

FAQ's

What is Bank Australia's current position on the provision of loans for investment properties?

At this time we are not providing home loans to investors. Bank Australia will revisit its stance in light of changes in the economic climate and APRA's assessment of the market over time.

What is our rural lending policy?

Given its history Bank Australia has a strong presence in rural Victoria. Our loans policy is designed to reflect this and offers suitable but prudent flexibility when considering loans to rural home owners.

Rural Properties: are properties zoned rural and are outside of major regional centres, these properties can be up to 50 hectares, must be connected to electricity and be non income producing; a maximum 65% LVR applies to such properties.

Do we lend for 'off the plan' and 'high density apartments'?

Yes. The bank can lend up to a maximum of 80% for new or existing units and apartments without the need for LMI and up to a maximum 95% with LMI. Off the plan apartments are limited to 60% without LMI and 80% with LMI. Please refer to our underwriting policy and postcode tool for guidance as approval is subject to location, age, size and the type of dwelling.

What is our attitude toward Constructions loan?

We are comfortable with constructions loans. Our Premium Package and Clean Energy home loan products allow interest only repayments during construction, up to a maximum of 12 months. A maximum LVR of 90% for a construction loans applies including capitalisations of LMI.

Will Bank Australia provide finance to owner builders?

Yes; based on the following criteria; that the owner builder is using their own skills to complete the build or they are managing sub-contractors to carry out the construction work with a fixed price building contract and a construction period not exceeding 12 months. The Bank will require a sworn valuation and a maximum LVR of 50%. The bank will request a detailed costing estimate to both assist with valuation, and ensure the customer has estimated costs in line with the scale of the project.

Does Bank Australia accept security support via a Family Guarantee?

Yes; Bank Australia will accept a family guarantee in support of an owner occupied home loan. Family Guarantees are only accepted on basis the guarantee is provided by a parent or parents (including step parents). A family guarantee will be limited to a specific amount, for example 20% of the loan. The total debt cannot exceed 105% of property (including on costs), debt consolidation is not permitted. When agreeing to a family guarantee consideration is given to the financial position it would leave any guarantor in should the guarantee be enforced, particularly where the guarantor offers their primary residence as security.

Employment criteria, what approach will Bank Australia take with casual employee's?

For permanent full time, part time and contractors are required to show a minimum of 3 months in current position or 12 months in same industry. Casual staff are required to show a minimum of 12 months in current position. Income from a second job is also subject to 12 months continuous service in same job.

Our approach to employment criteria would be consistent with most lenders however the bank will consider variations where we have a strong understanding on the employment history; for example a casual employee who has extensive prior experience or a relevant trade will be viewed with greater tolerance if they move to a similar role at another employer in a similar field irrespective of their time in the new position than a similarly experienced casual worker who may have been working in for example construction and who moves to a new line of employment.

Bank Australia also takes a flexible approach when dealing with graduates moving into their field of study, recognising the long term relationship potential from such customers.

Will Bank Australia lend to Non Residents or Non Citizens?

An acceptable non-resident is an Australia or New Zealand citizen who is living in a country other than Australia. Applications supported by foreign income are subject to our standard underwriting criteria.

An applicant who is both a non-citizen and non-permanent resident is not an acceptable form of borrower.

Are there variations to the loan application process for First Home Buyers?

Bank Australia does not have a specific home loan product for first home buyers and applicants looking to purchase may choose a Bank Australia home loan which best fits their needs. The application process for a first home buyer does not vary from any other home loan applicant with the exception that Bank Australia will apply for the First Home Owners Grant on behalf of the applicant(s) where they are eligible. The FHOG will be held by Bank Australia and used as partial settlement of the property. In the event these funds are not required at settlement they will be paid to the applicant's nominated account.

FHOG will not be released prior to settlement.

In assessing an application for a first home buyer the bank will take a pragmatic approach to loan servicing as it is conscious that there are other costs associated with home ownership which a new home owner may not be familiar.

Genuine Savings

Genuine savings may be determined as an established savings profile which has a minimum of 3 months duration. Genuine savings may also include accumulated savings, the proceeds from the sale of an asset such as shares, other tradeable instruments or managed funds, equity in real property or redraw from a loan account balance. A gift where there is no obligation to repay those funds or an inheritance are not considered as genuine savings, unless held in an account untouched for 3 months.

Where the LVR is above 90%, the borrower must provide at least 5% of the purchase price from genuine savings. Where LMI is required, the bank will default to QBE's underwriting policy.

Many of our customers have salary packaging benefits with their employers how does Bank Australia assess a loan application where salary packaging is applied?

Provided the customer's package is available in cash at their option, then the total package can be treated as gross income (less compulsory superannuation contribution) for loan servicing purposes.

Where the customer salary packages a car lease, the method of calculating income will differ depending on the customer's intention regarding the lease.

If the customer intends to maintain the lease then the lease will not be treated as a liability and the reduced net income after the lease repayments have been deducted will be used to assess the application. That is a customer's total package (less compulsory superannuation contribution) can be used as the gross income. The net income is derived by taking the gross income and deducting the lease payments. If there are post tax deductions for running costs these will not be deducted from the customer's net income or considered as a separate liability as these would normally be included in cost of living expenses.

If the customer intends to cease the lease payments by either handing the vehicle back or paying out the lease and purchasing the car, then the salary packaging provisions above shall apply.

Evidence should be obtained that the lease is to cease should this method be used.