invoice showing levies payable, or</li> <li>Body Corporate minutes (written) received from independent property managers, or</li> <li>Contract of Sale (for newly acquired units/townhouses) showing levies payable.</li> <li>For existing property already owned by the applicant, the most recent tax return (no more than 18 months old) showing itemised body corporate levies/fees.</li> </ul> <b>Note:</b> For NSW only. Where the above documents do not show levies/fees payable, obtain written confirmation from the real estate agent confirming the levies/fees.
Outstanding Tax liability or ATO payment arrangement.	Where an applicant (either a PAYG-salary employee or being self-employed) advises or it is discovered that they have a tax debt outstanding or under a payment arrangement, this is to be added to the application and noted as 'other commitments' in servicing. Obtain the following: <ul style="list-style-type: none"> <li>A copy of the payment arrangement letter from the ATO</li> </ul>

### **Additional Validation Requirements for Construction or Property Improvements**

- A copy of Council Approved Plans and building specifications.
- A copy of builders' insurance policy, with BOQ interest noted.
- Fixed Price Builders Contract.

The Bank will complete:

- Funding via progress payments,
- "As is" & "as if complete" panel valuations.

**Note:** Progress Payments cannot be made directly to customers.

### **Other Validation Requirements**

Verifying Contracts for Purchase

- A fully executed and signed copy of the contract of sale must be provided, and where the contract of sale has special conditions, the special conditions must also be included in the copy held.

**Note:** In NSW a copy of the contract executed by the seller, and the "Special Conditions.

### **Validation of Funds to Complete Property Purchases**

- Where the borrower is providing funds to complete a property purchase (in addition to the Bank's lending), the source of these funds must be validated.
- The validation requirement is only where the customer contributes an amount above \$5,000 to the total purchase.

#### **Notes:**

- If the borrower has already paid a deposit for a property purchase prior to the lending application, the source of this does not need to be validated.
- Funds generated from cryptocurrency sources is unacceptable.



# SECURITY

Prestige Properties Security	Additional Criteria	Property Value	Max LVR without LMI
Residential House or Unit	Property must be located in a postcode within: BOQ Metro Plus Location Guide, or BOQ category 1 and category 2 locations only.	Above \$5M	Higher of 60% or \$3.5M
Residential Vacant Land		Above \$3M	Higher of 60% or \$2.1M

Security	Additional Criteria	Property Value	Max LVR without LMI
Category 1, 2 and 3 Postcode settings are prescribed in the BOQ Security Location Guide. Applies to properties zoned Residential, current use is Residential as noted on a valuation, and Rural-Residential properties			
BOQ Metro Plus postcode	Houses	Up to \$3,000,000	80%
		> \$3,000,000	70%
	Units and Townhouses	Up to \$2,000,000	80%
		> \$2,000,000	70%
	Vacant Land	Up to \$1,500,000	80%
		> \$1,500,000	70%
Category 1 postcode State/Territory Capital cities only	Houses	Up to \$3,000,000	80%
		> \$3,000,000	70%
	Units, Townhouses and Vacant Land	Up to \$1,500,000	80%
		> \$1,500,000	70%
Category 1 postcode Gold Coast region	Houses	Up to \$2,000,000	80%
		> \$2,000,000	70%
	Units, Townhouses and Vacant Land	Up to \$1,500,000	80%
		> \$1,500,000	70%
Category 1 postcode Regional centres	Houses, Units, Townhouses and Vacant Land	Up to \$1,500,000	80%
		> \$1,500,000	70%
Category 2 postcode Regional centres	Houses, Units, Townhouses and Vacant Land	Up to \$750,000	80%
		> \$750,000	70%
Category 3 postcode Regional centres	Houses, Units and Townhouses	Up to \$750,000	80%
		> \$750,000	70%
	Vacant Land	Up to \$750,000	70%
		> \$750,000	60%
All other postcodes; Properties in postcodes that are not included in the BOQ Security Location Guide	Houses, Units and Townhouses	Up to \$750,000	70%
		> \$750,000	60%
	Vacant Land	Up to \$750,000	60%
		> \$750,000	50%

Security	Additional Criteria	Property Value	Max LVR without LMI
For 'Rural' zoned properties			
BOQ Metro Plus Category 1 Category 2 Category 3	Houses / Dwellings	Up to \$750,000	80%
		> \$750,000	70%
All other postcodes; Properties in postcodes that are not included in the BOQ Security Location Guide	Houses / Dwellings	Up to \$750,000	70%
		> \$750,000	60%

**Note 1:**

- For Defence Housing Australia (DHA) leased properties, the maximum LVR (with LMI waiver) is 90%.

**Note 2:**

- Rural-zoned Vacant Land is unacceptable security
- Primary property purpose must always be as a residence, must be zoned for residential use; and used as a residence by the owner or by a tenant for residential purposes
- Maximum property size is 40 hectares (100 acres)
- Property must be fully developed with- road access and services available including electricity, water, (mains, bore and tank only) and sewerage
- Income produced from the property must not be the primary source of income to service the debt.

Security	Additional Criteria	Property Value	Max LVR without LMI
High Density Apartments: Unit is located within defined 'High Density postcodes.	Refer to the BOQ Security Location Guide.	Full Valuation required to confirm property value	standard LVR settings
Serviced Apartments	Security valuation amount must exclude furniture.	Full Valuation required to confirm property value	60%

Security	Additional Criteria	Property Value	Max LVR without LMI
Apartment / Unit - Greater than 40 square metres AND less than 50 square metres.	Apartment/Unit must be located in a postcode within the BOQ Metro Plus Location Guide.	Full Valuation required to confirm property value	80% Owner occupied
			70% Investment lending

### Maximum LVR for Owner Occupier

All Owner Occupied loans with LVR above 90%, loan repayments must be Principal and Interest (P&I).

Maximum LVR for Owner Occupier Loans is 95% including LMI capitalisation, and the property must be located in Metro Plus, and/or BOQ Category 1 location.

Facility	Security	Property Value	Max LVR without LMI
Secruity Property located in Mining Towns as prescribed by BOQ	Investment properties <ul style="list-style-type: none"><li>Residential Houses</li></ul>	Up to \$450,000	70%
		> \$450,000	60%
	Investment properties <ul style="list-style-type: none"><li>Units, and townhouses</li></ul>	Up to \$300,000	70%
		> \$300,000	60%
	Owner occupier residential house	Refer to the LVR Table in the Security section.	
	Owner occupier unit or townhouse		
	Vacant land	Unacceptable security.	
	A full valuation is required to confirm the security property value. Valuations to be valid for a maximum period of 90 days.		
	Acceptable Income: 70% of gross rental income.		

Facility	Security	Property Value	Max LVR without LMI
<b>Lines of Credit</b>	<ul style="list-style-type: none"> <li>Residential property only</li> <li>First or second mortgage only</li> <li>Third party security is acceptable, provided at least one of the applicants has a direct interest in the security offered</li> </ul>	Valuation required to confirm property value	80% without LMI
<b>Refinanced Loans and Vacant Land</b>	<ul style="list-style-type: none"> <li>Residential property only</li> </ul>	Valuation required to confirm property value	80% without LMI 90% with LMI for Owner Occupied only.
<b>Investment Loans</b>	<ul style="list-style-type: none"> <li>Residential property only</li> </ul>	Valuation required to confirm property value	80% without LMI 90% includes capitalisation of LMI.



## Unacceptable Security

- Property zoned rural or rural residential, that does not meet the Bank's acceptable criteria
- Strata Title Hotel, Motel, Resort style dwellings, Time-share properties that cannot be occupied on a permanent basis
- Other properties that have a restricted market appeal e.g. aged care complexes
- Student accommodation; Boarding houses/Shared accommodation
- Properties zoned commercial or industrial
- Split contract arrangement
- Any property that cannot be effectively mortgaged using usual bank security documents e.g. Vic Stratum Security
- Unit developments where the development is held as security on one title and the number of dwelling exceeds 3 units.
- Any property where any risk rating is rated as "5"
- Residential units less than 40m<sup>2</sup>
- More than 6 units/apartments on one property site, irrespective of whether on one title or on separate strata titles
- Mixed use properties on a single title
- Convertible Units, Dual Key Apartments, Studio apartments/units
- Properties with no legal street access (i.e. land locked)
- Any partially constructed dwellings (either unencumbered, or previous construction funded by any other lending institution excluding BOQ)
- Mobile or Temporary homes (dwellings not permanently affixed to site)
- Any property located within 50 metres of high voltage power (transmission lines) or tower (stanchions) or electrical substation where LVR is >80%
- Any dwelling fully assembled off site requiring progress draw down payments.
- Any property zoned/classified as primary production
- Any property that is used primarily for business purposes.

### Note:

1. Purple Title (WA), Moiety Title (SA) and Company Title properties are subject to assessment.
2. Other criteria applies to units between 40 and 50 m2.
3. Residential strata titled apartments/units zoned 'mixed use' are acceptable, where the current use of the property is noted as 'Residential'.
4. A split contract for the purchase and construction of a single detached home dwelling is acceptable provided the purchaser (borrower) derives title to the property upon settlement of the land component with no restrictions. The Bank's mortgage must be applicable from this. Any caveats, restrictions or conditions to the contracts must be noted and approved by the Bank prior to funding.

# ESTABLISHED MULTIPLE UNITS 4 TO 6

## Loan Purpose

Ownership or purchase of multiple established residences in one complex or on one title.  
(Investment purpose only)

## Security and Location

- Established properties only (no development)
- For 2 – 3 units, property must be located in BOQ Metro Plus category 1 and 2 locations only.
- For 4–6 units, property must be located in BOQ Metro Plus category 1 locations only.

All other existing security requirements as per Home Loan Policy to apply.

## Maximum LVR without LMI

- For 2 – 3 units, lower of either: 80% LVR, or Property max LVR as prescribed in the Home Loan Policy.
- For 4–6 units, maximum LVR is 65%.

## Property Concentration

- A maximum of 6 units in one complex (strata title).
- A maximum of 6 units on one title (non-strata title).

## Valuation Requirements

- Full Valuation to be completed 'in one line' for non-strata titled units (units on one title).
- Full Valuation 'in one line' where concentration exceeds 40% of total units in a strata complex.

**Note:** Full valuations are also known as either short form or long form valuations.

# GUARANTEES FROM INDIVIDUALS

## Limited Guarantees Only

All Guarantees taken from personal Customers must be limited to a specific amount, relating to the approved debt.

## Guarantees from Individuals

- BOQ requires all individuals with a significant financial interest in a borrowing entity to give Guarantees.
- Where the Borrower and the security provider are not identical, a Guarantee is required from each security provider

## Guarantees from Trusts

If an individual or company, as Trustee for a Trust, is providing mortgage security on behalf of a third party Borrower, BOQ requires a Guarantee from that individual or company. The Guarantee must be in both capacities, as Trustee and as an individual or company.

When lending to a Trust, BOQ requires Guarantees from individuals (as per policy).

# PROPERTY VALUATIONS

**Only one valuation may be ordered for each security property for any one credit application.**

## **Valuation Requirements when taking security – Established Dwellings**

BOQ requires a Full Valuation no more than 3 months old for residential property if the application fits any one of the following criteria:

- Total Aggregate Exposure for the Customer Group is \$2m or more.
- If the postcode of the property is not in the BOQ Security Location Guide.
- Loan to Value Ratio (LVR) > 90%.
- Security property is in a non-residential zone, i.e. Rural Residential >5 acres.
- Dwelling is a serviced apartment, high density apartment or an apartment purchased 'off the plan'.
- Construction and Property Improvement.
- Purchase contract is not the result of a sale in the "normal course" with real estate agent involvement. e.g. related private sale.
- Market value of a single residential house is estimated to be less than \$300,000 or higher than \$1,500,000.
- Market value of a single residential unit/apartment is estimated to be less than \$200,000 or higher than \$1,000,000.
- Any postcode in the listing of prescribed "Mining Towns".
- Residential units less than 50 square metres in size.
- Properties located in BOQ Metro Plus >90% LVR Genworth LMI insured.
- Other criteria applies.

## **General Requirements**

- BOQ reserves the right to order a valuation at any time for any transaction.
- BOQ utilises the following valuation types, AVM's, Desktops, or Full valuation, subject to acceptable criteria such as property type and attributes, location, and application details.

## **Valuation Requirements – Vacant Land**

Residential Vacant Land Valuations are required for all vacant land securities properties.

## **Valuations required for Construction Loans**

Valuations are required at the following stages:

1. At initial stage prior to commencement of construction – to confirm land value and construction costings;
2. At practical completion – prior to processing of the final loan drawdown.
3. Progress Inspection Reports will be required at each progress stage for
  - Construction of Multiple Dwellings or;
  - A single residence where the total construction cost exceeds \$1,000,000.

## **Valuations required for properties located in a prescribed Mining Town**

- Any security located in a Mining Town must have an up to date valuation no more than 90 days old.
- The purchase price is not acceptable for security valuation purposes.
- Valuations to be valid for a maximum period of 90 days.





**Important:** This is **NOT** a full version of the Bank of Queensland's home loan policy. It is a guide only. Acceptance of any loan application is always at Bank of Queensland's lending discretion, and this document is not to be relied upon or represented as the bank's current policy. Bank of Queensland Limited ABN 32 009 656 740 (BOQ).