Broker

Credit policy summary

Category	Subcategory	Policy Guidelines
Applications	Loan submission	In all cases loans MUST be submitted through Apply Online and supporting documentation uploaded to application prior to submitting application to Qudos Bank. Post Submission - All additional documentation MUST submitted via AOL (ApplyOnline). Brokers can be both broker and applicant for their own personal Owner Occupied and Investment loans.
Defaults		**Restriction:** **Unpaid Defaults** A loan cannot be approved if applicant has unpaid defaults. **Paid Defaults** In all cases, a written explanation of how the default occurred is required from the borrower/s. Applicant should explain the history of the default and provide evidence that default was paid in full. Deal is unlikely to be approved if the default was for outstanding land rates or a credit contract (e.g. credit card, line of credit, home loan) unless there were special circumstances. If explanation is acceptable and other parts of the deal are very strong (e.g., good assets and saving pattern, low LVR application will be considered. **LMI applications** › Unpaid defaults will not be accepted under any circumstances › Maximum two paid defaults, from non-financial institutions, up to a total of $1,000 can be considered
Genuine Savings		**Restriction:** Borrower must demonstrate 5% genuine savings where LVR is >90% for Owner Occupied purchases only, Savings must be held in the borrower's name and can include any combination of the following sources: › Funds held or accumulated in savings accounts › First Home Saver Account or First Home Super Saver Scheme (initiative by the Australian Government) › Equity in, or funds from, sale of residential property only › Term deposits › Shares › Accelerated loan repayments – where savings have been sacrificed by making accelerated loan repayments, the amount of the excess repayments can be accepted in lieu of genuine savings Where genuine savings have not been held for three months, evidence of satisfactory rental payment (via a Rental Ledger from a licensed Real Estate agency) history can be used to mitigate the genuine savings requirement. The following additional underwriting requirements apply: › Funds cannot be borrowed (i.e., personal loans, credit cards or loans from family members)

Genuine Savings (continued)

- Lump sum payments such as bonuses, tax refunds and proceeds from sale of assets, can be accepted
- Satisfactory rental payment history to be meet the following requirements:
  1. History demonstrated over a minimum of 6 months
  2. History should confirm rental payments are up to date, with no missed or late (greater than 7 days) rental payments evidenced

Non-refundable gift:
A Stat Dec is required for funds being given to the applicant, the Stat Dec must state the relationship between the donor and the recipient and that the gift is non-repayable.

Income Policy — Car Allowance

Restrictions:
For PAYG employees, 100% of vehicle allowance added to gross taxable income can be used in serviceability assessment.

For a full maintained company vehicle which is available for unrestricted private use up to $5000 can be added to net income.

Vehicle add-backs are only permitted for persons who have fully maintained company vehicles or novated leases where the net salary has been reduced by the full finance and running costs of the vehicle.

Living Expense Note:
Qudos Bank Minimum Living Allowance (MLA) allows for the running costs of 1 vehicle only. The MLA must be tested against the Declared Living Expenses (DLE). Where the MLA is higher than DLE, it is permissible to add back the net difference between the two figures up to a maximum of $5,000 net pa. If there are car expenses declared by applicants this may be an indicator a vehicle is owned by applicants, therefore the add back will NOT apply.

Verifications:
Verified using either:

- Most recent payslip or,
- Employment letter

Income Policy — Casual income

Restriction:
Must demonstrate a minimum 12 months in current role however if term is <12 months refer to BDM for further consideration.

Verifications:
- Three most recent payslips (payslips cannot be older than one month from date of application) together with transaction account showing salary being credited **AND**;
- Recent Transaction account statement covering past 3 months showing salary being credited and to confirm account conduct
- PAYG Summary for the most recent financial year *(Only if payslips don't show YTD income, or if YTD is less than 2 months)*

Income Policy — Child maintenance payments

Restrictions:
Must be registered with the Child Support Agency, evidenced over 6 months and permanent for the next 5 years.

100% of net amount used for servicing.

Verifications:
Both of the following are required:

- Child Support Agency assessment notice; **AND**
- 6 months statements confirming regular payments

Income Policy

Contractors

Restrictions:
If the contract is in line with usual industry practice, it would be considered based on previous 2-year employment history showing experience.

100% used for servicing.

Verifications:
- Most recent payslip (payslip cannot be older than one month from date of application) together with transaction account showing salary being credited **AND**;
- Recent Transaction account statement covering past 3 months showing salary being credited and to confirm account conduct
- PAYG Summary for the most recent financial year *(Only if payslips don't show YTD income, or if YTD is less than 3 months)*

Income Policy

Full time income

Restriction:
PAYG minimum period in current role 6 months – Unless can demonstrate prior 12 months in same industry.

Commission income: 100% of commission income can be accepted as long as it is consistent. 3 payslips are required to confirm stability of commission along with prior year earning to support. For application not meeting this threshold please refer to your BDM.

100% used for servicing.

Verifications:
- Most recent payslip (payslip cannot be older than one month from date of application) together with transaction account showing salary being credited **AND;**
- Recent Transaction account statement covering past 3 months showing salary being credited and to confirm account conduct
- PAYG Summary for the most recent financial year *(Only if payslips don't show YTD income, or if YTD is less than 2 months)*

Income Policy

Bonus income

Bonus income can only be considered if you are paid quarterly and received for the previous 2 years.

For applicants in **Executive & Management** positions, they can be considered as long as received at least annually and if received for the past 2 years (with the lesser of the 2 used for servicing), the applicant must show strong financial acumen and be in a sound financial position.

If additional clarification is required re the use of Bonus income, please contact your State Based BDM.

Bonus Income to be scaled to 80%.

Income Policy

Government family benefits

Restrictions:
Only the following Centrelink Family Allowance types are acceptable, age limit for using 100% of income is <12 years of age:

- Family Tax Benefit Part A
- Family Tax Benefit Part B

Verifications:
- A letter from the relevant government department confirming the benefit and payment frequency

Income Policy

Employment probation

Restriction:
Is considered as long as previous employment history of at least 12 months in same industry/roles.

Income Policy	Investment	**Restrictions:** A regular income stream that is derived from bank interest, dividends, or any other profit made from an investment vehicle of any kind. Must be evidenced over two years. Serviceability calculator will assess at 80% (net of tax) over 2 years. **Verifications:** › Last two years individual tax returns **AND**; › Corresponding ATO Notice of Assessment
Income Policy	Maternity leave income	**Restrictions** Maternity leave income can be taken into consideration for servicing only if payments are received up until return-to-work date. **Note:** In the situation where settlement will occur near the same time anticipated return to work date and not receiving any income at time of application, an exception to credit will need to be provided mitigating their ability to service the new loan using available savings/redraw etc. In this case return to work income will be used for servicing. **Verifications:** Any application where the Qudos Bank is seeking consideration to use income for a person currently on parental/maternity leave or about to commence parental/ maternity leave, the following supporting evidence must be provided: Letter from the employer is required detailing the following: › The return-to-work date › Conditions under which the applicant will return i.e., Full time or Part time › Gross and Net income the applicant will be receiving when they return to work › Be on employer's letterhead which includes A.B.N and is signed by the employer › Employee's name is consistent with loan application Evidence of available funds that will be used to assist financial position up until employment commences, i.e. bank statement.
Income Policy	Overtime income	**Restrictions:** 100% can be used as long as consistent and received for period of 12 months. Please refer to your BDM for further information. **Verifications:** › Three most recent payslips (payslips cannot be older than one month from date of application), **AND**; › PAYG Summary for the most recent financial year *(If payslips don't show year to date income, or if year to date is less than 2 months)*
Income Policy	Part time income	**Restriction:** PAYG minimum period in current role 6 months. 100% used for servicing. **Verifications:** › Most recent payslip (payslip cannot be older than one month from date of application) together with transaction account showing salary being credited **AND**; › Recent Transaction account statement covering past 3 months showing salary being credited and to confirm account conduct › PAYG Summary for the most recent financial year *(Only if payslips don't show YTD income, or if YTD is less than 3 months)*

Income Policy	Pension and Centrelink Income	**Restrictions:** Any Disability Pension or any Pension that is permanent and not subject to review is accepted 100%. Self-Funded retirees: evidence of income/dividends from their retirement/ financial plan: 100% of net income accepted. **Verifications:** A letter from the relevant government department confirming the benefit and payment frequency **AND** Account online transaction summary with Bank logo and account holders name or bank account statements over a 6-month period.
Income Policy	Rental Security Income	**Restrictions:** 80% of total gross considered for servicing and supporting evidence required are: › Recent rental statements from real estate agent or rental estimate in valuation
Income Policy	Workers Compensation / Workcover	**Restriction:** Is considered only if evidence can be provided demonstrating income is permanent and ongoing. 100% can be used for servicing.
Self Employed	Minimum Requirements	**Self Employed:** › Must be in business a minimum of 2 years › 100% of net income from latest financial year or 120% of previous financial year, whichever is the lower › Depreciation can be added back to after tax income but cannot exceed 20% of the business net profit **Note:** If applicant has been self employed less than 2 years, but have at least 2 years continuous employment in the same occupation/industry, then the bank can consider their situation, on an exception basis. For all new applications that are submitted from 1st April where applicant/s are self employed we will now require most recent tax returns together with financial statements for all related parties. In addition to this we will also require the most recent quarter BAS. Qudos Bank's standard self employed policy requires 2 years full financials.
Self Employed	Documents Required	Two full years financials including tax returns and NOA's. Most recent quarters BAS Trust distributions can be considered if sole directors / shareholder.
Expenses	MLA / Living Expenses	**Single -V- Joint Incomes:** If credit facility is to be in one name but member has declared joint liabilities, 50% of liability repayments can be used for servicing calculations where it has been verified the other party has capacity to repay the other 50%. If this cannot be verified, 100% of the loan repayment is to be used. **Net Disposable income (NDI) and Minimum Living Allowance (MLA):** Serviceability test rate is 3.00% above actual rate or a floor rate of 7.25%. If LVR above 80% LMI policy applies. The NDI ratio must be >=1.01 for home loans providing all loans are fully buffered. **Minimum Living Allowance:** › This is scaled according to income, single or joint and up to 3 dependents **(refer to attached MLA table)**. The higher of the MLA or declared living expenses is to be used
Expenses	Product Switches	Income does not need to be verified where an existing borrower is switching to a new product, there are no additional funds, there are no arrears and a clear repayment history for 6 months

Liabilities	Treatment of ATO Tax Debts	Not ideal and cannot consolidate as part of refinance. Must be declared as an expense in applicant/s Asset and Liability position please refer to BDM for further consideration.
Liabilities	Common Debt Reducer	**Restriction:** If facility is to be in one name but member has declared joint liabilities, 50% of liability repayments can be used for servicing calculations where it has been verified the other party has capacity to repay the other 50%. If this cannot be verified, 100% of the loan repayment is to be used. Evidence of other parties income should be a recent payslip or if Self Employed most recent tax return. Please note where the other party is not a spouse of applicant then broker should outline in their submission notes a general overview of other parties current liabilities. For DTI purposes only (ie NOT servicing) the full liability for the joint debt is considered (refer to your BDM if more clarification required).
Liabilities	Outgoing / Living expenses	**Restrictions:** Expenses are treated as per the following: › All home lending (including proposed home loan) to be assessed with a 3.00% buffer or 7.25% floor rate, whichever is the greater over loan term › If Interest Only the servicing term can be over the remaining total loan term › For other bank home loan if term is unknown, repayment calculations to be 25 years for assessment purposes › Other Bank Credit Cards or store accounts: based on the dollar limit over a term of 3 years @ 22% pa. This calculation is factored into the servicing calculator – Qudos Bank Credit Cards assessed at actual rate › Overdrafts / Margin Loans: 3% of limit › Other loan repayments, child support payments, rents, HELP, private school fees, childcare, 2nd car running costs: 100% › Company liabilities: Qudos may consider excluding company liabilities from servicing where they can be evidenced via business financials that they are fully expensed Notional board payment of $150 per week is to be included as an expense if no board is declared or amount is less than $150 per week.
Lender Requirements	Serviceability	**Floor Rate**: 7.25% / **Buffer Rate**: 3.00% Qudos Servicing Calculator Must show a NDI of 1.01 or higher for Qudos to consider. **DTI Maximums:** **Owner Occupied Lending** Maximum allowable DTI must be less than 6x for mortgage insured loans. Maximum allowable DTI must be less than 7x for non mortgage insured loans. **Investment Lending** Maximum allowable DTI must be less than 6x.
Loan Policy	Minimum and Maximum Loan Amount	Minimum loan amount is $150K and the maximum is $5mil – Loan amounts above $5M will be considered on a case by case and the LVR maybe restricted. Refer to BDM.
Loan Policy	Mature Age Policy	If loan term exceeds standard or proposed retirement age broker must provide exit strategy. **Note**: downsizing can be considered on a case by case basis refer to BDM.
Loan Purpose	2nd Mortgage Loans	Only accepted if a second mortgage is behind another Qudos Bank mortgage. If a second mortgage to Qudos Bank, guarantee must not be limited guarantee.

Loan Purpose	Family Guarantee Policy	**Refinance Parenting guarantee loans** Qudos Bank can refinance family guarantees from existing owner-occupied family guarantees. Dollar for dollar refinances only.
Loan Purpose	Applicants / Guarantors/ Family Guarantee	Guarantee and parental support is available for Owner Occupied purchase or refinance where existing parenting guarantee is in place. A supported guarantee is acceptable subject to: › Guarantor obtaining independent legal advice › Guarantor must be a parent, sibling or close relative. Extended family members are generally not considered acceptable › Guarantor would not be put in financial stress should Qudos need to take possession of the Guarantor's property **Note:** Borrowers should evidence contribution of minimum 5% via Genuine Savings or Clean rental history for minimum 6 months from licensed real estate agency.
Loan Purpose	Bridging Loans	**Restrictions:** Bridging Loans with 6-month term are available for (Owner Occupied securities) to assist members to purchase and sell a property. LVR must be <=80% at completion of the bridging period. For assessment purposes, the value of the sale property is to be discounted by 10% Servicing required on end debt only. End position must have a DTI less than 6x.
Loan Purpose	Construction	**Restrictions:** Please note the following conditions for construction: › For Land Loans only maximum LVR cannot exceed 70%, unless in a capital city where maximum LVR is 80%, with no build contract available at time of approval or 80% with build contract available. Constructions loans are available subject to the usual construction documentation requirements (fixed price building contract, council approved plans, builders license and insurances).
Loan Purpose	Full Assessment Pre-approvals	All applications are fully assessed by an assessor, provided all supporting documents are provided in initial submission i.e. payslips and funds to complete. Preapprovals are valid for 3 months and include Mortgage Insurance approval (if applicable).
Loan Purpose	Owner Builder	Unacceptable
Low Doc Policy	Other Information	Unacceptable
Loan Products	LVR	**Restrictions:** › Low Cost Home Loan - maximum LVR 90% (plus LMI) › No Frills Home Loan - maximum LVR 80% › Low Cost Home Loan (Value Package) - maximum LVR 90% (plus LMI) › Qantas Points Home Loan - maximum LVR 90% (plus LMI) › Standard Variable Rate Home Loan - maximum LVR 95% plus LMI to max LVR of 98% › Fixed Rate Home Loan LVR 90% (plus LMI) › Construction Loan LVR 90% (plus LMI)
LVR Policy	Investment	**Restriction:** Qudos Bank can offer Maximum of 90% LVR (plus LMI) for investment loans.

Mortgage Insurance Policy	LMI Cap Policy	Maximum LVR 95% Plus LMI to a (max LVR of 98%) – Owner Occupied Purposes only.
Mortgage Insurance Policy	DUA	Insurer: Genworth. **Note:** Qudos hold DUA with Genworth which speeds up turnaround time when LMI is involved.
Purchases	Favorable Purchase	**Restrictions:** If the purchase is for a discounted sale price, inquiries need to be made to verify if the discount is a gift or repayable and what the relationship is between vendor and purchaser. If a gift, a statutory declaration is required stating the difference between the valuation and the purchase price is a non-repayable gift. If not a gift, Qudos Bank is to be advised of repayment arrangements and impact on serviceability. Formal valuations are required for all favourable purchases. Please ensure the following conditions are met: › 5% genuine savings must be demonstrated › Will lend up to 100% of agreed purchase price at a maximum of 90% of bank valuation
Rate Lock	Rate Lock Fee	$649 and valid for 90 days from signed/paid rate lock form.
Refinance	Cash out maximum LVR	**Restrictions:** Any cash out amount must have a specific purpose and will require evidence. Max LVR 90% plus LMI. Restrictions can apply due to purpose of funds. Refer to BDM.
Refinance	Debt Consolidation	**Restriction:** >90% LVR plus LMI - maximum of 4 credit facilities can be consolidated. **Verification:** Account Statements should be reviewed for regular repayments, dishonour charges, arrears, late payments or undisclosed debts. Transaction listing from on-line banking will be accepted if they show the running balance, account number and name of account holder. In the event these are not showing, it must be accompanied with a full bank statement (which should be available to the borrowers on-line). Requirement for Refinances, Home Loans; Unsecured lending and Car loans; and Credit Card/Store Accounts: › Home Loans - Transaction listing covering the last 6 months › Other Loans - Statements and/or transaction listing covering the last 6 months of transactions › Credit Card/Store - 3 latest account statements (must be consecutive months) **Requirement for Property purchases:** › If a purchase, and there are no flags to warrant reviewing repayment history, then the latest statement can be used to validate facility limits
Security Policy	Studio / Bed-sitter Units <35 >25 sqm	Maximum 70% LVR. (Capital Cities Only). *Refer to your BDM with the address for further information.*
Security Policy	Company Title Securities	Maximum LVR 70% for residential dwellings under company title.

Unacceptable Securities	Not accepted	The following security types are unacceptable; › Serviced apartments under $50m^2$ › NRAS / Student accommodation / Retirement village accommodation › Display homes where the display village is ongoing (e.g. not due for decommission within 2 years) › Timeshare › Warehouse conversions › Relocatable homes (security to be restricted to land value only) › Owner builder › Property is subject to contamination › Units under $25m^2$
Security Policy	High Density	Accepted as per the following LVR restrictions and subject to satisfactory valuation i.e. risk ratings: › >25 <49 sqm max LVR 70% › > or = 50 sqm standard LVR policy applies › If >40sqm and <50sqm may consider to 95% for OO (incl LMI) or 90% (plus LMI) for INV (Established units only) High Density Post Codes (new and established apartments) • For all new applications that are submitted from 26th April 2021 where LVR is up to 80% Qudos Bank has No High Density restrictions, (current policy) however, where LVR is above 80% and LMI is required restrictions do apply. Our LMI provider has added some additional Post Codes which are outlined on our Broker Portal "Resource Page".
Security Policy	Small Units	Accepted as per the following LVR restrictions and subject to satisfactory valuation i.e. risk ratings: › >25 <49 sqm max LVR 70% › >50 sqm standard LVR policy applies › If >40sqm and <50sqm may consider to 95% for Owner Occupied (incl LMI) or 90% (plus LMI) for INV
Security Policy	Leasehold Properties	Acceptable; refers to ACT only.
Security Policy	Multi Dwellings Single Title	Can consider multi dwellings on 1 title to a maximum of 3 dwellings. The maximum LVR would be between 70-80% depending on the postcode etc. Refer to your BDM for further information or for scenarios where the maximum dwelling limit is exceeded. For construction maximum of 2 dwellings on 1 title.
Security Policy	Property / LVR Restrictions	**Restriction:** › Residential Dwellings Company title maximum LVR 70% › Units between 25 and 49.9 square meters maximum LVR 70% › Residential property in less than prime condition 70% › Property with dwelling between 10 up to 50 hectares, maximum LVR 70% subject to acceptance of location and land usage so refer to BDM for consideration if unsure › Other rural 50% LVR (subject to acceptance of location and land usage. Should not be subject to Agribusiness) › Vacant Land 70% LVR non metro location with no construction component › Vacant Land 80% LVR Metro location with no construction component

Security Policy	Serviced Apartments	Considered to a maximum 60% LVR. Minimum 50sqm Living area. Rental income restricted to 60% scaling.
Security Policy	Rural Residential	**Restrictions:** › Rural property with a dwelling up to 50ha - Max 70% LVR (subject to acceptance of location and land usage. Should not be subject to Agribusiness) › Other rural 50% LVR (subject to acceptance of location and land usage. Should not be subject to Agribusiness)
Security Policy	Strata Conversions	Normal LVR policy applies however construction purpose <u>not</u> accepted.
Security Policy	Stratum Title	Normal LVR policy applies however construction purpose <u>not</u> accepted.
Security Policy	Term Deposit	Term Deposits 100% of the valuation.
Security Policy	Vacant Land	**Restrictions:** Maximum LVR is subject to whether land will settle with or without Fixed Priced Build Contract, the following restrictions apply: › 80% if no construction component (metro only) 70% (non-metro) › 90% with build contract available **For more information on construction policy please search/select "Loan Purpose - Construction".
Security Policy	Property size › 50 hectares - approximately 123 acres	Acreage land size max 50 hectares - approximately 123 acres, at a max LVR 70% can be considered. Conditions apply, as a guideline of those conditions, please refer to the below: › Land is non income producing according to the valuation and zoned rural › The proposed security has a proper residence fully erected (not a shed for example) › Postcode must be considered acceptable › Services must be connected - i.e. water, electricity, gas, etc. › Boundary must have sealed road access **Note:** The applicant's type of work and how far the property is from their place of employment also needs to be factored in.
Valuations	Requirements	Qudos Bank order must order valuations in all cases. Qudos require a completed valuation authority in application submission (or available on broker portal). Qudos will cover up to $300 toward valuation costs for loan amounts up to $1M. Qudos will cover up to $600 toward valuation costs for loan amounts over $1M.

Important Information: This Credit Policy is a guide only. All loans are subject to approval by Qudos Bank. We do not guarantee approval of any application that meets the requirements of this Credit Policy Summary. We may change our Credit Policy Summary at any time.

Contact your state based BDM for more information or apply online at qudosbank.com.au/broker

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