 [BROKERS.MYSTATE.COM.AU](https://brokers.mystate.com.au)

# Quick Reference Guide

To help ensure your clients are happy with your advice and MyState's service we've put together this handy Quick Reference Guide to help. Here you will find a summary of our policies. More detail is available in our Lending Procedure document on the Broker Portal.



**MyStateBank** 

# Applicant Criteria

## Applicant Types

Individual	<p>Must be over 18, and be:</p> <ul style="list-style-type: none"> <li>• Permanent residents or citizens of Australia or New Zealand or;</li> <li>• Temporary Resident of Australia must hold a Temporary Skills Shortage visa with no less than 2 years until expiry*</li> </ul>
Parental Guarantee	<ul style="list-style-type: none"> <li>• May be accepted from the parents of the borrower(s) if they are willing and able to offer that security</li> <li>• Suitability of the security offered and the guarantors overall situation will be taken into account when assessing the appropriateness of a parental guarantee</li> <li>• A maximum loan amount of \$850,000 applies</li> <li>• Term deposits are also accepted for security</li> </ul>
Company	<ul style="list-style-type: none"> <li>• Incorporated in Australia**</li> </ul>
Trust (individual or corporate)	<ul style="list-style-type: none"> <li>• Fixed Unit and discretionary (family) trusts formed in Australia</li> <li>• Corporate structures require personal guarantees for any loans provided</li> </ul>
Unacceptable Applicant Types	<ul style="list-style-type: none"> <li>• Minors – a natural person under the age of 18</li> <li>• Borrower/guarantor of convenience – a borrower/guarantor that has been added to the loan application to provide serviceability and/or security, but does not receive a tangible benefit from the loan</li> <li>• An individual who is currently bankrupt</li> <li>• A temporary resident of Australia</li> <li>• A temporary resident of New Zealand</li> </ul>

\*Other conditions also apply. Please refer to the Lending Procedure document on the Broker Portal, or chat with your Broker Relationship Manager for more details

\*\*For more details on Company or Complex loans refer to: [brokers.mystate.com.au/complex-loan-structures](https://brokers.mystate.com.au/complex-loan-structures)



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## Acceptable Security Properties

- All residential properties fully serviced by power, water, utilities and road access
- Must be zoned residential, rural residential or rural – Maximum land area 40 hectares – cannot be income producing
- Vacant serviced residential land
- Residential unit/apartment (minimum size/bedroom requirements apply)
- Serviced apartments

## Loan amounts

Type	Minimum
Basic Home Loan	\$100,000
Special Residential Home Loan	\$100,000
Fixed Rate Home Loan	\$30,000
Standard Variable Home Loan	\$30,000
Parental Guarantee	\$30,000

## Acceptable Residential Lending Purposes

- Purchase new or existing dwelling
- Off the plan property purchase<sup>^</sup>
- Construction of new residential dwelling (includes any extension or modification that requires council approval)
- Refinance existing residential dwelling
- Debt consolidation
- Personal use (e.g. wedding, motor vehicle purchase)
- Other investment (e.g. purchase shares) or worthwhile purpose<sup>\*\*\*</sup>

## Registered Property Valuations

- All valuations undertaken by MyStates panel valuers will be reviewed to ensure all commentary and Risk Ratings are acceptable and comply with policy requirements

<sup>\*\*\*</sup>Cash out requirements apply. Please refer to the table to the right. Further LMI restrictions may apply if LVR exceeds 80%. For owner occupied off the plan purchase, minimum servicing requirement is 1.00:1. For investment off the plan purchase, minimum servicing requirement 1.20:1.

## Cash Out Requirements

Cash Out Amount	Cash Out Requirements
Type	Minimum
Up to \$50,000	PAYG: no details required Self employed: Full details and breakdown is required. Cash out for working capital is not permitted.
\$50,000 - \$350,000	Applicants required to supply specific details as to the purpose or use of the funds. This should include a level of granularity to identify the specific purpose, including in the case of "future investment", the nature of the asset class being invested in.
Over \$350,000	High level detail required in line with the following: <ul style="list-style-type: none"> <li>Investment in shares/managed funds – letter from accountant/financial planner stating the purpose/use of the funds</li> <li>Purchase of property – a copy of executed contract of sale, or a statutory declaration from the applicant stating details of the proposed property purchase (i.e. Purpose, amount, LVR, anticipated costs)</li> <li>Funds to be controlled by applicant</li> </ul>
Additional Requirements	<p>* Additional details may be requested on case by case basis.</p> <p>Please note: If the cash out is for structural work or major renovations to the security property, then procedure relating to construction loans is to apply. The above cash out procedure does not apply to situations where our security position could potentially be compromised by substandard completion of improvements to the property.</p> <p>In addition, non-structural improvements to an existing residential dwelling held as security (or being taken as security) by MSB where the finance sought is &gt; \$100,000 and does not involve council approval then the applicant will be required to sign a declaration stating:</p> <p>"The cash out funds will be utilised on improvements of a non-structural basis and do not require council approval".</p> <p>Please note: Cash out against land value is not permitted where the purpose of the funds is for construction or improvements to the land.</p>

## Savings History Requirements (Purchases)

90% LVR or under	No genuine savings required however applicants to confirm the funds to complete in an acceptable form
Over 90% LVR	<p>MyState requires genuine savings of not less than 5%*. If the applicant is unable to show genuine savings but they are renting and can show 3 months rental ledger proving rent paid then the following can be accepted as genuine savings to contribute to the 5% savings/deposit requirement:</p> <ul style="list-style-type: none"> <li>Lump sum payments such as bonuses, tax refunds and proceeds from sale of assets, can be accepted</li> <li>First Home Owner Grants (FHOGs) can be accepted</li> <li>Gifts from family provided a stat dec is provided detailing the funds are not repayable.</li> </ul>

\*For NHFIC loans; FHLDS, NHG and FHG, refer to our Lending Procedure or speak to your Broker Relationship Manager.

## Maximum LVR based on loan purpose

Loan Purpose	Max LVR Uninsured	Max LVR including LMI capitalisation
Purchase/refinance of a new or existing residential property		Please refer to the applicable MyState Bank Interest Rate Sheet/Chart on the Broker Portal. <a href="http://www.brokers.mystate.com.au">www.brokers.mystate.com.au</a>
Property – Owner Occupied	80%	
Property – Investment	80%	
Purchase/refinance of new or existing rural property		
Property – Owner Occupied	70%	
Property – Investment	70%	
Other LVR's		
Debt Consolidation (owner occupied)	80%	
Debt Consolidation (investment)	80%	
Construction of Residential Property with a registered builder (owner occupied)	80%	
Equity release/Cash Out – Owner occupied – Investment	80% 80%	
Serviced Apartments (including time share)	50%	



# Broker Portal Resources



The Lending Procedure document is the credit policy applied to loan assessment



IDYou verifies customers ID remotely; secure, simple, fast. DocuSign allows customers to review, sign and send documents electronically



The Valuation Hub allows valuations to be ordered upfront, saving time and rework



Interest rate chart includes all products and LVRs as well as promotional rates



The calculator will determine serviceability for purchase, refinance and construction loans



Loan scenarios can be submitted online for feedback before submitting the application



Products fact sheets, checklists, guides, request forms and customer fact sheets

## Debt Consolidation - PAYG\*

Where the purpose of the loan is to refinance existing debts or debt consolidation, confirmation of the outstanding balance, and evidence of an acceptable conduct on the loan/s being refinanced is evidenced by:

Loan Type	Documentation
Home Loans / Lines of Credit	No statements are required where the account is reported on Equifax CCR*
Personal Loans	No statements are required where the account is reported on Equifax CCR*
Credit and Store Cards	No statements are required where the account is reported on Equifax CCR*
Overdrafts / Unsecured Lines of Credit	No statements are required where the account is reported on Equifax CCR*

\*Where account is not reported on Equifax CCR, 3 months consecutive statements are required. Credit and Store Card statements must show credit limit and previous months' transactions.

## Minimum Employment Requirements

Permanent Employment	A minimum of 3 months in current role. Probation accepted. Most recent 2 pay slips required.
Contract Employment	Must have been in their current role for a period of no less than 3 months, (6 months for casual) and have greater than 3 months remaining on their existing contract.
Overtime / Penalty	80% can be accepted. A minimum of 3 months year to date income 100% can be accepted for emergency workers**. A minimum of 6 months year to date income.  Most recent 2 pay slips required.  Commission/Bonus.  80% can be accepted. Lower of the average of the last 2 years or the last years can be utilise.
Casual Employment	A minimum of 6 months in current role
Second Job	A minimum of 6 months
Employed by Family	A minimum of 6 months in the current position or 12 months continuous previous experience within the same industry
Self Employment	To calculate income we use: <ul style="list-style-type: none"> <li>- The average of the last 2 years unless the most recent year is lower, in which case the most recent year is used.</li> </ul> <p>Exception: If using wages paid only from own company or trust and not using the company profit or trust distribution for servicing, we use the latest year in isolation.</p>

## Other Policies

Salary Sacrifice	If Salary Packaging is for personal expenses or loan repayments: <ul style="list-style-type: none"> <li>Salary packaging for personal expenses or loan repayments can be treated as non-taxable income (net of administration fees). If packaging is for a loan then full loan commitment is to be noted as a financial liability</li> </ul>
Fully Maintained Vehicle	A fixed amount of \$5,000 pa will be added to the non-taxable income of PAYG applicants where a borrower can evidence use of a fully maintained company vehicle. A letter from the employer or the employment contract is required to confirm the benefit



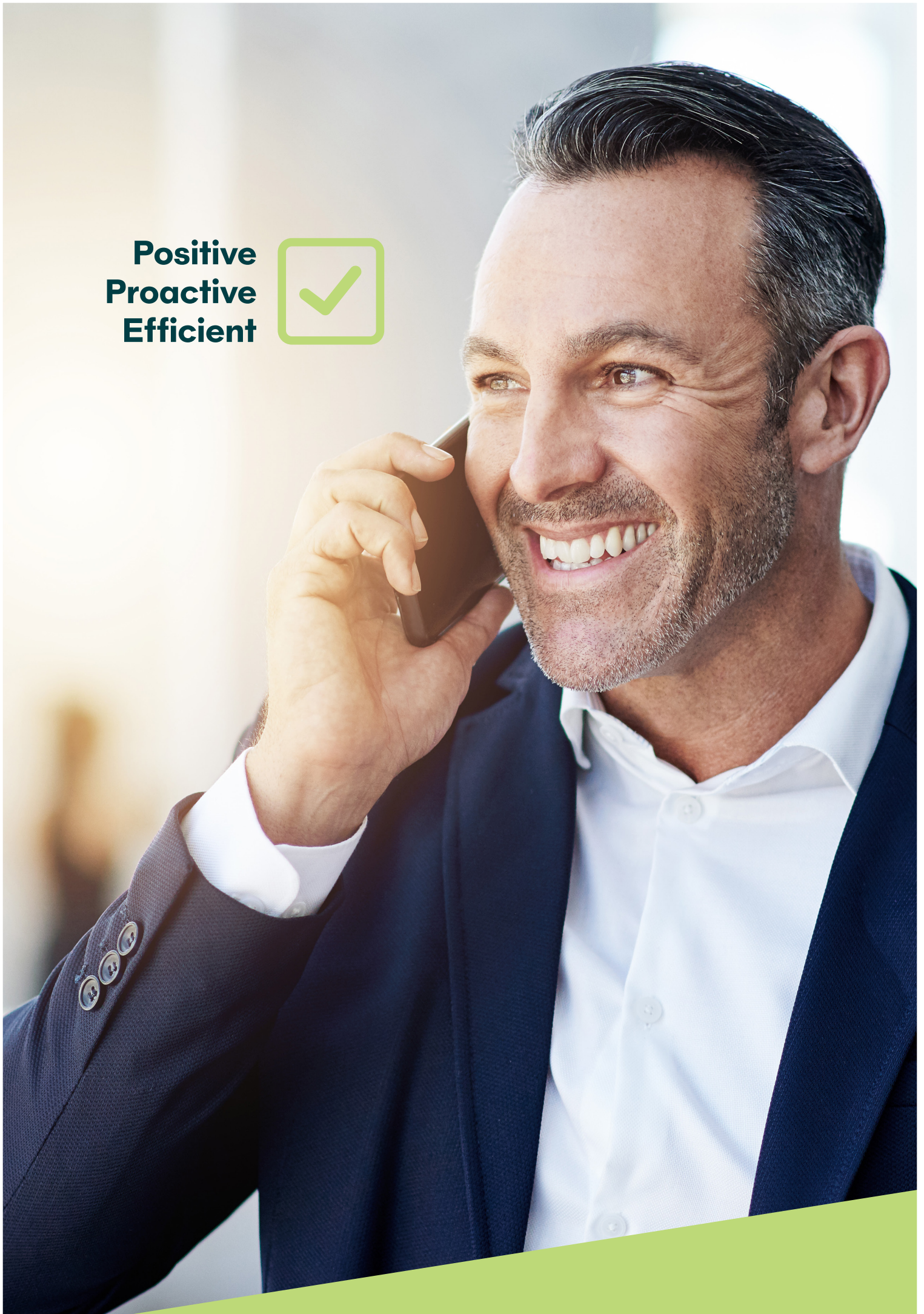
# Income Documentation

## Acceptable Income

Income Type	Required Documentation
PAYG	Most recent 2 computer generated payslips which contains at least 3 months year-to-date figures*
Overtime (A maximum of 80% can be accepted) and up to 100% for emergency workers	2 payslips containing a minimum 3 months income*
Penalty payments/shift allowances (80% can be accepted)	2 payslips containing a minimum of 3 months of Year to Date income*
Commission / Bonus / Dividend Income (A maximum of 80% can be accepted)	Lower of the average of the last 2 years or the last years can be utilised
Self Employed	<p>Latest two years personal taxation return</p> <ul style="list-style-type: none"> <li>• Latest two years ATO <i>notices of assessment</i></li> <li>• Latest two years business taxation return (for partnership, companies, trusts and sole traders)</li> <li>• Two years business financial statements, or 1 year statement containing 2 consecutive years performance (for partnership, companies and trusts)</li> <li>• Will accept accountants letter if not using income from associated businesses (specific content to be in the letter)</li> <li>• No longer require BAS</li> </ul>
Pensions & Government allowances (100% can be accepted on the basis that it is of a permanent and irrevocable nature)	Letter from Government Department, Fund Manager or income provider (e.g. Centrelink), which lists the benefit amount and frequency. For family tax benefits, payments must be payable for the next 5 years (ie. Only for dependent/s 13 years of age and under)
Child Support	Maintenance agreement must be registered with the Child Support Agency and 3 months of consistent payments evidenced from bank statement, and is considered a permanent payment for no less than the next 5 years (ie. Only for dependent/s 13 years of age and under)
Rental Income	<ul style="list-style-type: none"> <li>• 1 months rental statement (existing property if weekly/ fortnightly rental can be identified otherwise 3 months required).</li> <li>• Lease agreement (existing investment property) OR</li> <li>• 6 months transaction statements (existing investment property)</li> <li>• Rental appraisal letter (purchase of investment only) OR rental assessment from panel valuation.</li> <li>• For all properties currently tenanted, current month bank statement or current month rental statement from property manager must be obtained to evidence that full rent payments are currently being received</li> </ul>

\*Please refer to Credit Policy or your Broker Relationship Manager for other options or calculation requirements if applicable.

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**Proactive**  
**Efficient**





## Self-Employed Applicant Documentation Requirements

<p>Sole Trader/ Partnership</p>	<p>Child Care and Child Maintenance Documentation Required:</p> <ul style="list-style-type: none"> <li>ASIC ABN search</li> <li>Latest two years personal taxation returns and ATO Notices of Assessment</li> <li>Latest two years Partnership taxation returns (where applicable)</li> <li>Depreciation schedule for both years where this is used as an addback</li> </ul> <p>Calculation: Income used will be the average of the last 2 years unless the most recent year is lower, in which case the most recent year is used.</p>
<p>Company / Trust (using wages paid only, not using company profit or trust distribution)</p>	<p>Documentation Required:</p> <ul style="list-style-type: none"> <li>ASIC ABN search</li> <li>Latest year personal taxation return and ATO Notice of Assessment</li> <li>Latest year business taxation return and business financial statements,</li> <li>Depreciation schedule for both years where this is used as an addback</li> </ul> <p>Calculation: Income used will be salary paid to the applicant.</p> <p>Business taxation returns and financial statements are to be assessed using servicing worksheet provided to ensure the company is trading with sufficient profit to meet liabilities.</p>
<p>Company / Trust (using company profit or trust distribution)</p>	<p>Documentation Required</p> <ul style="list-style-type: none"> <li>Self-employed applicants must provide the following documents for income verification</li> <li>ASIC ABN search</li> <li>Latest two years personal taxation returns and ATO Notices of Assessment</li> <li>Latest two years business taxation return</li> <li>Latest two years business financial statements, or 1 year statement containing 2 consecutive years performance</li> <li>Depreciation schedule for both years where this is used as an addback. 100% applied for applicable addbacks.</li> </ul> <p>Calculation: Income used will be the average of the last 2 years unless the most recent year is lower, in which case the most recent year is used.</p> <p>Any loan commitments of the company/business need to be included in servicing calculations. External debt obligations entered into since the last financials statement date are to be included and will be assessed for servicing</p>
<p>Directorships</p>	<p>Where applicants have ownership of a business, or additional directorships are shown on credit reports and we are not relying on income from these sources, ownership share is to be determined via Equifax search if required.</p> <ul style="list-style-type: none"> <li>Where there is less than 20% ownership stake, no further action is required.</li> <li>Where applicant owns 20% or more of the business, an accountants letter is to be obtained confirming the self-sufficiency of the company and must contain the following:             <ul style="list-style-type: none"> <li>They have completed the latest year's tax returns and business financial statements</li> <li>The company is trading profitably and has sufficient earnings to meet their financial/lending liabilities from normal trading activities (excluding any Government assistance, capital gains or previous year retained profits)</li> <li>There is no reliance on any personal income from the applicants to support the company.</li> </ul> </li> </ul>

## Unacceptable Income

Short term or irregular sources of income are not acceptable for use within the servicing calculation.

- Board
- Workers compensation/Income Protection
- Unemployment/JobSeeker/Newstart allowance
- Parenting Payment
- Austudy
- Youth Allowance
- Entertainment Allowance
- Travel Allowance
- Meal Allowance
- Any overseas income (including rental income, investment income, pensions and dividends)
- Foreign currency loans
- Shares given as a bonus
- Short term or irregular sources of income are not acceptable
- Foster Care
- Higher Duty Allowance
- Retained/previous years' company or business profits

## Other Documentation

Borrower(s) 55 years old and over	Evidence of an exit strategy is required to confirm the loan repayments can be maintained or the debt can be repaid without hardship from the time the borrower retires
Construction	<p>Fixed Price Building Contract signed &amp; dated including the builders risk insurances. Building tender/quotation signed with an acceptable progress payment schedule.</p> <p>For customers who already own land on which they are building on, you are only required to confirm via the 'Construction Only' sheet on the Serviceability calculator that the progress payments to the builder do not exceed the following cumulative caps:</p> <ul style="list-style-type: none"><li>• 5% Deposit</li><li>• 25% Base</li><li>• 50% Frame</li><li>• 70% Lockup</li><li>• 92% Fixing</li></ul> <p>For any customer(s) who are purchasing land, please use the 'Land and Construction Sheet' on the Serviceability calculator to ensure they have sufficient funds to complete the purchase and pay the builders deposit.</p>

Additional information and/or documents may be requested from time to time which we consider necessary to support any application for approval



## Living Expenses

Borrowers must provide a figure which adequately represents their general living expenses. The table below provides a guide to what is required to be included for servicing purposes.

We require living expenses to be broken into the following categories, not provided as a single figure:

Child Care	Child Care and Child Maintenance
Clothing and Personal Care	Clothing, footwear, cosmetics and personal hygiene products, hair dressing, manicures and massages, etc.
Education	Educational costs/fees for themselves and any children, including books, uniforms, equipment and excursions
Groceries	This includes meat, fruit, vegetables and anything else you might buy at a supermarket, like toilet paper and cleaning products
Insurance	This includes all personal insurance like health, home and contents, life, income protection and pet insurance
Medical and Health	This section is specifically for health care costs like doctors, dental care, optical and pharmaceutical prescriptions
Recreation and Entertainment	Recreational expenditure like take-away food, dining out, movies, gifts, club memberships, pet care, personal magazine subscriptions and hobbies
Telephone and Internet	Includes expenses like mobile phone plans, pay tv, internet, house phone, Netflix, etc.
Transport	This section is for public transport costs, petrol, car registration, car insurance, car parking, car servicing and maintenance
Rates	Gas, water, electricity, rates, taxes and levies and any other costs for running your own home
Other Expenses	Any other expenses
Rental Expense and Medicare Levy Surcharge (if applicable)	Are to be listed as separate expenses outside the living expense calculation



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Where a non-standard valuation report or more than one valuation is required, additional costs are paid by the borrower. If the value of the security property is greater than \$1m, the valuation costs of \$275 will be added to the Establishment fee. \*\*\$0 application fee offer is available for a limited time and we reserve the right to withdraw this offer at any time. Visa payWave® is a registered trademark of Visa Worldwide PTe Limited. Apple Pay is a trademark of Apple Inc., registered in the U.S. and other countries. Google Pay is a trademark of Google LLC. Fitbit Pay, Fitbit logo are trademarks or registered trademarks of Fitbit, Inc. in the U.S. and other countries. Garmin, the Garmin logo and the Garmin delta are trademarks of Garmin Ltd. or its subsidiaries and are registered in one or more countries, including the U.S. Garmin Pay is a trademark of Garmin Ltd. or its subsidiaries. Samsung Pay is a trademark or registered trademark of Samsung Electronics Co., Ltd. Bank@Post™ and its device marks are trademarks (registered or otherwise) of the Australian Postal Corporation. MyState Bank Limited (MyState Bank) ABN 89 067 729 195 AFSL 240896 Australian Credit Licence Number 240896 A wholly owned subsidiary of MyState Limited ABN 26 133 623 962