

Residential Lending Guidelines

Version 2025.4
November 2025

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Applications

Submitting an Application

- Applications are to be submitted via Loanapp or Apply Online
- Electronic Signature is accepted except for Verification of Identity
- Please provide clear notes regarding loan purpose and customer requirements
- Supporting documentation can be uploaded via Loanapp or Apply Online

Note: For brokers wanting to submit their own application please contact your RM prior to submission

Acceptable Borrowers

- Individuals/PAYG employees
- Self-employed individuals
- Individuals and Companies as Trustee for a trust
- Joint debtors - where all debtors will receive a direct benefit
- Companies

Unacceptable Borrowers

- SMSF's
- Restrictions apply to applicants who are not Australian or New Zealand citizens with permanent residency status residing in Australia
- Any person not meeting the acceptable borrower criteria

Note: Expats can be considered on a case-by-case basis

Mature Aged Borrowers

- The term of the loan is to be limited to the maximum age of 80 years i.e. for a borrower aged 50, the maximum term would be 30 years for owner occupied home loans. This is not applicable for investment loans.
- Where the applicant is over the age of 50, an acceptable signed exit strategy from the applicant is to be provided with the supporting documentation. A signed exit strategy is not required if each mature age applicant on the application has a net asset position greater than or equal to \$500,000.

Loans to Related Parties

- Loans involving relatives or business associates of BOS accredited mortgage brokers may be accepted for consideration subject to a thorough investigation and verification of all income sources and circumstances. Areas to mitigate may include potential/ actual conflicts of interest, waiver of independent financial or legal advice by parties to the loan or purchase transactions on unusually favorable terms etc.

Servicing

- The Bank's serviceability calculator must be used. A minimum Cash Flow Ratio outcome of at least 1.00 is required in all cases to evidence affordability; and
- Maximum DTI of 7.0.

Note: DTI exceeding 7.0 may be considered on a case-by-case basis.

Location Guide

- Refer to Location Guide for acceptable postcodes on page 17-22
- Bank of Sydney will consider securities in NSW, ACT, VIC, QLD, SA, WA, TAS, NT

Approvals

- Pre-Approvals remain valid for 90 days after the date of approval.
- Conditional approvals remain valid for 30 days after the date of approval.
- Formal approvals remain valid for 60 days after the date of approval.

Acceptable Income

Primary Sources of Income

PAYG Salary and Wages (Permanent)

100% of Gross base income where the applicants can demonstrate:

- Minimum 6 months in current role or 12 months in the same field/line of work
- Completion of any probationary period (however if they have been in the same field of employment they can be considered on an exception basis. Call your RM to clarify individual eligibility)

Casual Employment

100% of Gross base income where the applicants can demonstrate:

- Minimum 12 months in current role or at least 2 years in the same field/line of employment
- Completion of any probationary period, if applicable
- Where the borrower/s have been employed on a casual basis less than 12 months they must provide 2 years Tax Returns in support of ongoing income sustainability

Note: Casual employment income from borrowers will only be accepted when applying for a loan jointly with a full-time salaried or self-employed applicant i.e. applicants whose sole income is casual will not be acceptable

Contractual Employment

100% of Gross base income where the applicants can demonstrate:

- Minimum 12 months in current role or at least 12 months in the same field/line of work
- Applicants need to have passed any probationary period if applicable
- Acceptance of contracts with less than six months to expiry subject to approving officer's assessment of renewal prospects
- Where the borrower/s have been employed on a contract basis less than 12 months they must provide 2 years Tax Returns in support of ongoing income sustainability

Self Employed

A borrower is considered Self-employed where:

- More than 50% of their total income is derived from a business they wholly or partially own

OR

- Income from that business is required to service the loan applied for.

Sole Traders

Business income is calculated by adopting the borrower's 'taxable income' (as verified from taxation returns) and is to be calculated using:

- The average of the last two years taxable income or
- Only the most recent year's taxable income, if the borrower qualifies under the requirements of the Bank's 'No LMI' policy previously known as 'Professionals Package'.

The 'taxable income' figure is adopted for both taxation and living expense calculations.

This 'taxable income' figure may also be supplemented through the add-back of all depreciation noted in the borrower's most recent tax return.

Partnerships

The general principles applying to sole traders will also apply to partnerships that the borrower may be involved in. Typically, trading profits would be distributed to business partners in proportion to their ownership share of the underlying business – this would be reflected as 'taxable income' for loan servicing purposes.

However, where the borrower is, by virtue of the business partnership, liable wholly or in part for debt commitments carried by the business and other business partners are not party to the finance application under consideration, the Bank's requirements will vary. In these instances, it would be prudent to complete an independent loan servicing exercise to determine the

distributions available to the borrower after these loan commitments have been met. This exercise will verify the capacity of the business to sustainably meet these commitments and clarify any surplus/ profit share available for distribution.

Corporate Entities

Income from 'self-employed' borrowers operating an incorporated business should be referred through to your RM. N.B. Subject to the loan amount being ≤\$2 million and for consumer purposes, a company guarantee is not required for self-employed borrowers.

Maternity Leave Policy

The Bank will accept income from an Employer Maternity Leave Payment and/or government Paid Parental Leave Payment (Working Parent Payment) in support of applications for home loans subject to:

Maximum LVR of 80.00%

- Loan servicing is to be calculated based on the confirmed income within the 12-month period following settlement, inclusive of the maternity leave period.
- Income consideration will be limited to 75% of gross payments to be received within the 12-month period (from date of application) supported by documentation.
- Taxation liability of income received during the maternity leave period should be identified for servicing calculation purposes i.e. 'taxable' e.g. employer payments and 'non- taxable' e.g. government supplements.
- All maternity leave income from applicants unable to provide documentary evidence of return-to-work terms will be excluded from servicing calculations.
- Detailed estimate of living expenses to be provided evidencing consideration of associated expenses e.g. childcare both during and after the maternity leave period.

Example 1: Maternity leave applicant absent for 12 months

Documented return to work after 12 months: PAYG \$80,000 on return
 Maternity leave employer gross payments: \$40,000
 Government payments: Nil

Applicant (Ms): Mat leave \$40,000 X 75%	<u>\$30,000</u>
Total Taxable Income for CFR calculation	<u>\$30,000</u>

Example 2: Maternity leave applicant absent for 6 months

Documented return to work after 6 months:
 PAYG \$80,000 on return, therefore \$40,000 for six months
 Maternity leave payments for 6 months: \$25,000
 Government payments: \$5,000

Applicant (Ms) Income \$65,000 X 75%	<u>\$48,750</u>
Total Taxable Income for CFR calculation	<u>\$48,750</u>
Plus non-taxable income \$5,000 X 75%	<u>\$3,750</u>

Rental Income - Residential Investment

Rental income derived from residential investment properties will be subject to a discount of at least 20.00% against expected receipts to provide adequate allowances for non-occupancy and investment property-related fees and expenses.

Larger income discounts will apply as an allowance for properties where there is a higher risk of non-occupancy.

The following table provides further details and reflects the prevailing assessment of market risk by locations:

Property Type	All States and Territories
Metropolitan Postcodes	20.00%
Regional Postcodes	30.00%
National Postcodes (Standard)	50.00%
National Postcodes (High density)	Not accepted

Note:

Bank of Sydney Ltd ABN 44 093 488 629 AFSL & Australian Credit Licence 243444

Important: This is NOT a full version of Bank of Sydney's home loan policy. It is a guide only. Acceptance of any loan application is always at Bank of Sydney's lending discretion, and this document is not to be relied upon or represented as the Bank's current policy.

- *The Bank has adopted the terminology of 'Metropolitan', 'Regional' and 'National' postcodes to align with the methodology of its Lenders Mortgage Insurer, QBE Lenders Mortgage Insurance Limited (QBELMI). Postcode locations are aligned to the 'Location Guide' regularly published by QBELMI.*
- *The Bank will not consider rental income from 'high density' properties located in National Postcodes*
- *The Bank may elect to apply further income discounts to any property at its discretion.*

Additional Sources of Income

Overtime, Shift Allowance and Penalties

- 75% where it is not a condition of employment unless applicant is in the Essential Service Industry* (100%).
 - Require evidence of payment over a minimum of 6 months
- 100% if a condition of employment:
 - Income must be confirmed by the employer in writing as a permanent condition of employment; and
 - Require evidence of payment over a minimum of 6 months

Car Allowance

- Fully maintained company vehicle (PAYG borrowers only)
 - \$5,000 per annum may be added to the net income figure available for servicing.
 - Vehicle must be available for unrestricted private use
- Vehicle Allowance
 - 50% of a borrowers' vehicle allowance may be added to the net income figure available for servicing, provided it is a condition of employment.
 - 100% of any corresponding lease or hire purchase must be included in the servicing assessment as a commitment.

*Note: *Essential Services industry includes Ambulance, Police, Fire Service, Medical Nursing, Medical Doctors, Defense Force and Corrective Services. For further guidance on what constitutes an essential service, refer to section 4 of the NSW Government Essential Services Act 1988.*

Commission/ Bonus income

- 100% of the average of last two years
 - Applicant must have been in their job or similar role for at least 2 years.
 - Must be evidenced using pay slips from relevant pay periods and taxation documents e.g. PAYG Group certificates or taxation return/ assessment notice
 - Discretion should be exercised if the industry in which applicant is employed is subject to volatility e.g. Real Estate.

Investment Income (Trust distributions, Interest or Dividends)

- 75% of the average payment over the last 2 years
 - Income as confirmed from tax returns and supported by evidence of current investments held e.g. bank statements, shareholder statements etc.

Distribution of Trust Income or Dividends (Borrowers in their capacity as beneficiaries of a trust or material shareholders of a private company)

- Average of the last two years' taxable income.
- Income distributions to evidence
 - Recurrent distributions for at least two financial years supported by taxation returns for both the trust/ company and the individual applicant

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

- 100% of payments where the payment is determined to be available for a minimum of 5 years from the date of loan assessment or approval.

Government Pensions (e.g. Veteran Affairs, Centrelink Disability)

- 100% of payments

Note: Some government payments such as Invalid pensions, Unemployment benefits, Sickness/accident benefits and Workers compensation are not acceptable.

Child Support/Child Maintenance Payments

- 100% of income; Child Support payments must be paid through the Child Support Agency and be available for a minimum of 5 years from the date of loan assessment or approval.

The following supporting information is required:

- Child Support Agency Assessment showing the amount payable, the names and date of birth for the eligible child or children; and
- 3 months current bank statements confirming receipt of payments.

Private arrangements are not acceptable under any circumstances.

Important Note to Government / Other Benefits

Applicants in receipt of income from this source that collectively comprises greater than 50% of total income will be deemed to have not met the Bank's eligibility criteria.

Income Documentation

PAYG Salary and Wages

The following documents must be provided:

- The two of the three most recent electronically issued pay slips containing borrower name, employer name, ABN; AND
- A minimum of 3 months year-to-date income displayed on the pay slip. Handwritten pay slips are not acceptable.

If the above documents are unavailable, income can be verified with at least two of the following to be provided:

- Employment contract, or letter from employer on company letter head stating the following:
 - Length of employment
 - Base salary
 - Cash component of salary if the salary is packaged
 - Permanent or regular overtime, bonuses
- PAYG Payment Summary
- A minimum 3 months' transaction account statements (including most recent month) where the whole of borrowers salary is paid into a single transaction account.
- Most recent Notice of Assessment

Permanent Employment

- Applicants must have been in their current role for at least 6 months or in the same field/line of employment for at least one year
- Applicants who have not been in their current role for at least 6 months or in the same field/line of employment for at least one year, must have completed any probationary period in their current position.

Casual Employment

- Evidence of at least 12 months in current role or at least 2 years in same field/line of employment.
- Two years' Tax Returns if the borrower/s have been with their current employer on a casual basis for less than 12 months

Note: Casual employment borrowers are only acceptable when applying for a loan jointly with a full-time salaried or self-employed applicant

Contractual Employment

The following documents must be obtained:

- Last 2 years' tax returns and Notice of Assessment where the borrower/s have been employed on a contract basis less than 12 months.
- Details of current employment contract including salary, conditions of employment, contract term and expiry date.

Self Employed

The following documents must be obtained:

- Individual - last two years tax returns and Notice of Assessment
- Corporate/Trusts - last two years tax returns and accountant prepared financial statements.
- Tax status confirmed by Tax Portals and Integrated Client Account Portal for each self-employed borrower and guarantor.
- Background information outlining the core business activities of the borrower including confirmation that the business has been established for at least two full financial years,

Additional supporting information may include:

- Bank statements from an ADI that confirm income,
- Business activity statements covering the trading period since submission of the most recent taxation returns,
- Written advice from an accountant/tax advisor confirming actual or likely income levels

Rental Income

At least one of the following to be provided:

- A copy of current lease agreement if existing property
- Proof of rental receipts from bank records/statement
- Rental valuation or letter from real estate agent confirming expected rental
- Rental statements from managing agent
- Rental valuation from valuer if rental property is to be used as security.
- Tax Return (no more than 6 months old) confirming declared rental income

Overtime, Shift Allowance and Penalties

In addition to the income documents required for PAYG Salary and Wages, the following is to be provided:

- Evidence of regular receipt over a minimum period of 6 months

OR

- Contract of employment outlining the conditions for any overtime, allowances and penalties.

Commission and Bonus income:

In addition to the income documents required for PAYG Salary and Wages, the following is to be provided:

- Contract of Employment outlining the conditions for any commission payments

OR

- Last 2 years PAYG Payment summaries showing consistent payments

OR

- Last 2 years Tax Returns and Notice of Assessments

Investment Income (Trust Distribution, Interest or dividends)

The following documents must be provided

- Last 2 years Tax Returns and Notice of Assessments
- Details regarding the source and continuity of the trust distribution, interest or dividend income

Government Pensions (e.g. Veteran Affairs, Centrelink, Disability)

- Statement from Centrelink or Family Assistance Office.

This type of income should be less than 50% of the total income on the application.

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

- Statement from Centrelink or Family Assistance Office

This type of income should be less than 50% of the total income on the application.

Child Support/ Child Maintenance Payments

- Child Support Agency Assessment showing the amount payable, the names and date of birth for the eligible child or children; AND
- 3 months current bank statements confirming receipt of payment

Supporting Documentation

Account Statement Minimum Requirements

Account statements must be either original documentation issued directly by the financial institution or electronically issued documents obtained via internet banking.

Account statements are acceptable if they satisfy all the following requirements:

- Display the logo of the bank or other financial institution;
- Display the Borrowers name and account number; and
- Individual transactions are itemised and there is a running account balance;

Where account statements are not available for the required period or are only available for part of the required period, internet transaction listings can be provided for the remaining time provided:

- The account number on any internet transaction listing matches the account statement/s provided; and
- The account statement(s) held (to match the transaction listing) is dated within the last 12 months prior to the application date.

Refinancing External Existing Debt

The below is only required if the debts being refinanced do not have the sufficient repayment history via the CCR portal.

- Statements for 6 consecutive months for Home Loans, Investment Loans, Personal Loans and Lines of Credit
- Statements for 3 consecutive months for Credit Cards (if paying out credit cards)
- Statements can be no more than 30 days old at the date of the application

Verifying Contracts for Purchase

- A fully executed and signed copy of the contract of sale should be provided.

Note: In NSW, a copy of the purchaser's signed contract must be obtained, together with a copy of the fully executed front page from the vendor's contract ('Contract for the sale of land'), and the 'Special Conditions'. The lender must ensure that the details recorded on both copies are identical.

Genuine Savings

5% genuine equity if mortgage insurance is required;

The equity must be held in the name of at least 1 borrower and may include:

- Funds held in a Bank Account or Term Deposit for 3 months or more;
- Equity in residential property owned for at least 3 months; or
- Shares held for at least 3 months.

Non-Genuine Savings (Maximum LVR 80%)

The non-genuine savings contribution may consist of:

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

Note: 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

Living Expenses

Living expenses will be calculated at the higher of:

- Customer declared living expense, or
- The Household Expenditure Measure (HEM)

Note: An accurate estimate of a borrower's living expenses is an essential component of the Bank's assessment of loan affordability. Therefore, adoption of the HEM calculation should not be considered as a default position or a mechanism to facilitate incomplete conversations with potential borrowers regarding their current level of outgoings.

The Bank's continuing expectation is that an appropriate factor for living expenses be considered for every transaction. Further enquiries should be made where it is apparent that living expenses have been understated, regardless of the method of calculation. It remains the Bank's preference that a full declaration of itemised living expenses be provided by applicants.

Commitments will be based on Comprehensive Credit Reporting (CCR) data or if data not available via CRR the banks carded rates will apply for serviceability purposes.

Rent

Obtain either of the following:

- A current rental agreement, OR
- Obtain a written verification of the scheduled rent from the real estate agent.

Child Support

- Court Order document or letter from Child Support Agency

Board (living with friends and/or family or other non-rental agreement e.g. sublet)

- Minimum amount of \$650 p/m per borrower or the amount advised by client, whichever is higher.

Other significant commitments advised by customer

- Confirmation letter/invoice or confirm against the bank statements

HECS/HELP

- ATO Notice of Assessment

Cash Out and Debt Consolidation

General Requirements

- Applicants should disclose the purpose of any 'cash out' components of an application for finance
- Maximum LVR of 80%

Where the 'cash out' component is less than or equal to \$250,000 no formal evidence of purpose is required. Applicants should disclose the purpose of any 'cash out' components of an application for finance.

Where the 'cash out' component is greater than \$250,000, reasonable evidence or purpose is to be provided, particularly where the Bank will not be controlling the release of funds. As an example, reasonable evidence may include but is not limited to:

- Copies of builder's quotes
- Purchase invoices
- Advice statements and/or letters from financial advisers as to the intended use of funds
- Historic evidence supporting an applicant's previous use of contingency funds e.g. large offset or loan redraw balances.

Verification of Identity (VOI)

General Requirements for VOI

- The VOI Certificate may only be completed by a Bank of Sydney Accredited Broker and cannot be related to the person being identified.
- Alternatively, VOI certification may be completed via Global X or at a Bank of Sydney branch
- The certification process requires that a Face-to-face interview must be conducted within Australia
- Digital VOI is accepted on a case by case basis.

Completing the Certificate

When completing the VOI Certificate please ensure:

- A separate form is completed for each individual Borrower, Guarantor, an Attorney under a Power of Attorney or Identity Declarant.
- The person being identified must bring original and current identification documents for the Identity Verifier to view.
- The documents produced must be current.

Note that an expired (but not cancelled) Australian Passport with an expiration date of less than 2 years may be accepted.

The following wording is to be used when certifying the ID documents

Each page must be certified as follows:

True copy of the original which sighted.
Date
Name
Signed
Aggregator/Intermediary
Australian Credit Licence No.
Stamp (if applicable)

Electronic Signatures cannot be accepted on the form or when certifying the ID.

Security Types & Maximum LVR

Security Type	Additional Criteria	Maximum LVR (% of Market Value)																											
Residential Property Owner Occupied (P&I)	Metro Postcodes Freehold, First Ranking Charge	95% (LVR above 80% to be covered by LMI) (No LMI policy (defined below) can access up to 90% for owner occupied P&I only)																											
Residential Property Investment (P&I)	Metro Postcodes Freehold, First Ranking Charge	90% (LVR above 80% to be covered by LMI)																											
Residential Property Owner Occupied or Investment (P&I) Owner Occupier (IO) Investment (IO)	Regional Post Codes	80% (LVR above 75% to be covered by LMI) (No LMI policy (defined below) can access up to 80% for owner occupied P&I only)																											
Luxury Residential Property	Property Value exceeding <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>State</th> <th>Metro</th> <th>Regional</th> </tr> </thead> <tbody> <tr> <td>NSW</td> <td>\$4.5M</td> <td>\$2.5M</td> </tr> <tr> <td>VIC</td> <td>\$3.5M</td> <td>\$2M</td> </tr> <tr> <td>SA</td> <td>\$3M</td> <td>\$2M</td> </tr> <tr> <td>ACT</td> <td>\$3M</td> <td>N/A</td> </tr> <tr> <td>QLD</td> <td>\$2.5M</td> <td>\$2M</td> </tr> <tr> <td>WA</td> <td>\$3M</td> <td>N/A</td> </tr> <tr> <td>TAS</td> <td>\$1.75M</td> <td>N/A</td> </tr> <tr> <td>NT</td> <td>\$1.75M</td> <td>N/A</td> </tr> </tbody> </table>	State	Metro	Regional	NSW	\$4.5M	\$2.5M	VIC	\$3.5M	\$2M	SA	\$3M	\$2M	ACT	\$3M	N/A	QLD	\$2.5M	\$2M	WA	\$3M	N/A	TAS	\$1.75M	N/A	NT	\$1.75M	N/A	70% - Metro 50% - Regional
State	Metro	Regional																											
NSW	\$4.5M	\$2.5M																											
VIC	\$3.5M	\$2M																											
SA	\$3M	\$2M																											
ACT	\$3M	N/A																											
QLD	\$2.5M	\$2M																											
WA	\$3M	N/A																											
TAS	\$1.75M	N/A																											
NT	\$1.75M	N/A																											
Residential Construction including Vacant land (First Ranking Charge) Owner Occupied and Investment	Metro Postcodes	95% - Owner Occupied 90% - Investment (LVR above 80% to be covered by LMI) (No LMI policy (defined below) can access up to 90% for owner occupied only)																											
Residential Construction including Vacant land (First Ranking Charge) Owner Occupied and Investment	Regional Postcodes	80% Owner Occupied 75% Investment (LVR >75% to be covered by LMI) (No LMI policy (defined below) can access up to 80% for owner occupied only)																											
Residential Vacant Land	Metro Postcodes Regional Postcodes	80% (LVR > 80% to be covered by LMI) 70%																											
High Density Units	Any security located in a building having 6 or more floors or more than 50 accommodation units. AND Maximum exposure of 10% of units with a maximum of 5 units in development. AND >50sqm																												

Bank of Sydney Ltd ABN 44 093 488 629 AFSL & Australian Credit Licence 243444

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Security Type	Additional Criteria	Maximum LVR (% of Market Value)
	# High density, serviced apartments and dwellings in regional QLD are not acceptable.	
	Metro (excluding QLD)	80%
	Regional (excluding QLD)	70%
	QLD Metro	70%
	QLD Regional	N/A
Studio, 1 bedroom, < 50m ² (greater than 40m ²)	Metro	70%
Serviced apartments		0%
Large Estate (Dwellings on land >2.5 hectares)	Metropolitan Postcode Regional Postcode	Refer to Luxury Residential Property Maximum LVRs above
Residential Dwelling subject to Defense Housing Authority (DHA) leases:	Investment Only Metro Regional	70% 60%
Bridging Loan: Residential Property	Metro Postcodes	80% (Maximum 18 months term)

Note regarding security:

- Must be zoned for residential use.
- Property must be fully developed with road access and services available including electricity, water and sewerage.
- Full valuation required showing sales evidence and the marketing period must be six months or less.
- Income produced from property must not be the primary source of income to service the debt.

Note additional restrictions by State below:

Tasmania, NT and WA

The Bank does not accept Tasmanian, NT, WA properties in Regional areas as security.

Queensland

BOS presently has NO appetite for serviced apartments or dwellings < 50sqm in QLD, regardless of postcode.

For all other property types, acceptable metro QLD postcodes must:

- Align to the Bank's definition, and
- LVR restricted to Maximum 70% for areas of Brisbane (4000- 4006, 4009-4010, 4101, 4169) and the Gold Coast (4215-4218).

LVR restricted to Maximum 70% for residential properties in Regional areas of Queensland.

Additional Validation Requirements for Construction or Structural Property Improvements

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

The Bank will complete:

- Funding via progress payments,
- "As is" & "on completion" panel valuations.

Unacceptable Security

Unacceptable property types include:

- 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;
- 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 4 units;
- Any property where any valuation risk rating is rated as “5”;
- Residential units less than 40 m²;
- More than 4 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 and Dual Key Apartments;
- 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);
- Mobile or Temporary homes (dwellings not permanently affixed to site);
- Security in WA regional area, NT, Tasmanian regional area.

No LMI Policy

No LMI Policy for Select Professionals: The Bank may, by exception, approve an LVR up to a maximum of 90% for borrowers earning at least 50% of their assessable income from the professions noted below, with a minimum of three years’ experience in the relevant field aligned to their qualification.

Profession	Qualification Guide
Medical Professionals*	Accredited under the following accreditation authorities in Australia: Medical Board, Chiropractic Board, Dental Board, Medical Radiation Practice Board, Nursing and Midwifery Board, Optometry Board, Occupational Therapy Board, Osteopathy Board, Paramedicine Board, Pharmacy Board, Physiotherapy Board, Podiatry Board, Psychology Board. N.B. – Pathologists, Veterinarians, and Psychiatrists are also approved as medical professionals.
Registered Accountants Actuaries or Financial Analysts	CA, CPA, FIAA, and CFA
Financial Planner	Holds valid AFSL
Registered Solicitors	Registered with relevant State’s Law Society
Barristers	Registered with relevant State’s Bar Association
Registered Engineers	Engineers Australia
Geologists, Geophysicists & Hydrogeologists	At a minimum Member of Australian Institute of Geoscientists, ASEG or Fellow of the GSA
Commercial Pilots & Air Traffic Controllers	Hold valid license with Civil Aviation Safety Authority
Construction Project Managers	Registered with Australian Business and License Information Service and holds relevant industry membership
Registered Quantity Surveyors	Registered with the Australian Institute of Quantity Surveyors
Registered Planners	Registered Planning Institute of Australia
Land Surveyors	Registered with relevant State’s Surveyors Board
Accredited Cyber Security Professionals	CISM, CISA, Certified Information Systems Security Professional or hold equivalent qualification
Registered Architects	Refer to relevant State’s Registration Board
Registered Teachers	Holds valid State based accreditation
Police Officers	Holds valid membership with State Police Association
Firefighters	Holds valid membership with State Firefighter Association
Defense Force Personnel	Holds valid Australian Defense Force identification

The Bank’s CRO has discretion to approve other professions not named above for the No LMI Policy, on an individual application basis

BOS Location Guide

The BOS Location Guide is based on the QBE LMI Postcodes and lists all the acceptable postcodes for metropolitan and regional areas. This location guide must be read and applied in conjunction with the Lending Policy.

All postcodes NOT listed in the BOS Location Guide are considered as “National”. National postcodes may in certain cases be allowable for servicing income but never acceptable for security purposes.

The BOS Location Guide is located on the BOSbroker website under the “Resources” section.

For more specific guidance, enquiries should be directed to BOS Credit Department or for broker originated transactions by emailing BOSBroker@banksyd.com.au

Code of Banking Practice – Classification Examples

With the recent implementation of the COBP for substantial benefit requirements the following table provides typical scenarios to be considered for determination of co-borrowers and/or guarantors to a loan transaction and acknowledgements that the Bank require. Ineffective documentation may diminish the Banks recourse.

Note the terms ‘owner’ and ‘owned’ refer to the beneficial owner – i.e. the ‘real owner’ of the asset.

Borrower or guarantor is considered “sophisticated” if they have sufficient experience and knowledge to appropriately weigh the risks and merits of the situation/investment. For example professionals in the finance industry.

The Bank may consider waiver of independent legal and/or financial advice for a sophisticated borrower or guarantor. For further information please consult your RM.

Note	Situation	Example	Policy
1	Spouses/de factos co-borrow, asset owned by one party only for joint use.	A owns a home occupied by spouses/de factos A+B A buys a car to be used by spouses/de factos A+B	Co-borrowers OK. No legal advice required.
2	Spouses/de factos borrow for investment purposes, but the asset will be owned by one party only and will not be for joint use.	A+B borrow to acquire shares or an investment property to be owned by A only.	Non-owner (B) should be a guarantor. Legal and Financial Advice should be obtained by Non-owner unless they are considered sophisticated.
3	Spouses/de factos borrow on the security of property owned by one party to acquire a joint use asset (e.g. home)	A+B co-borrow on security of property owned by B to acquire home owned by A+B.	Owner must obtain legal advice if not sophisticated
4	Joint venture in respect of an investment or commercial activity, but some or all the investment assets are owned by one party only.	A+B buying shares, an investment property, or a business. A is providing the only security or a disproportionate share of the security	Co-borrowers OK A should obtain legal advice
5	Loan to be used for multiple purposes	A+B borrow to purchase a jointly owned home and an investment to be owned by B	Provide separate loans, cross collateralise if required.

Notes

1. Despite only one borrower owning the relevant asset, both receive a clear benefit and have rights in relation to marital property.
2. Family law protections may not extend to investment assets. In any event, the non-owner is not borrowing any money and so cannot be a borrower.
3. Legal advice required for unsophisticated borrowers.
4. Legal advice required for unsophisticated borrowers
5. Choosing the structure by adopting the dominant purpose may result in a person being incorrectly categorised as a borrower, and not receiving a substantial benefit.

Acknowledgment Rules

The following rules should be used to determine the appropriate forms of acknowledgement to be obtained by the Bank:

1. Work out who are the borrowers. Who is the advance being paid to or on behalf of?
2. Any persons other than borrowers providing financial support must be guarantors.

If guarantors are expected to contribute regularly to repayments, the Bank will obtain a Repayment Acknowledgment of that fact as a component of the loan documentation.

For more information:

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