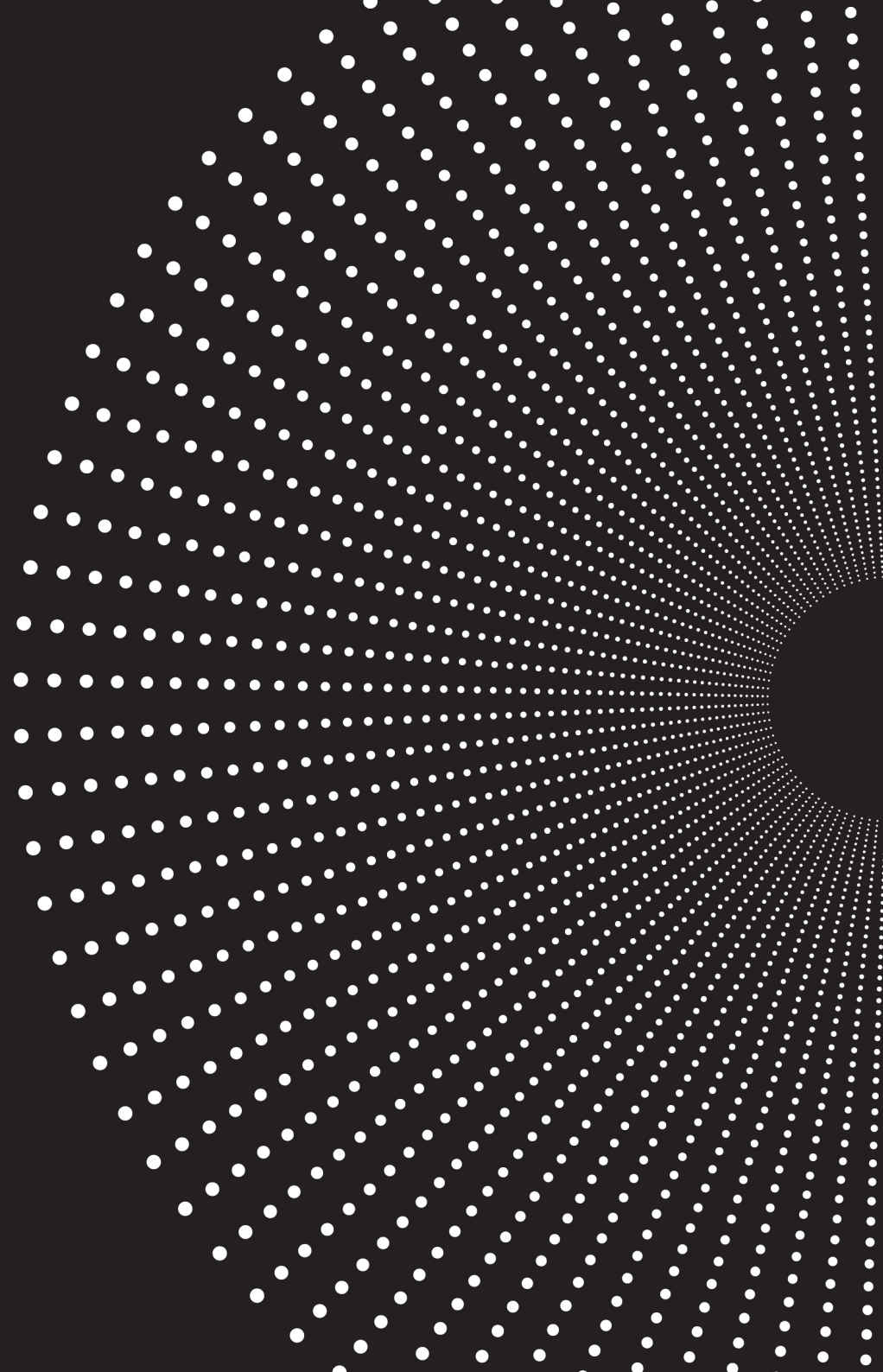


# Car Loans Credit Guidelines

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## Guidelines Overview

These guidelines set out credit parameters that Macquarie considers when originating an application. These parameters are not exhaustive, and Macquarie reserves the right to add additional parameters, or to vary the parameters set out in this document, at any time and as it sees fit.

Approval will be at the sole discretion of Macquarie.

Credit approvals are valid for 90 days only from initial application submission.

**For any scenarios that do not meet these guidelines or if you have any questions, please contact your BDM for assistance.**

These guidelines will be reviewed and updated from time to time in line with Macquarie's risk appetite, market practice, and/or changes in regulation/legislation.

# 1. Product Parameters

## 1.1 Product Purpose

	Credit Requirement
<b>Product Types</b>	<b>Loan</b> <ul style="list-style-type: none"> <li>Personal Use Loan</li> <li>Business Use Loan</li> </ul> <b>Lease</b> <ul style="list-style-type: none"> <li>Novated Lease (can only be offered by Novated introducers and salary packagers)</li> </ul>
<b>Personal Use Loan</b>	<b>Consumer only:</b> A Personal use loan is where the asset for which the credit is provided is wholly or predominately for personal, household or domestic use.
<b>Business Use Loan</b>	<b>Commercial only:</b> A Business use loan is where the asset for which the credit is provided is wholly or predominately for business use. For applicants who are a natural person, including PAYG (Individual non-ABN holder Commercial) and self-employed, we must make reasonable enquiries to verify that the asset is sought wholly or predominantly for business use.  Where enquiries do not satisfactorily determine business use, the application must be treated as personal use. A Business Use Declaration is required for all commercial loan applications for natural person (PAYG and Self Employed). Business use is assumed where the loan is to a commercial entity and no further verification is required.
<b>Novated Lease</b>	A Novated Lease is a tripartite agreement between the finance company (Macquarie), the employee (the applicant) and the employer. It is a lease under which goods are hired by an employee in connection with the employee's remuneration or other employment benefits. Vehicles subject to a novated lease are assumed to be for personal use
<b>Unacceptable product purpose</b>	Unacceptable product purposes include: <ul style="list-style-type: none"> <li>Where the application does not meet the applicant's requirements and objectives</li> <li>Equity raising: Where the Amount Financed would involve cash out to the applicant. I.e., the refinanced loan amount cannot exceed the amount previously lent, whether from Macquarie or another financier</li> <li>Import Finance: Advancing funds for the importation of any goods or disbursing funds into foreign bank accounts or to suppliers based wholly overseas.</li> <li>Any illegal purposes</li> </ul> <p>Note regarding cash out: Sale and Lease/Loan Back arrangements are considered separately under section 5.8.</p>

## 1.2 Amount Financed

	Credit & Responsible Lending Requirement
<b>Progress payments</b>	Progress payments are not available. 100% of the funds being financed must be advanced at the point of Settlement.
<b>Minimum Amount Financed</b>	The minimum Amount Financed is \$10,000. The minimum Amount Financed for an internal Macquarie Balloon / RV Refinance is \$5,000.
<b>Maximum Amount Financed</b>	The Amount Financed per application must be less than or equal to \$250,000.
<b>Exposure definition</b>	Exposure includes all current Macquarie Car Loans balances (i.e. outstanding balances, plus new Amount Financed).
<b>Maximum Exposure</b>	The total exposure for a Macquarie Car Loans customer must be less than \$1,000,000. Any exposure greater than or equal to \$1,000,000 – Refer to BDM.

## 1.3 Product Term

	Credit & Responsible Lending Requirement
<b>Minimum term</b>	The minimum loan term for consumer and commercial applications is 12 months. The minimum lease term for Novated applications is 6 months.
<b>Maximum term</b>	The maximum loan term for consumer applications is 84 months and commercial applications is 60 months. The maximum lease term for Novated applications is 60 months.

## 1.4 Repayment Structures

	Credit & Responsible Lending Requirement
<b>Repayment Structure Definition</b>	A repayment structure refers to the frequency of required loan repayments or lease payments, as specified on the customer contract. This does not include balloon payments or residual values.
<b>Requirements</b>	<p>The following repayment structures may be eligible to customers upon application:</p> <p><b>Consumer</b></p> <ul style="list-style-type: none"> <li>▪ Monthly in arrears</li> <li>▪ Fortnightly in arrears</li> </ul> <p><b>Commercial and individual commercial</b></p> <ul style="list-style-type: none"> <li>▪ Monthly in arrears or advance</li> </ul> <p><b>Novated</b></p> <ul style="list-style-type: none"> <li>▪ Monthly in arrears or advanced (deferral of a lease payment is acceptable for up to two months)</li> </ul>
<b>Methods</b>	Consumer and Commercial applicants must make their repayments via direct debit.

## 1.5 LVR

	Credit & Responsible Lending Requirement
<b>Definition</b>	Loan-to-Value Ratio (“ <b>LVR</b> ”) is a calculation which measures the Amount Financed against the value of the asset being financed. This concept also applies to lease arrangements.
<b>Requirements</b>	<p>A LVR up to the maximum of 130% is acceptable. (See also sections 5.7 Private Sale and section 5.8 Sale and Lease/Loan back)</p> <p>In certain circumstances, Macquarie may determine that the maximum LVR will be 120%.</p>
<b>Negative Equity</b>	<p>Negative equity can be identified when estimate value of the asset being traded in is less than the amount required to close (or payout) the existing finance arrangement.</p> <p>For a loan, the difference between the amount the asset is sold for (trade in) and the outstanding amount on the loan (Payout Amount) may be added to the amount financed under the new loan.</p> <p>For a lease, the difference between the amount the asset is sold for and the amount to close the previous lease may be considered in the new lease arrangement.</p> <p>Negative Equity of &lt;20% of the Amount Financed is permitted on a case-by-case basis where the asset is being replaced (includes shortfalls from insurance write-offs).</p>

## 1.6 Balloon payments

	Credit & Responsible Lending Requirement	
Balloon Calculation	<b>Consumer, Individual Commercial and Commercial Only</b> (for Novated Leases see RV below)	
	A balloon is a lump sum payment that is owed to Macquarie, due at the end of a loan term.	
	The primary consideration for setting the maximum allowable balloon on an application is the estimated realisable value of the goods at the end of the term.	
	Glass's Guide RRP adjusted values will be used to calculate balloon %, where available.	
Maximum Balloon	<b>Consumer, Individual Commercial and Commercial Only:</b>	
	Term	Maximum Balloon %
	12 - 36 months	50%
	37 – 48 months	40%
	49 – 60 months	30%
	Where the loan term is greater than 60 months, no balloon payment is available.	
Any balloon <\$5,000 must be paid out at end of term and is not eligible for balloon refinance, as this is less than the minimum amount able to be financed (see section 1.2).		



## 1.7 Residual Values (RV)

	Credit & Responsible Lending Requirement												
<b>Novated Residual Value %</b>	<p><b>Novated only</b> A residual value must be set at the beginning of each new lease, reflecting the anticipated market value of the asset at the end of the term. The below residual value percentages are guided by the Australian Tax Office based on the effective life of the asset (<a href="#">ATO Taxation Determination TD 93/142</a>).</p> <table border="1"> <thead> <tr> <th>Term* (months)</th><th>Residual Value range Lower range: ATO Upper range: Rounded</th></tr> </thead> <tbody> <tr> <td>12</td><td>=65.63% up to 66%</td></tr> <tr> <td>24</td><td>=56.25% up to 57%</td></tr> <tr> <td>36</td><td>=46.88% up to 50%</td></tr> <tr> <td>48</td><td>=37.50% up to 45%</td></tr> <tr> <td>60</td><td>=28.13% up to 35%</td></tr> </tbody> </table> <p>* For non-full year terms and aggregate refinances (e.g. 18 months) see manual calculator.</p> <p>Contracts involving negative equity, Macquarie must still consider the ATO residual values relevant for the term of the contract.</p>	Term* (months)	Residual Value range Lower range: ATO Upper range: Rounded	12	=65.63% up to 66%	24	=56.25% up to 57%	36	=46.88% up to 50%	48	=37.50% up to 45%	60	=28.13% up to 35%
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## 1.8 Insurance

	Credit & Responsible Lending Requirement
<b>Insurance Requirements</b>	<p>Registration and Compulsory Third-party Insurance (CTP) are both acceptable to be financed at time of origination of a loan or lease.</p> <p>Other Insurances, warranties, roadside memberships and service plans are <u>not</u> acceptable to be financed (this includes comprehensive insurance).</p> <p>A copy of the insurance Certificate of Currency for the financed asset is required prior to settlement for Amount Financed greater than \$100,000.</p> <p>All assets must be comprehensively insured, as per the terms and conditions, and maintained throughout the life of the contract.</p>

## 2. Character Parameters

### 2.1 Applicants

	Credit & Responsible Lending Requirement
<b>Acceptable Applicant Types</b>	<p><b>Consumer and Individual Commercial:</b></p> <ul style="list-style-type: none"> <li>Applicants must be a natural person.</li> </ul> <p><b>Commercial Only:</b></p> <ul style="list-style-type: none"> <li>Applicants must be Company Incorporated entity, Sole Trader, Partnership or any of these can also act in the capacity of trustee of a Trust.</li> <li>Partnerships can only be comprised of individuals and/or companies, therefore, partnerships involving one or more trusts are unacceptable.</li> </ul> <p><b>Novated:</b></p> <ul style="list-style-type: none"> <li>Lessee applicants must be a natural person</li> </ul>
<b>Non-Borrowing Spouse (NBS)</b>	<p><b>Consumer, Novated and Individual Commercial:</b></p> <p>A non-borrowing spouse (NBS) is acceptable where spouse's income is required to service (as part of household income and Household Expenditure Measure (HEM) living expenses) but the spouse is not an applicant on the loan.</p> <p>The non-borrowing spouse and applicant must be living at the same address.</p>
<b>Co-Applicants</b>	<p><b>Consumer Only:</b></p> <p>Co-applicants are only eligible for Consumer applications.</p> <p>Co-applicants are acceptable where the two borrowing applicants are:</p> <ul style="list-style-type: none"> <li>Married or de facto to each other (Spousal relationship); and</li> <li>Living at the same address.</li> </ul> <p>Assets, liabilities and expenses for the co-applicants must be declared within the co-applicant loan application.</p> <p>Both co-applicants must have a <b>substantial benefit</b> in entering the loan through <b>co-use of the asset</b>.</p> <p>Where concerned co-use may not apply, we must make an additional enquiry "Do both applicants intend to use the asset?"</p>
<b>Non-borrowing third party</b>	<p>Vehicles registered to a non-borrowing or leasing third party are not eligible for any product.</p>
<b>Valid Driver's Licence</b>	<p><b>Consumer, Novated and Individual Commercial only:</b></p> <ul style="list-style-type: none"> <li>The applicant must have a valid motor vehicle licence.</li> <li>A learner driver cannot be the sole applicant on the loan or lease.</li> <li>Where an applicant holds a learner's or provisional driver's licence, then high performance vehicles (as per state licencing authority) are not acceptable [unable to be financed or leased].</li> <li>The applicant is not eligible where there are any licence restrictions that limit the use of the asset (e.g. Interlock - where 'I' Driver's licence type).</li> </ul>

	Credit & Responsible Lending Requirement
	<ul style="list-style-type: none"> <li>Overseas driver's licences are acceptable provided the licence meets the requirements of their relevant state/territory of residence.</li> <li>Note: Driver's licence is not required for Commercial non-individual applicants as an employee may be driving the asset</li> </ul>
Guarantees	<p><b>Consumer, Novated and Individual Commercial only:</b> We do not accept guarantees for a natural person (including Sole Trader)</p> <p><b>Commercial only:</b> Guarantees are required for all incorporated entities. We require guarantees from all directors of the incorporated entity. Director and shareholder guarantees are evidenced through credit file and/or ASIC searches.</p> <p>A <b>guarantee must be from either a director or shareholder</b> of the applicant company. Other guarantees from individuals are <u>not</u> eligible.</p> <p><b>Third-party guarantees are not eligible.</b> A third-party guarantor who is <u>not</u> a director or shareholder of a company but wishes to provide a guarantee for the company's commercial asset financing (e.g. applicant company) is not eligible.</p> <p>Director guarantees are required from all directors, however, they may not be required in the following scenarios:</p> <ul style="list-style-type: none"> <li>The applicant is a public company, subject to verification of the company type (based on an ABN lookup), and confirmation that the director is an employee of the borrowing entity.</li> <li>The applicant is a subsidiary of an international business with multiple directors based overseas and at least one director is based onshore in Australia and provides a director guarantee.</li> </ul> <p>Other guarantees are also acceptable (provided by a director or shareholder) on a case by case basis. Scenarios include, but not limited to:</p> <ul style="list-style-type: none"> <li>Where the applicant is an asset holding company: <ul style="list-style-type: none"> <li>Seek a guarantee from the trading entity and</li> <li>Confirm the director of the trading entity must be a director or shareholder of the applicant holding company.</li> </ul> </li> <li>Guarantee of related companies that are majority shareholders of the applicant company. <ul style="list-style-type: none"> <li>Application in the name of a director individually then typically seek guarantee of their company if they are the sole director.</li> </ul> </li> <li>Group entities <ul style="list-style-type: none"> <li>Obtain guarantees of entities for commercial justification, or as required to support the transaction.</li> </ul> </li> </ul>
Trusts	<p><b>Commercial only</b> We will only enter a contract directly with the trustee and not directly with the trust. The trustee must act on behalf of the trust as well as acting in its own right. Director guarantors for non-individual trustees must be the directors of the trustee entity.</p>

	Credit & Responsible Lending Requirement
<b>Unacceptable Applicants</b>	<p>We will not lend to any applicant (sole or co-applicant or commercial guarantors) who is under 18 years old.</p> <p><b>Commercial Only</b> Applicants that are a <b>Self-Managed Superannuation Fund</b> are <u>not acceptable applicants</u>.</p> <p>Applicants that are <b>non-Australian domiciled entities</b> are not acceptable applicants.</p> <p>Applicants which are government entities or financial institutions are not acceptable.</p>

## 2.2 Location and Residency

	Credit & Responsible Lending Requirement
<b>Location</b>	All financed and leased assets must be located and used only in Australia during the life of the contract term.
<b>Applicant Residency Status</b>	<p>We will lend or lease to Australian Citizens and Permanent residents.</p> <p>We will lend or lease where the applicant is on an acceptable working visa and require:</p> <ul style="list-style-type: none"> <li>• A copy of the passport and visa must be obtained including the visa type, work and any earning restrictions and visa end date.</li> <li>• Visa expiry date must be after application term expiry.</li> <li>• Loan must be fully amortising (Excluding Novated Lease).</li> </ul>
<b>Remote Locations</b>	Refer to BDM for any applicant who declares residency in a remote location (see Appendix B).

## 2.3 Age of applicant

	Credit & Responsible Lending Requirement	
Younger Applicants	<b>Less than 18</b>	Not acceptable
	<b>18-20^</b>	Maximum Amount Financed \$40K
	<b>21-24^</b>	Maximum Amount Financed \$50K
	<p>^ 24 years old includes anyone that is not yet 25 years old (at time of submission) E.g. A applicant who is 24 years and 11 months of age is considered as 24 years of age.</p> <p>The maximum age can be used in the instance of a co-applicant (or multiple director guarantors).</p>	
Older Applicants	<p>Where any applicant is older than 65 years, an assessment is made on a case by case basis to ensure income is ongoing for the life of the loan.</p> <p>Where an applicant has indicated retirement before the end of loan or lease, then a further enquiry is required to confirm the retirement plans and how the applicant plans to service through the loan term (e.g. an exit strategy of cash at bank or verifying superannuation).</p>	

## 2.4 Financial Declarations

	Credit & Responsible Lending Requirement
Customer Financial Declarations	<p><b>Consumer Only</b></p> <ul style="list-style-type: none"> <li>“Are there any foreseeable changes to the applicant’s financial situation?” If yes, the customer must provide details.</li> </ul> <p><b>Commercial and Individual Commercial</b></p> <ul style="list-style-type: none"> <li>“Are there any foreseeable changes to your circumstances that could impact your financial situation (for example additional liabilities you will incur or changes to your income)?” If yes, the customer must provide details.</li> </ul> <p><b>Commercial Only</b></p> <ul style="list-style-type: none"> <li>“Do you have sufficient ongoing monthly cashflow to meet your repayments under this facility taking into account your existing income and expenses, including your debt and other liabilities? Can you also confirm you have not received Government Assistance or Debt Relief/Payment Pause in the six months leading up to this application?”. If the answer to either question is no, the customer must provide details.</li> </ul>

## 2.5 Other applicant criteria

	Credit & Responsible Lending Requirement
<b>ATO Tax Debt payment arrangement</b>	Applicants with tax debt arrangements are not acceptable.
<b>First-time applicants' definition</b>	Where a first time applicant has a new credit file, additional documentation is required. This includes, but is not limited to, ID documentation, proof of citizenship / Visa entitlement, past addresses and/or names for such applicants/guarantors.

## 2.6 Credit Reports

	Credit & Responsible Lending Requirement
<b>Credit Reports</b>	A credit report (Bureau report or Credit File) is obtained for every applicant (including directors and guarantors' 'commercial credit enquiries' on Commercial applications).
<b>Unacceptable and Adverse Items</b>	<p><u>'Unacceptable'</u> credit report items include:</p> <ul style="list-style-type: none"> <li>• Unpaid defaults ('outstanding' or paid within 30 days of application submission)</li> <li>• Paid financial defaults</li> <li>• Court Action / Writ or Summons / Judgement</li> <li>• Disqualified Directorships</li> <li>• Bankruptcy</li> <li>• Deregistered Company</li> <li>• Strike-off Action</li> <li>• Company under external administration</li> </ul> <p><u>'Adverse'</u> credit report items include:</p> <ul style="list-style-type: none"> <li>• Bureau Score less than 500</li> <li>• Paid non-financial defaults</li> <li>• Payday lender enquiries</li> </ul> <p>Any 'Adverse' items may be considered on a case-by-case basis and must be supported by an explanation from the client.</p>

## 2.7 Comprehensive Credit Report

	Credit & Responsible Lending Requirement																								
Comprehensive Credit Report	<p>A Comprehensive Credit Report (CCR) file can be obtained in the following scenarios:</p> <ul style="list-style-type: none"><li>As a method of account conduct check for Commercial Express applications (see section 2.8 – Account Conduct) or;</li><li>Provided as part of the application supporting documents.</li></ul> <p>Where the applicant is a company/trust, the CCR file must be in the name of the individual trustee or guarantor(s).</p> <p>A CCR file is acceptable from the following credit reporting bureaus:</p> <ul style="list-style-type: none"><li>Equifax</li><li>Illion</li></ul> <p>When reviewing CCR RHI data the following definitions apply:</p>																								
	<table><tr><th>CCR RHI Status Code</th><th>Description</th></tr><tr><td>0 (Zero)</td><td>The credit facility is current</td></tr><tr><td>1</td><td>Up to 29 days overdue</td></tr><tr><td>2</td><td>30-59 days overdue</td></tr><tr><td>3</td><td>60-89 days overdue</td></tr><tr><td>4</td><td>90-119 days overdue</td></tr><tr><td>5</td><td>120-149 days overdue</td></tr><tr><td>6</td><td>150-179 days overdue</td></tr><tr><td>X</td><td>180+ days overdue</td></tr><tr><td>R</td><td>Not reported- Repayment data was not reported for this period</td></tr><tr><td>P</td><td>Pending – Repayment data has not been reported yet for this period (applies if the repayment period is the current month or the month preceding the enquiry)</td></tr><tr><td>C</td><td>Closed</td></tr></table>	CCR RHI Status Code	Description	0 (Zero)	The credit facility is current	1	Up to 29 days overdue	2	30-59 days overdue	3	60-89 days overdue	4	90-119 days overdue	5	120-149 days overdue	6	150-179 days overdue	X	180+ days overdue	R	Not reported- Repayment data was not reported for this period	P	Pending – Repayment data has not been reported yet for this period (applies if the repayment period is the current month or the month preceding the enquiry)	C	Closed
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## 2.8 Account Conduct

	Credit & Responsible Lending Requirement
<b>When is an Account Conduct check required?</b>	<p>Account conduct checks are undertaken to confirm the applicant has satisfactory payment history and as an indicator of the ability to meet future repayments.</p> <p><b>Account Conduct checks are required:</b></p> <ul style="list-style-type: none"> <li>Where the applicant has current or previous Macquarie Car Loans exposure(s).</li> <li>Where the applicant has any Macquarie BFS liabilities disclosed in the application or enquiries on the credit report.</li> <li>Where the application type is: <ul style="list-style-type: none"> <li>Commercial Express</li> </ul> </li> </ul>
<b>Methods of Account Conduct Checks</b>	<p>Acceptable methods of account conduct check include:</p> <ul style="list-style-type: none"> <li>Individual applicants/guarantors only - Comprehensive Credit Report (CCR)</li> <li>Loan statement; or</li> <li>Third-party provided statements (e.g. Bankstatements.com.au/Proviso/illion and MogoBankConnect only).</li> </ul> <p>The Account Conduct check must show performance for a <b>minimum of 6 continuous monthly (or equivalent) repayments (where available)</b>.</p> <p>Account Conduct checks are valid for 90 days.</p> <p>Account conduct must be satisfactory.</p> <p>Account conduct is considered unsatisfactory where the account/balloon:</p> <ul style="list-style-type: none"> <li>Is currently in arrears or where there is any unpaid loan repayment/'s;</li> <li>Has been up to 29 days* past due more than once in the last 6 months; or</li> <li>Has been ≥30 days past due in the past 12 months; or</li> <li>Has been in financial assistance / hardship in the past 12 months.</li> </ul> <p>*Excludes Novated packagers where no collections activity observed.</p>
<b>Payment Pause / Financial Assistance</b>	<ul style="list-style-type: none"> <li>Where an applicant is currently on a payment pause / financial assistance – Refer to BDM.</li> </ul>



# 3. Capacity Parameters

'Individuals' includes: Consumer Loan, Novated Lease and Individual (non-ABN holder) Commercial Loan.

## 3.1 Servicing Requirement – Individuals

	Credit & Responsible Lending Requirement
	Consumer + Novated + Individual (non-ABN holder) Commercial
<b>Net monthly capacity calculation</b>	<p>Net monthly capacity is a measure of serviceability which represents surplus cash after all household commitments, expenses and the proposed repayment has been considered.</p> <p>Net monthly capacity =            (+) plus acceptable income (less any income haircuts and net of tax and deductions where applicable)            (-) less commitments and expenses (including any repayment or expense floors, buffers and relevant benchmarks)</p>
<b>Servicing surplus</b>	<p>A minimum monthly servicing surplus of \$50 per month is required before an Amount Financed can be approved.</p> <p>The minimum servicing surplus of \$50pm does not apply (but the net monthly capacity must be positive) If:</p> <ol style="list-style-type: none"> <li>I. Declared living expenses are greater than or equal to 120% of the HEM benchmark; OR</li> <li>II. Savings greater than or equal to \$10,000 are held with the following noted:               <ul style="list-style-type: none"> <li>• The savings must be available based on the post settlement position after all costs including accessories, extras or attachments.</li> <li>• Available redraw on existing loans can be considered where regular extra repayments have been made on the facility.</li> <li>• Other liquid assets can also be considered e.g. publicly listed shares.</li> <li>• Savings, redraw and/or other liquid assets are to be verified against source documents such as transaction, loan or holding statements.</li> </ul> </li> </ol> <p>Reasonable enquiries should be made when the serviceability calculation results in a material surplus and the applicant's statement of position does not reflect that surplus in savings or other assets. If there is no explanation for where the surplus funds are invested, living expenses should be queried.</p>
<b>Payment to Income (PTI)</b>	<p>Payment to Income (PTI) is a ratio of the contracted repayments as to the sum of the total declared income.</p> <p>Applicants with a PTI ratio greater than 30% will not be approved.</p>

### 3.2 PAYG Employment Tenure

	Credit & Responsible Lending Requirement	
	Consumer + Novated + Individual (non-ABN holder) Commercial	
<b>PAYG – Employment history (Tenure)</b>	<u>Permanent employees</u> Permanent salary/wage employment (full-time or part-time) and contract employment (fixed term) are eligible for an Amount Financed. <b>Novated and Individual Commercial applicants only:</b> must be permanent full/part time/fixed-term contract employed (casual or any other income by itself is not eligible).	
	<u>Casual employees</u> Casual employment – minimum 6 months in same employment or employed for the past 12 months in the same field/industry.	

### 3.3 PAYG Income

	Credit & Responsible Lending Requirement		
	Consumer + Novated + Individual (non-ABN holder) Commercial		
<b>PAYG – Acceptable income types and related deductions</b>	<b>Income Type</b>	<b>Maximum proportion for servicing</b>	<b>Conditions</b>
	Base income	100%	None
	Casual income	100%	None
	Second job	100%	BAU tenure requirements must be met (i.e. permanent full-time, permanent part-time or casual with 6 months in same employment or 12 months in same field/industry)
	Overtime	100%	Verified as regular and consistent
	Commission or Bonus	100%	Verified as regular and consistent
	Seasonal income	100%	Confirmed as regular, ongoing and evidenced.
	Car allowance	100%	Permanent part of income and loan/lease payments are included in assessment of expenses.

	Shift allowances	100%	Condition of employment and industry standard.
	Other allowances	100%	Other allowances are acceptable subject to condition of employment and industry standard.
	Salary sacrifice Arrangements E.g. non-compulsory Superannuation payments, loan repayments, expense repayments (i.e. school fees, childcare costs, home phone costs), laptop computers, mobile phones	100% Note: any loan commitments must be included as an existing commitment to calculate servicing.	Confirmation that the amount is convertible to gross assessable income and is provided on a regular basis and evidenced by: <ul style="list-style-type: none"> <li>Payslips confirming details of the salary packaging arrangement and clearly displays these pre-tax deduction items. If the reason for the deduction is not stated on the payslip/s, then either verbal or written confirmation from the introducer can be used to confirm the nature of the deductions and this must be documented as part of the credit assessment.</li> <li>Any other FBT reportable amount identified on a payslip or payment summary that is not linked to salary sacrifice arrangements is not acceptable income.</li> </ul>
	Salary sacrifice 'tax free' arrangements	100% Note: any loan commitments must be included as an existing commitment to calculate servicing.	<ul style="list-style-type: none"> <li>Must be employed in public health, social work or charity work.</li> <li>Confirmation from the applicant that the amount is convertible to gross assessable income and is provided on a regular basis and evidenced by: <ul style="list-style-type: none"> <li>Payslips confirming details of the salary packaging arrangement and clearly displays these pre-tax deduction items OR</li> <li>A letter from the employer detailing the salary sacrifice amount/arrangement or copies of bank statements showing 3 months' worth of credits into the applicant's bank account.</li> </ul> </li> </ul>
	Parental leave income (employer or government paid)	100%	<p>Evidence of income being paid and will continue to be paid until the applicant returns to work. Letter confirming return to work date is required and no more than 60 days old as at date of submission.</p> <p>Return to work income can be considered where applicant has:</p> <ul style="list-style-type: none"> <li>sufficient savings held in their bank account (this includes offset/redraw on the applicant's Home Loan) for the parental leave period to cover the shortfall on all commitments (at the assessed rate) and declared living expenses (including consideration for future costs of any childcare due to returning to work), AND</li> <li>provided an employment letter confirming resume date and pay rate.</li> </ul> <p>Return to work income can be used regardless of whether the applicant is receiving any paid parental leave income or not, however only one of these income types can be included in serviceability.</p> <p>The serviceability calculation must include the new child as a dependant.</p>

### 3.4 PAYG Income Verification Document Requirements

	Credit & Responsible Lending Requirement
	Consumer + Novated + Individual (non-ABN holder) Commercial
<b>Verification of Income</b>	<p>Income verification must be completed for all income used in servicing.</p> <p>All income verification documents will be reviewed for authenticity and any red flags.</p>
<b>PAYG – Income Evidence</b>	<p>Generally, one recent payslip is required to verify PAYG income.</p> <p>Where PAYG income is being used to service the loan or lease:</p> <p>1a. Use the lower of the most recent payslip net pay and net YTD income.</p> <p>1b. Where base income only is being used in the capacity calculation one payslip (no more than 1 month old at time of receipt) showing annual salary is sufficient to verify income. Care is to be exercised to ensure salary amounts used in the capacity calculation is appropriately adjusted for compulsory superannuation contributions, adjusted work hours or similar items that may reduce net pay where applicable.</p> <p>2a. Where the recent payslip does not contain net YTD income OR if the YTD is less than 2 months, use the lower of the most recent payslip net pay and either:</p> <ul style="list-style-type: none"> <li>• Annual Salary on 1st payslip; or</li> <li>• 2nd payslip net pay (the last payslip from last financial year, i.e. from June, if applicable); or</li> <li>• Verbal employment reference; or</li> <li>• Employment contract; or</li> <li>• The most recent ATO income statement (where status indicator is 'Tax Ready') or Group certificate/Payment Summary from the previous tax year.</li> </ul> <p>2b. For casual PAYG employment where the recent payslip does not contain net YTD income OR the YTD is less than 6 months, use the lower of the most recent payslip net pay and either:</p> <ul style="list-style-type: none"> <li>• 2nd payslip net pay (the last payslip from last financial year, i.e. from June, if applicable); or</li> <li>• Verbal employment reference; or</li> <li>• The most recent ATO income statement (where status indicator is 'Tax Ready') or Group certificate/Payment Summary from the previous tax year.</li> </ul> <p>The lower of the income amounts is used in servicing. Where a higher income figure is sought to be relied upon, the introducer should provide an explanation in the notes section (e.g. recent salary increase).</p>
<b>New to Job</b>	<p>Where applicant has started a new job within the last 90 days and has been employed for less than 12 months in the same field/industry, the following income verification is required:</p> <ul style="list-style-type: none"> <li>• Signed copy of employment contract; or</li> <li>• Payslip; or</li> <li>• Verbal employment reference</li> </ul>

	Credit & Responsible Lending Requirement
	Consumer + Novated + Individual (non-ABN holder) Commercial
<b>Directors' PAYG income from their company</b>	Where the applicant is a director with <25% shareholding in the company that pays them their primary source of income, the applicant's income can be verified with PAYG income verification requirements.
<b>Employed by a family business</b>	<p>If an applicant is employed by a family owned or controlled business, then payslips must be supported by:</p> <ul style="list-style-type: none"> <li>the most recent individual tax return and ATO notice of assessment (if the notice of assessment is not available, accountant's confirmation of lodgement is acceptable); OR</li> <li>the most recent ATO income statement (where status indicator is 'Tax Ready'); OR</li> <li>bank statements evidencing 3 months of regular salary credits.</li> </ul>
<b>Payslip Requirements</b>	<p><b>Payslip requirements</b></p> <ul style="list-style-type: none"> <li>No older than 1 month at time of receipt</li> </ul> <p>Payslip's must contain:</p> <ul style="list-style-type: none"> <li>Employee's name (our applicant)</li> <li>Employer's name</li> <li>Employer ABN (if applicable)</li> <li>Pay period and date of payment</li> <li>Net income</li> <li>Gross income should also be displayed on the payslip</li> <li>Superannuation payment amounts and ideally;</li> <li>Net Year to Date (YTD) income (see section 3.4 PAYG – Income Evidence for further guidance on payslips)</li> </ul>
<b>Employment Contract Requirements</b>	<p>A copy of an executed Employment Contract must confirm:</p> <ul style="list-style-type: none"> <li>Employment term (if contracted)</li> <li>Commencement date</li> <li>Income including any allowance or deductions (if applicable)</li> </ul> <p>Scenarios where employment contract is required:</p> <ul style="list-style-type: none"> <li>As an option to verify PAYG income and employment</li> </ul>

	Credit & Responsible Lending Requirement
	Consumer + Novated + Individual (non-ABN holder) Commercial
<b>Bank Statement Requirements</b>	<p>The following are deemed acceptable in lieu of bank issued statements:</p> <ul style="list-style-type: none"> <li>• Internet statements; or</li> <li>• Transaction listings; or</li> <li>• Third-party provided statements (e.g. Bankstatements.com.au/Proviso/illion and MogoBankConnect only)</li> </ul> <p>Subject to the below being displayed:</p> <ul style="list-style-type: none"> <li>• The applicants name and account number</li> <li>• All individual transactions are itemised (cannot be filtered) with a running account balance (where available)</li> <li>• The logo of the bank or financial institution is displayed (where internet statements are solely relied upon)</li> </ul> <p>Bank statements must meet all of the following:</p> <ul style="list-style-type: none"> <li>• Be for a continuous period of three months <ul style="list-style-type: none"> <li>◦ The bank statements may cover a shorter period than 3 months, so long as the item of review represents at least 3 months.</li> </ul> </li> <li>• dated within 1 month from date of receipt</li> </ul> <p>Where bank statements are provided, they will be reviewed for:</p> <ul style="list-style-type: none"> <li>• Any inconsistencies with application and other information</li> <li>• Any undisclosed liabilities</li> <li>• Verification of regular income, and/or confirm good repayment history (where applicable)</li> <li>• expenses / liabilities (e.g. rent transactions and declared \$0 rent or declared lower rent than verified rent) <ul style="list-style-type: none"> <li>• Identifying instances of overdrawn balances (however noting this should be considered in conjunction with other information available)</li> </ul> </li> </ul>

### 3.5 Government Payments

	Consumer + Novated + Individual (non-ABN holder) Commercial
Government Benefits	<p>Government benefits must be regular and ongoing throughout the term of the contract. Eligible government benefits include:</p> <ul style="list-style-type: none"> <li>• Age Pensions and Pension Supplements</li> <li>• Carer Payment</li> <li>• Carer Allowance</li> <li>• Child Care Rebates</li> <li>• Veterans Affairs Pension</li> <li>• Family Tax Benefit Part A and B</li> <li>• Disability Support Pension</li> <li>• Rent Assistance</li> <li>• Remote Area Allowance and</li> <li>• Department of Veteran Affairs (DVA) Pension</li> </ul> <p>Government payments must not exceed 50% sum of total acceptable income.</p>
	<p><b>Government benefits</b> must be verified using the Centrelink income statement:</p> <ul style="list-style-type: none"> <li>• can either be paper or electronic version;</li> <li>• must clearly show applicant's name;</li> <li>• must not be more than 1 month old as of the date that Macquarie receives the statement; and</li> <li>• must contain details (such as address, marital status and number of children) which are consistent with the details declared on the credit application</li> </ul> <p>Income can only be considered if it is listed on both the "Previous regular entitlements and payments" and the "Future regular entitlements and payments" sections of the Centrelink income statement.</p> <p><b>Department of Veteran Affairs (DVA) Pension</b> must be verified using either a:</p> <ul style="list-style-type: none"> <li>○ DVA statement or</li> <li>○ Centrelink statement</li> </ul> <ul style="list-style-type: none"> <li>• Verification document must be recent (within 30 days) and confirms applicant's entitlements.</li> </ul> <p>Where Centrelink statement is used for verification, the above requirements apply.</p>
Government assistance	<p>Where the most recent PAYG payslip includes an observable government assistance payment (or it is noted otherwise via the bank statement or application process that the client is receiving government assistance), the following applies:</p> <ul style="list-style-type: none"> <li>• The lower of the applicant's prior income or the government assistance payment is to be used in the servicing assessment.</li> <li>• A payslip for the previous period without the government assistance payment is required.</li> </ul> <p><b>For Self-employed/Commercial applicants</b></p> <ul style="list-style-type: none"> <li>• Any applicant that declares they have received any form of temporary government assistance or Debt Relief/payment pause are ineligible for assessment under our Commercial Express policy.</li> </ul> <p>Where evident in the most recent year's financials, any forms of temporary government assistance are to be treated as non-recurring income and deducted from each year's assessable income. Additionally, if these payments have been received within 6 months of our application and/or ATO credits are evident on bank statements, an enquiry is required to determine the nature of the credits, and that business will continue to trade without any adverse impact.</p>

### 3.6 Rental Income

	Consumer + Novated + Individual (non-ABN holder) Commercial
<b>Rental Income verification</b>	70% of residential rental income will automatically be considered in the capacity calculation to account for vacancy and costs such as strata, rates, water and maintenance.  Income apportioned in line with the applicant(s) % ownership of the property.
	60% of short-term stay (holiday letting/serviced apartments), room rental properties and non-residential (e.g., commercial, industrial, office) will be considered in the capacity calculation.  Income apportioned in line with the applicant(s) % ownership of the property.
	Rental income must be verified by either: <ul style="list-style-type: none"> <li>• Recent rental statement (must be addressed to applicant) no more than 60 days old as at date of application submission; or</li> <li>• Current executed tenancy agreement (arms-length through a real estate agent), showing rent, commencement date and termination date (as evidenced in the contract of sale) or</li> <li>• Most recent tax return less than 18 months old; or</li> <li>• Annual rental income statement covering the most recent financial year; or</li> <li>• Bank statements (rental credits evident for a minimum of 3 months) – ensure that the direct deposit is related to rent received, for example includes the tenant(s) name and/or the word 'rent' in the transaction description. The statements may cover a period shorter than 3 months, so long as the rental credits represent at least 3 months payments.</li> </ul>
<b>Acceptable income types and related deductions</b>	Rental income must be removed from the applicant's self-employed income and included in the rental income section to ensure the appropriate haircuts are applied. This includes where the rental income is located in the applicants individual or company tax returns/financials and identified by line items such as 'Rental Income' in the Profit and Loss Statement. Where income is generated by a trust/company that is an asset holding company, this can be identified by reviewing the asset line items in the Balance Sheet.



### 3.7 Other Income

	Consumer + Novated + Individual (non-ABN holder) Commercial
<b>Investment income</b>	<p>80% of Investment Income will be automatically considered in the capacity calculation. Investment assets must be in the name of the applicant(s) and include:</p> <ul style="list-style-type: none"> <li>• Cash in interest bearing accounts (interest income) not including offset accounts</li> <li>• Shares (franked dividends, franking credits, unfranked dividends)</li> <li>• Managed funds (distributions)</li> </ul>
	<p>Investment income must be verified by</p> <ul style="list-style-type: none"> <li>• Recent bank statements (investment credits evident for a minimum of 3 months). The statements may cover a period shorter than 3 months, so long as the investment income credits represent at least 3 months payments or</li> <li>• Most recent tax return less than 18 months old or</li> <li>• Taking a deeming rate of 3% of the investment asset's value where actual income is unknown. The asset's value must be verified via stock holding reports or bank account statements. To ensure consistency, the value to be used is the lower of the current statement or a statement from 12 months ago, at the time of approval.</li> </ul>
<b>Superannuation income</b>	<p>100% of superannuation pension income stream amounts will be considered in the capacity calculation</p>
	<p>Superannuation income must be verified by</p> <p>A superannuation (income) statement or</p> <p>Most recent tax return less than 18 months old or</p> <p>Recent bank statements (superannuation credits evident for a minimum of 3 months). The statements may cover a period shorter than 3 months, so long as the superannuation income credits represent at least 3 months payments.</p> <p>Superannuation drawdowns pre-retirement are not eligible income for servicing.</p>
<b>Family court maintenance</b>	<p>100% as supporting or secondary income may be considered in the capacity calculation if the following conditions are met:</p> <p>Agreement is registered with the Child Support Agency and a copy is provided to Macquarie. A court order can also be considered if a copy is provided, and payments are evidenced in line with the order.</p> <p>Six months consistent payments as evidenced via the applicant's bank account statements.</p>
	<p>For income to be considered, the court ordered payments must be for the entirety of the contract term.</p>
<b>Disability benefits and salary continuance/ income protection insurance payments</b>	<p>100% as a supporting or secondary income (i.e. not the predominant income required for servicing) if evidence from the payment provider is held confirming the following:</p> <ul style="list-style-type: none"> <li>• The payment is ongoing and not subject to medical review; and</li> <li>• The benefit is payable for the term of the loan or until retirement age (assumed to be age 65 unless advised they will retire earlier. Refer section 2.3 Older Applicants for exit strategy requirements)</li> </ul>

	<b>Consumer + Novated + Individual (non-ABN holder) Commercial</b>
<b>Foreign Income</b>	<p>Before Foreign Income can be used in a capacity calculation it first must be converted to AUD at the current spot rate.</p> <p>80% of the AUD foreign income may be used in servicing. Foreign income must be verified by:</p> <ul style="list-style-type: none"> <li>• 2 years of Australian tax returns; and</li> <li>• Most recent bank statement</li> </ul> <p>Acceptable foreign income is generally limited to an annuity pension, rental or investment income.</p>

### 3.8 Non-Borrowing Spouse Income

	<b>Credit &amp; Responsible Lending Requirement</b>
	<b>Consumer + Novated + Individual (non-ABN holder) Commercial</b>
<b>Non-Borrowing Spouse (NBS) PAYG Income</b>	<p>100% NBS PAYG income can be used in the capacity calculation of the applicant, capped at the level of the applicant's PAYG income. Spouse PAYG income is verified in the same way as the primary applicant's PAYG income.</p>
<b>NBS Declaration Form</b>	<p>The 'non-borrowing spouse declaration form' should be submitted at origination with all other documentation.</p>

### 3.9 Financial Obligations (Commitments)

	Credit & Responsible Lending Requirement		
	Consumer + Novated + Individual (non-ABN holder) Commercial		
<b>Buffering of existing financial obligations</b>	Existing financial obligations will be included in the serviceability calculation per the following:		
	Existing Financial Obligation Type	Treatment in servicing	Floors / Buffers
	Home loan	<p>A repayment floor is used to identify a declared home loan repayment which appears low in the context of the declared outstanding home loan balance.</p> <p>Higher of:</p> <ul style="list-style-type: none"> <li>Repayment floor; or</li> <li>Declared actual repayment amount</li> </ul> <p>Plus an additional home loan repayment buffer</p> <p>Note: 100% of the home loan repayment must be declared for joint home loan holders (including married or de facto). There is no splitting of home loan repayments where 50/50 ownership.</p>	<p>Repayment floor</p> <ul style="list-style-type: none"> <li>7.00% of balance divided by 12</li> </ul>
			<p>Home loan repayment buffer</p> <ul style="list-style-type: none"> <li>0.75% of property loan balance divided by 12</li> </ul>
	Joint commitments – spousal investment property loans	Where an applicant has a joint commitment with a non-applicant/non-borrowing spouse (held or to be held either with Macquarie or another financial institution) and 100% of the joint commitment is included in servicing, 100% of any associated rental income can be used in the servicing calculation.	
	Credit cards	<p>Higher of:</p> <ul style="list-style-type: none"> <li>3.8% of the credit card limit; or</li> <li>Declared actual repayment amount</li> </ul> <p><u>Credit Card Balance</u></p> <p>If the applicant always pays the outstanding balance in full each month, the balance need not be entered.</p>	
	Charge card	<p>0% of the repayment amount or card limit if 3 months statements are provided and the balance is paid off in full each statement period, for at least 3 statement periods.</p> <p>Should evidence exist that the applicant has not paid off the balance in full for the statements reviewed the highest monthly spend figure is to be included as a credit limit in the serviceability assessment.</p>	

	Credit & Responsible Lending Requirement	
	Consumer + Novated + Individual (non-ABN holder) Commercial	
	Overdraft	Higher of: <ul style="list-style-type: none"> <li>• 3% of the overdraft limit; or</li> <li>• Declared actual repayment amount</li> </ul>
	All other liabilities and existing loan and lease repayments	Higher of: <ul style="list-style-type: none"> <li>• 5% of Liability balance divided by 12; or</li> <li>• Declared actual repayment amount</li> </ul>
	Buy Now Pay Later (BNPL)	Where a credit enquiry is recorded on the applicant/s credit bureau report and facility is open it is to be factored into the servicing calculation as a credit card limit.  Where there is no credit enquiry recorded the commitment need not be included in the servicing calculation due to the short-term nature of the facility. Where the commitment is observed, we expect that the applicant/s declared living expenses to be reasonably able to cover the commitments and their living expenses.
<b>Proposed repayment</b>	100% of the proposed repayment is used in servicing.	
<b>Joint commitments</b>	The full household liabilities for the married/de facto couple must be declared and factored into the serviceability calculation.	

### 3.10 Living Expenses (Commitments)

	Credit & Responsible Lending Requirement
	Consumer + Novated + Individual (non-ABN holder) Commercial
<b>General Living Expenses</b>	<p>The HEM is a measure that reflects a modest level of household expenditure for various types of families. Higher of:</p> <ul style="list-style-type: none"> <li>Income tiered HEM less Motor Vehicle Running Cost Floor; or</li> <li>Applicant's declared living expenses</li> </ul> <p>'Household' living expenses categories: Medical and Health (excluding health insurance), Groceries, Clothing &amp; Personal Care, Recreation &amp; Entertainment (includes pet care), Telephone, Internet, Pay TV, Media Streaming, Transport, Higher Education, Vocational Training (excludes HECS), Primary Public/Secondary Education, General Insurance (includes home and contents and car), Primary Residence Costs (excludes insurance).</p> <p>The number of dependants an applicant has is a factor used to determine the appropriate HEM amount. Dependants are not limited to children under the age of 18; dependants can include anyone that is financially dependent on the applicant(s). Examples may include adult children or elderly parents living with the applicants. All dependants are to be included in the serviceability assessment regardless of age.</p> <p>When the aggregate amount of declared living expenses is deemed to be:</p> <ul style="list-style-type: none"> <li>too low for the applicant's personal circumstance, or</li> <li>if there are inconsistencies between the declared living expenses and other information, we will make further reasonable enquiries with the applicant.</li> </ul>
<b>Motor Vehicle Running Costs (MVRC) of the Vehicle being financed</b>	<p>Higher of:</p> <ul style="list-style-type: none"> <li>\$300 MVRC floor; or</li> <li>Declared actual Motor Vehicle running Costs (Vehicle being financed)</li> </ul> <p>The applicant must acknowledge that the declared motor vehicle running costs for the vehicle being financed incorporates all the running costs.</p> <p>Where multiple vehicles are being financed the MVRC must reflect an appropriate amount.</p>
<b>State Rental Expense</b>	<p>Higher of:</p> <ul style="list-style-type: none"> <li>State Rental floor of \$650 per month; or</li> <li>Declared actual rental expense</li> </ul> <p>Where married / de facto then state rental floor x 1.5</p>
<b>Boarding</b>	<p>Higher of:</p> <ul style="list-style-type: none"> <li>Board payment floor \$650 per month; or</li> <li>Declared actual boarding expense</li> </ul> <p>Boarding is an expense to board at the applicant's current address, including circumstances where the expense is not the subject of a formal rental arrangement.</p> <p>Where the applicant is married / de facto, then boarding floor x 1.5</p>
<b>Living with Relatives</b>	<p>Higher of:</p> <ul style="list-style-type: none"> <li>Board payment floor \$650 per month* or;</li> <li>Declared actual living with relatives' expense</li> </ul>

	Credit & Responsible Lending Requirement
	Consumer + Novated + Individual (non-ABN holder) Commercial
	<p>Living with relatives is where the applicant is living with their parents or other relative.</p> <p>* Where the applicant is married / de facto, then boarding floor x 1.5</p> <p>The floor can be excluded when the borrower is living rent free with their parents, so long as they are single and have no dependents. Where the floor is excluded, a letter from the parents must be obtained confirming that the applicant resides in their property and does not pay any rent or board.</p>
<b>Private Education &amp; Childcare</b>	The declared actual Private Education & Childcare expense is used in servicing.
<b>Other Expenses</b>	The declared actual other expenses are used in servicing.
<b>Pro-rata Balloon Amount (for vehicle being financed)</b>	Consumer and Individual Commercial non-ABN Only: Balloon Amount divided by loan term is used in servicing.

### 3.11 Self Employed Eligibility / Tenure (Self Employed / Business Income)

This section applies to loans to self-employed, ABN-holders, companies and where the applicant is a director with >25% shareholding in the company.

This section applies to loans to self-employed, ABN holders, companies and where the applicant is a director with > 20% shareholding in the company.							
	<b>Credit &amp; Responsible Lending Requirement</b>						
<b>Self Employed / Business Income - Tenure</b>	<p>Self Employed / Business Income – minimum 12 months or employed in the same field/industry for at least 12 months or where business continuity exists.</p> <p>Business continuity applies when assessing the minimum time in business. Examples of where ‘Business continuity’ exists include but are not limited to:</p> <ul style="list-style-type: none"><li>the applicant was a sole trader for 2 years, then the same business becomes a company for 6 months then we would consider the business to have been running for 2.5 years.</li><li>self-employed applicant who has previously worked as a PAYG employee in the same industry for at least 12 months and whose occupation is acceptable.</li></ul>						
<b>Company directorships</b>	<p><b>For Consumer Loans, Novated Lease and Individual (non-ABN holder) Commercial only</b></p> <p>Individuals who are identified as being directors of one or more companies are subject to additional enquiries/verification.</p> <p>Individuals who fall into any of the following categories may be assessed as “PAYG” for the purposes of income verification (see section 3.4 PAYG Income Verification):</p> <ul style="list-style-type: none"><li>Directors of publicly listed companies or not-for-profit entities</li><li>Directorships where the individual does not hold a material interest via shareholding (i.e. shareholding is less than 25%)</li><li>The client (or the introducer on their behalf) confirms the company is non-trading, has no outstanding liabilities and the income used to service the loan is not from a self-employed source.</li></ul> <p>For all other individuals, the following verification is required per the below table:</p>						
	<table><tr><th>Scenario</th><th>Verification Requirement</th></tr><tr><td>Not relying on income from entity to service</td><td><ul style="list-style-type: none"><li>Standard income verification documents (per Section 3 – Capacity Parameters) and;</li><li>Satisfactory CCR on the applicant (not required for non-borrowing spouse) and;</li><li>Satisfactory ASIC search on company(s) and;</li><li>Written declaration from customer confirming entity is profitable and meeting its liabilities and expected to for the foreseeable future.</li></ul></td></tr><tr><td>Relying on PAYG wages from entity to service</td><td><ul style="list-style-type: none"><li>A/B Grade (or equivalent for novated) only and;</li><li>Satisfactory CCR on the applicant (not required for non-borrowing spouse) and;</li><li>Satisfactory credit bureau search on company(s) where PAYG wages is being relied on and;</li><li>Minimum time business has been established is &gt;= 2 years and;</li></ul></td></tr></table>	Scenario	Verification Requirement	Not relying on income from entity to service	<ul style="list-style-type: none"><li>Standard income verification documents (per Section 3 – Capacity Parameters) and;</li><li>Satisfactory CCR on the applicant (not required for non-borrowing spouse) and;</li><li>Satisfactory ASIC search on company(s) and;</li><li>Written declaration from customer confirming entity is profitable and meeting its liabilities and expected to for the foreseeable future.</li></ul>	Relying on PAYG wages from entity to service	<ul style="list-style-type: none"><li>A/B Grade (or equivalent for novated) only and;</li><li>Satisfactory CCR on the applicant (not required for non-borrowing spouse) and;</li><li>Satisfactory credit bureau search on company(s) where PAYG wages is being relied on and;</li><li>Minimum time business has been established is &gt;= 2 years and;</li></ul>
	Scenario	Verification Requirement					
Not relying on income from entity to service	<ul style="list-style-type: none"><li>Standard income verification documents (per Section 3 – Capacity Parameters) and;</li><li>Satisfactory CCR on the applicant (not required for non-borrowing spouse) and;</li><li>Satisfactory ASIC search on company(s) and;</li><li>Written declaration from customer confirming entity is profitable and meeting its liabilities and expected to for the foreseeable future.</li></ul>						
Relying on PAYG wages from entity to service	<ul style="list-style-type: none"><li>A/B Grade (or equivalent for novated) only and;</li><li>Satisfactory CCR on the applicant (not required for non-borrowing spouse) and;</li><li>Satisfactory credit bureau search on company(s) where PAYG wages is being relied on and;</li><li>Minimum time business has been established is &gt;= 2 years and;</li></ul>						

	Credit & Responsible Lending Requirement	
		<ul style="list-style-type: none"> <li>• Written declaration from customer confirming entity is profitable and meeting its liabilities and expected to for the foreseeable future.</li> </ul> <p>The following is required to verify wages/drawings from the business:</p> <ul style="list-style-type: none"> <li>• Last two years finalised individual tax returns. A draft tax return or YTD ATO income statement for the most recent full year is acceptable provided the financial year end was within the last 6 months.</li> </ul> <p>Where the most recent financial year end is more than 6 months old then one of the following additional information for the current financial year is required:</p> <ul style="list-style-type: none"> <li>• YTD ATO income statement (not tax ready is acceptable) or;</li> <li>• Last 3 months bank statements (can be filtered) confirming consistent drawings</li> </ul> <p>Where any of the above criteria are not met, an accountant's letter/email must be obtained confirming entity is profitable and meeting its liabilities and expected to for the foreseeable future.</p> <p>Income evidence must demonstrate consistent income levels across each period. Refer to <b>Section 3.13 Self-employed / Business income trends</b> for additional requirements where trends are observed.</p>



### 3.12 Self Employed Serviceability (Self Employed / Business Income)

	Credit & Responsible Lending Requirement
<b>Servicing Policy</b>	<p>When conducting a servicing assessment, the applicant must demonstrate sufficient surplus to meet repayments under this facility, taking into account the existing income and expenses, including all debt and other liabilities. The credit assessment notes must contain a clearly documented rationale for approval including the assessment of the applicant's ability to repay.</p> <p>Under all scenarios, only income which can be verified will be accounted for when establishing serviceability.</p> <p>The applicant (Commercial) must also make financial declarations that they have sufficient ongoing monthly cashflow to meet their repayments (including questions around receipt of Job Keeper and Payment Pause) and there are no foreseeable changes to their financial situation.</p>
<b>Servicing Assessment for Self-Employed Individuals</b>	As per <b>3.1 Servicing Surplus</b> , the capacity must be positive and above the minimum servicing surplus.
<b>Servicing Assessment for Companies, Trusts, Partnerships and Commercial Sole Traders</b>	<p>The Cash Operating Surplus must have positive capacity.</p> <p>In conducting the servicing test, banking lines of credit based on variable interest rate are assessed using a minimum interest rate floor [7.5%] and buffer of [0.50%] above the actual rate.</p> <p>Where the applicant entity cannot service in their own right, the distributed income to the directors can be used in servicing. Where director's individual income is used in servicing then see <b>3.13 Self Employed Verification Documents</b> below. This includes assessment of servicing, income verification, commitments, buffers (e.g. rental income), floors, HEM etc.</p>

### 3.13 Self Employed Verification Documents (Self Employed or Business Income)

	Credit & Responsible Lending Requirement
Income verification documents - Company Incorporated entity, trust, Sole Traders and Partnership	<p><b>Effective 1<sup>st</sup> of July to 14<sup>th</sup> of January:</b></p> <ul style="list-style-type: none"> <li>Last two years financial Statements (Management* / Accountant prepared <u>finalised</u> Profit and Loss and Balance Sheet).</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Tax returns <u>finalised</u> (and NOAs for sole traders)</li> </ul> <p>The two year requirement can be met even when the prior year is not a full year as long as comparative results between the years is available.</p>
	<p><b>Effective 15<sup>th</sup> of January to 30<sup>th</sup> of June:</b></p> <ul style="list-style-type: none"> <li>Most recent 1 year (Financials or Tax Return as above) no older than 18 months</li> </ul> <p><b>and either:</b></p> <ul style="list-style-type: none"> <li>Management* / Accountant prepared <u>interim</u> (at least 3 months part year to date) financial statements including Profit and Loss and Balance Sheet no more than 90 days old</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Most recent BAS Statement/s (minimum 3 months) within the current financial year no more than 90 days old from period end date</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Written or verbal confirmation from the accountant that current year income / profit is in line with / no lower than as per the financials provided.</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Three months Transaction Statements no more than 30 days old from time of submission.</li> </ul> <p>Where the most recent period is not finalised, then draft financials or tax returns can be provided, subject to an accountant's written confirmation they will be unchanged when lodged or finalised</p>
Self-employed / Business income trends	<p>Income evidence must demonstrate consistent income levels across each period. Refer below for additional requirements where trends are observed:</p> <p><b>Upward trend</b></p> <p>Where the most recent periods "surplus" is higher than previous full period's "surplus", then the "surplus" for the servicing assessment is capped at <b>120%</b> of the prior period's "surplus", not exceeding the recent period's "surplus".</p> <p>Where &gt;120% of the prior period's "surplus" is required to service, the following must be obtained:</p> <ul style="list-style-type: none"> <li>Last <b>two years</b> Financial Statements (Management* / Accountant prepared <u>finalised</u> Profit and Loss and Balance Sheet).</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Tax returns <u>finalised</u> (and NOAs for sole traders)</li> </ul>

	Credit & Responsible Lending Requirement
	<p><b>AND</b></p> <ul style="list-style-type: none"> <li>Management* / Accountant prepared <u>interim</u> (at least 6 months part year to date) financial statements including Profit and Loss and Balance Sheet no more than 90 days old</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Most recent BAS Statement/s (minimum 6 months) within the current financial year no more than 90 days old from period end date</li> </ul> <p>Where the interim financials are consistent/in line with the most recent full year's financials, then the lower of the "surplus" of the interims or the most recent full year's financials can be used.</p> <p><b>Downward trend</b></p> <p>Where the most recent years "surplus" is lower than the previous full years "surplus", then the lower "surplus" (i.e. the most recent years surplus) must be used. In addition, to ensure income continuity, the credit analyst must provide appropriate mitigants justifying the income used in the assessment.</p>
<b>Add Backs</b>	<p><b>Allowable add backs</b></p> <ul style="list-style-type: none"> <li>Business depreciation</li> <li>Interest expense</li> <li>Directors'/Partners' salaries – where used, directors' ongoing commitments and living expenses are to be included in the assessment (see below Additional self-employment verification requirements).</li> <li>Non-recurring expenses or one-off items subject to satisfactory confirmation from applicant's accountant.</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>Other add-backs of non-cash expenditure should only enhance serviceability and should not be relied upon to meet commitments.</li> <li>Non-recurring income should be deducted from assessable income (e.g. income generated from asset sales).</li> </ul>
<b>Additional self-employment verification requirements</b>	<p>Financial documents must be for the applicant (E.g. for a company application then company tax returns or company transaction statements. Where personal income then personal tax return).</p> <p>Where an applicant is a director, the analyst is permitted to use company profits to supplement their PAYG wages, subject to an assessment of company financials.</p> <p>If an applicant holds a minority shareholding (less than 50%) and any of the other shareholders are not in a spousal relationship with the applicant, any company profits used in the servicing calculation must be supported by actual dividends received by the applicant. This is to be verified by a dividend statement from the entity or a tax return.</p>

	<b>Credit &amp; Responsible Lending Requirement</b>
	Where the applicant 'entity' cannot service in their own right, the distributed income to the directors can be used in servicing. Where director's individual income is used in servicing then see section 4.1 above. This includes assessment of servicing, income verification, commitments, buffers, floors, HEM etc.
<b>'Income Producing Asset'</b>	<p>When the 'income producing' asset is required as part of servicing as per exception in section 4.11, A forecast or work contract will be required to support the serviceability assessment and the following should be taken into account:</p> <ul style="list-style-type: none"> <li>• The length of trading of the applicant;</li> <li>• The debt position of the company;</li> <li>• The type of work contract and proportion of revenue that this asset would generate relative to existing business;</li> <li>• How easily quantifiable from both a revenue and margin standpoint the work contract is.</li> </ul> <p>Where Macquarie is relying on the projected additional income to justify servicing, one of the following additional sources of information should be obtained in this order of preference:</p> <ul style="list-style-type: none"> <li>• The asset being financed accompanied by a formal signed contract with a reputable business outlining rates, minimum work guaranteed, duration of the contract and guaranteed income. This contract can be fixed term or ongoing.</li> </ul>
<b>Group Entities</b>	<p>Where a business is comprised of a group of entities, notes must be provided outlining the group structure, including identifying the entities generating the cash flow.</p> <p>Financials for all active (non-dormant) entities should generally be required for assessment and servicing should generally be conducted on a group consolidated basis. This assessment varies depending on the strength of credit and size of Amount Financed.</p> <p>Financials should be collected for other entities in the group in the following scenarios:</p> <ul style="list-style-type: none"> <li>• Where it is identified that relevant debt may exist in related entities</li> <li>• Where there are intercompany loans</li> <li>• Where our applicant is heavily reliant on another entity in the group (for example where our applicant is the asset holding entity and a separate entity is the income producing entity)</li> </ul>
<b>Professional Specialisation Self-employed – Income evidence</b>	<p>Where the applicant is a self-employed professional specialist, evidence of income can be assessed based on the most recent year's financials in isolation. Where a single year's financials are relied upon, the application must not have a risk grade of D or E. At the time of application, the financials must not be more than 6 months old, else YTD BAS or management accounts are to be obtained to support the financials.</p> <p>Should the single year's financials be for a period less than 12 months only the financial figures contained therein should be used in the servicing assessment, annualising one year's figures in isolation is not considered acceptable.</p> <p>If these requirements hold true, however the applicant provides two years financials, variances between the periods must be reviewed and a suitable explanation provided, with case notes documenting any enquiries. Where a suitable explanation cannot be provided, standard requirements regarding acceptable income is to be followed.</p> <p>Allowable professional specialisations (evidence must be provided):</p> <ul style="list-style-type: none"> <li>• Accountant – ICAA, CPA or CFA qualified</li> <li>• Actuary – FIAA qualified</li> </ul>

	Credit & Responsible Lending Requirement
	<ul style="list-style-type: none"> <li>• Lawyer – Law Society Practising Certificate</li> <li>• Medical professional – Acceptable borrowers per list of specialists below</li> <li>• Engineer – member of Engineers Australia</li> </ul> <p><b>List of accepted Medical Specialists:</b></p> <p>Anaesthetist, Cardio Thoracic Surgeon, Cardiologist, Clinical Pharmacologist, Cosmetic Surgeon, Dentist, Dermatologist, Ear and Throat Surgeon, Emergency Surgeon, Emergency Medical Specialist, Endocrinologist, Gastro Intestinal Surgeon, Gastroenterologist, General Practitioner, General Surgeon, Graduates (including Interns and Resident Medical Officers) Gynaecologist, Haematologist, Hepatologist, Immunologist, Nephrologist, Surgeons, Urologist, Neuro Surgeon, Neurologist, Obstetrician, Oncologist, Ophthalmologist, Oral and Maxillofacial Surgeon, Orthopaedic Surgeon, Orthopaedic Registrars, Otolaryngologist (Neonatal/Perinatal), Paediatrician, Pathologist, Plastic Surgeon, Psychiatrist, Radiologist, Reconstructive Surgeon, Respiratory / Thoracic Surgeon, Rheumatologist, Vascular Surgeon</p>
<b>Professional Services Self-Employed Income</b>	<p>Income verification and confirmation of employment are performed via documentation provided by the professional services firm payroll office and/or the applicant. For the documentation to be acceptable, the minimum requirements are:</p> <ol style="list-style-type: none"> <li>1. Partner income distribution statement for the most recent financial year; and</li> <li>2. Verbal confirmation that the partner is currently employed (note, verbal confirmation to be no older than 60 days at the time of application).</li> </ol> <p>Note, the verbal confirmation is not required where the applicant is listed as a partner on the respective firm's website.</p> <p>For other income streams outside of the income received from the professional services firm (for example, rental or dividend income), standard income verification parameters apply.</p> <p>Professional services firms and the proposed income distribution statement format must be vetted and approved by BFS Credit Risk prior to being considered under this policy section. Approved professional services firms as at the date of this policy are:</p> <ul style="list-style-type: none"> <li>• KPMG</li> <li>• Deloitte</li> <li>• Pitcher Partners</li> <li>• Ernst &amp; Young</li> <li>• Herbert Smith Freehills</li> <li>• Clayton Utz</li> <li>• Dentons</li> <li>• Allens</li> <li>• Minter Ellison</li> <li>• Corrs Chambers Westgarth</li> <li>• Maddocks</li> <li>• Piper Alderman</li> <li>• William Buck</li> </ul>

## 4. Collateral Parameters

### 4.1 Asset Types

	Credit & Responsible Lending Requirement		
Eligible Assets	Asset Type	Asset Sub Type	Product Type
	Motor Vehicles^	<ul style="list-style-type: none"> <li>Cars and SUVs</li> <li>Utes</li> <li>Vans</li> </ul>	Personal and Business use loan, Novated Lease
		<ul style="list-style-type: none"> <li>Small / Medium Trucks &lt;=12 Tonne Gross Vehicle Mass (GVM)*</li> </ul>	Business use loan
	<p>^Private sale only: Motor vehicles must be road registered</p> <p>*GVM is required to be verified where it is not clear that the truck is &lt;=12 tonne GVM. I.e. Compliance plate, registration papers or tax invoice (purchase order).</p>		

### 4.2 Asset Age at End of Term

	Credit & Responsible Lending Requirement
Maximum Asset Age at end of term	<p>The maximum asset age at end of term is 12 years and includes assets with an <i>asset age at end of term of 12 years and 11 months</i>.</p> <p><b>Internal Macquarie balloon / RV refinance</b> The Maximum Asset Age at end of term can be greater than 12 years.</p>

### 4.3 Valuation

	Credit & Responsible Lending Requirement
<b>Valuation Principles</b>	<p>An asset valuation is required in all cases to ensure:</p> <ul style="list-style-type: none"> <li>• The Fair Market Value (FMV) of the asset/s must be broadly in line with the asset price</li> <li>• The Loan to Value Ratio (LVR) is within policy</li> </ul> <p>The valuation can either be via Glasses Guide, recommended retail price, desktop or independent valuer, which will be determined by the asset information input as part of the application.</p>

### 4.4 Inspection

	Credit & Responsible Lending Requirement
<b>Inspection Principles</b>	<p>An asset inspection is required to ensure the asset exists and the asset is as described.</p> <p>An asset inspection is required for application types:</p> <ul style="list-style-type: none"> <li>• Private sale</li> <li>• Sale and buy/lease back</li> <li>• Refinances (midstream or Balloon/RV) from another financier</li> </ul>
<b>Methods of Inspection</b>	<p><b>1. Digital Asset Inspection Report by a Panel Digital Asset Inspector (Preferred)</b> A Digital Asset Inspection Report must be completed by a panel digital asset inspector:</p> <ul style="list-style-type: none"> <li>• VeriMoto</li> </ul> <p><b>Digital Asset Inspection Report</b> The digital inspection report is a digital solution for asset inspections which allows the buyer (applicant) or the seller (vendor) to perform their own inspections.</p> <p>Digital asset inspections are the preferred method as they are less costly and generally quicker to perform than physical inspections.</p> <p>Note: An introducer cannot complete an inspection on behalf of the applicant or vendor.</p> <p>Where a digital inspection cannot be performed, the inspection is to be carried out by an approved panel inspector.</p>

	Credit & Responsible Lending Requirement
Methods of Inspection	<b>2. Asset Inspection Report by a Panel Asset Inspector</b> Asset inspection reports can be physically completed by the panel of valuers or mercantile agents, including: <ul style="list-style-type: none"><li>• Pickles Auctions</li><li>• RedBook Inspect</li><li>• Access Mercantile</li></ul>



# 5. Application and Sale Types

## 5.1 Origination – Full Credit Assessment

	Credit & Responsible Lending Requirement
Overview	<p><b>Origination – Full Credit Assessment</b> All applications for new origination require a full credit assessment unless it meets Commercial Express criteria as per s5.2 (Commercial Only).</p> <p>Automated Credit Decisioning involves the system conducting all mandatory credit and capacity decisions. Where an application satisfies all checks, the application is eligible for automated approval which requires the applicant(s) to complete all mandatory approval conditions in order to proceed to settlement. Where an application does not pass all mandatory checks, the application is required to be manually assessed.</p>

## 5.2 Commercial Express - Commercial Only

	Credit & Responsible Lending Requirement
<b>Overview</b>	<p><b>Commercial Only:</b> Commercial Express is a simplified policy rule set requiring verified property ownership, satisfactory account conduct and financial declarations.</p> <p>Applications from Individual non-ABN holders are not eligible for Commercial Express policies.</p>
<b>Requirements</b>	<p>Commercial Express applications must meet all the below additional Commercial Express requirements (e.g. Account Conduct).</p> <p>When any of the Commercial Express requirements below are not met, a Full Credit Assessment is required (see s5.1).</p> <p>Where not expressed below then all other credit policy settings regarding product, character and collateral apply to Commercial Express Applications.</p> <ul style="list-style-type: none"> <li>• A Grade only</li> <li>• Applicants must be both ACN/ABN and GST registered for a minimum 12 months. Business continuity applies when assessing the minimum time in business. See s3.11</li> <li>• Property ownership must be in the applicant/guarantor's name in the first instance*. Verification is required in the applicant/guarantor's name by either: <ul style="list-style-type: none"> <li>○ Rates Notice</li> <li>○ RP Data search or</li> <li>○ Title Search</li> </ul> </li> </ul> <p>Alternatively where an owner occupied property is owned solely in the applicant/guarantor's spouse's name, this can be accepted where the applicant/guarantor is also a confirmed to be a borrower on the home loan.</p> <p>* Property ownership not required where replacing an existing Macquarie account.</p> <ul style="list-style-type: none"> <li>• Sale and Lease/Loan Back are not acceptable</li> <li>• No 'unacceptable' or 'adverse' information on the credit report (see section 2.6)</li> <li>• Negative equity is not eligible to be financed</li> </ul>
<b>Commercial Express Maximum Amount Financed</b>	<p>The maximum amount financed is up to \$200,000. This amount includes applications for replacement/balloon refinances.</p> <p><b>Maximum Commercial Express Amount</b></p> <p>Commercial Express applicants are limited to a "maximum Commercial Express amount" which limits the amount they can finance in any 12 month period. The "maximum Commercial Express amount" is \$200,000.</p>

	<b>Credit &amp; Responsible Lending Requirement</b>
	<p>Commercial Express applicants are able to fund multiple applications in the same 12 month period, so long as they do not exceed the “maximum Commercial Express amount”.</p> <p><b>Maximum Exposure</b></p> <p>The maximum exposure for Commercial Express is \$500,000 (including the proposed Amount Financed).</p>
<b>Account conduct check</b>	<p>Commercial Express applications have additional parameters to meet given the Account Conduct and Declarations are used in absence of a capacity / financial assessment.</p> <p>An account conduct check must reflect the ability for the business applicant to repay its debts. Where it is unclear, commentary from the credit analyst in the assessment notes are required. Where an account conduct check is not available, financial information must be assessed.</p> <p>An account conduct check is acceptable:</p> <ul style="list-style-type: none"> <li>• In the name of the applicant or;</li> <li>• In the name of one or more of the director guarantors or individual trustees/partners</li> </ul> <p>An account conduct check in a related entity is acceptable where:</p> <ul style="list-style-type: none"> <li>• The directors and shareholders are like for like with the applicant entity and</li> <li>• The guarantee/s of the applicant entity is obtained (see section 2.1 guarantees)</li> </ul> <p>An account conduct check can be from an open account, or from a previous account only where the account was closed within the last 6 months. Refer to section 2.8 for full account conduct check requirements.</p>
<b>Acceptable forms of an account conduct check</b>	<p>A Comprehensive Credit Report (CCR) for the individual applicant/guarantor(s) is required for all Commercial Express applications. The account conduct check will be made using available repayment history information (RHI) in the first instance.</p> <p>Where there is sufficient RHI such that the requirements of this section are met, then no additional account conduct checks are required (excluding existing Macquarie conduct which must be checked in all instances).</p> <p>Where there is insufficient RHI available, then another form of account conduct check must be obtained as outlined under section 2.8 – Account Conduct</p> <p><b>Acceptable types of Lending for the purpose of an account conduct check include but are not limited to:</b></p> <ul style="list-style-type: none"> <li>• Finance leases or business loans</li> <li>• Personal residential/investment home loan</li> <li>• An internal Macquarie Bank business loan facility (e.g. overdraft) is acceptable</li> <li>• A secured personal loan where similar nature and purpose.</li> <li>• Commercial property loan</li> </ul>

	<b>Credit &amp; Responsible Lending Requirement</b>	
<b>Acceptable repayment amount</b>	The <b>repayment amounts</b> assessed in the account conduct check must be within a reasonable amount in relation to the proposed contract.	
	For Macquarie Balloon / Residual Value (RV) refinance or Macquarie Replacement finance	It is acceptable to use where the previous repayment is at least 50% of the proposed repayment.
	<ul style="list-style-type: none"> <li>• For Commercial Express or</li> <li>• Replacement finance from other third-party company financier or</li> <li>• Balloon / RV refinance from other third-party company financier</li> </ul>	It is acceptable to use where the previous repayment is at least 100% of the proposed repayment.
	Multiple Account conduct checks are acceptable.	
	Where account conduct is being verified using CCR RHI data, then confirmation of the loan repayment amount is required. This can be obtained by either:	
	<ul style="list-style-type: none"> <li>• Applying the relevant repayment floor (see section 3.9 – Financial Obligations) to the balance provided and using the lower of the floor amount or the declared amount or;</li> <li>• Obtaining satisfactory evidence of the loan repayment from the lender which matches the account on the CCR file.</li> </ul>	
<b>Additional requirements</b>	<p>Any applicant that falls under the following criteria would be deemed to be unacceptable for assessment under Commercial Express:</p> <ul style="list-style-type: none"> <li>• Has received Debt Relief/Payment Pause in the 6 months prior to application or</li> <li>• Any other adverse items noted in an account conduct check or review of prior Macquarie account or</li> <li>• Declares they have insufficient cashflow to meet their proposed repayment obligations</li> </ul> <p>Where unable to mitigate or justify any red flags or inconsistencies that are identified in the application assessment then assessment of full financials is required.</p>	

### 5.3 Balloon / RV Refinance

	Credit & Responsible Lending Requirement																																																		
<b>Balloon / RV Refinance</b>	<p><b>Consumer, Novated and Individual (non-ABN holder) Commercial only:</b>            Balloon / RV Refinance involves a refinance of the balloon or RV on an existing Car Loans facility on the same asset into a new arrangement (paying out existing facility). The balloon / RV must be due within 12 months.</p> <p>Applications for Balloon / RV Refinance require a full credit assessment.</p> <p>The rationale for refinancing must be clearly understood and documented as part of the assessment notes. The customer must derive a benefit from the balloon / RV refinance (For example reduced repayments).</p> <p>The account conduct must be satisfactory on the existing facility being refinanced (See section 2.8).</p> <p>Refinancing onto a short term (less than 12 months) contract is permitted only once. Introducers are expected to explain why the applicant requires a short term refinance. The new short term contract must be conditioned that any balloon / RV be paid out at the end of this new short term contract.</p>																																																		
<b>Calculating the residual value on Novated RV Refinances</b>	<p><b>Novated Only</b>            The residual value percentage must be set as per section 1.7.            The maximum aggregate lease term for Novated Leases is 7 years. This term ‘resets’ when the finance residual is paid out.</p> <p>The aggregate method is used so the new RV percentage (as per section 1.7) is based off the aggregate sum of the original lease term and the new lease term.</p> <p>Where refinancing from a third-party financier, to facilitate the correct RV calculation, a copy of the original lease schedule and vehicle tax invoice must be obtained to verify the original lease term and amount financed. Where previously refinanced then evidence must be sought for the full period that the asset has been under a lease.</p> <table border="1"> <thead> <tr> <th colspan="2">New residual value percentage</th><th colspan="5">Original Lease Term (months)</th></tr> <tr> <th colspan="2"></th><th>12</th><th>24</th><th>36</th><th>48</th><th>60</th></tr> </thead> <tbody> <tr> <th rowspan="5">New Lease Term (months)</th><th>12</th><td>56.25%</td><td>46.88%</td><td>37.50%</td><td>28.13%</td><td>18.75%</td></tr> <tr> <th>24</th><td>46.88%</td><td>37.50%</td><td>28.13%</td><td>18.75%</td><td>9.38%</td></tr> <tr> <th>36</th><td>37.50%</td><td>28.13%</td><td>18.75%</td><td>9.38%</td><td>NA</td></tr> <tr> <th>48</th><td>28.13%</td><td>18.75%</td><td>9.38%</td><td>NA</td><td>NA</td></tr> <tr> <th>60</th><td>18.75%</td><td>9.38%</td><td>NA</td><td>NA</td><td>NA</td></tr> </tbody> </table>						New residual value percentage		Original Lease Term (months)							12	24	36	48	60	New Lease Term (months)	12	56.25%	46.88%	37.50%	28.13%	18.75%	24	46.88%	37.50%	28.13%	18.75%	9.38%	36	37.50%	28.13%	18.75%	9.38%	NA	48	28.13%	18.75%	9.38%	NA	NA	60	18.75%	9.38%	NA	NA	NA
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	48	28.13%	18.75%	9.38%	NA	NA																																													
	60	18.75%	9.38%	NA	NA	NA																																													

## 5.4 Midstream Refinance

	Credit & Responsible Lending Requirement
<b>Midstream Refinance</b>	<p>Midstream Refinancing involves a refinance of an existing Car Loans facility on the same asset into a new arrangement (paying out existing facility).</p> <p>Applications for midstream refinance require a full credit assessment.</p> <p>The rationale for refinancing must be clearly understood and documented as part of the assessment notes. The customer must derive a benefit from the midstream refinance (not limited to reduced repayments).</p> <p>The account conduct must be satisfactory on the existing facility being refinanced (See section 2.8). The credit contract being refinanced must have more than twelve months remaining.</p>

## 5.5 Dealer Sale

	Credit & Responsible Lending Requirement
<b>Overview</b>	<p>A Dealer Sale is where the assets are sold by an accredited motor vehicle dealer where the purchaser is guaranteed clear title to the goods.</p> <p><b>Consignment Sales</b></p> <p>Consignment selling is where a licensed motor dealer (consignee) agrees to sell a vehicle on behalf of the individual owner (consignor) of a motor vehicle. Consignment sales are not acceptable.</p>

## 5.6 Private Sale

	Credit & Responsible Lending Requirement
<b>Overview</b>	A private sale is where an asset is purchased from a party who is not a licensed motor vehicle dealer.
<b>Eligibility</b>	<p><b>Non-arms-length transactions</b></p> <p>Non-arms-length transactions are where the parties (purchaser and vendor) are related.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Relatives, friends, living at the same address, same surname, any indication of related parties or</li> <li>• Related business, common directorships (Commercial applications)</li> </ul> <p>Further enquiries are required where any evidence of non-arms-length related parties.</p> <p>These enquiries must ensure it is a bona fide arms-length transaction and that there is no risk of capital raising before proceeding.</p>
<b>Requirements</b>	<p>The maximum LVR acceptable on a private sale is 110%</p> <p>An asset inspection (section 4.4) and a PPSR check is required for Private Sale.</p>

## 5.7 Sale and Lease/Loan Back

	Credit & Responsible Lending Requirement
<b>Definition</b>	A sale and lease/loan back is where the applicant owns an asset outright (no existing finance), and then leases (or 'loans' in the case of a chattel mortgage) it back over a contract term with regular repayments. The applicant continues to use the asset however Macquarie has taken ownership of the asset (or applicant retains ownership as per a chattel).
<b>Eligibility</b>	<p><b>Commercial and Individual Commercial Only:</b> Sale and loan back are acceptable.</p> <p>Where an asset has existing finance then it is not eligible for sale and loan back and must be treated as Refinance.</p> <p><b>Novated Only:</b> The maximum aggregate term of 7 years (as per section 5.4) restarts at 0 years when the finance residual is paid out. Hence Sale and Lease back is eligible provided at market value.</p>
<b>Requirements</b>	<p>Applications for sale and lease/loan back require a full credit assessment.</p> <p>The maximum LVR acceptable on a sale and lease/loan back is 110%</p> <p>An asset inspection (section 4.4) and a PPSR check is required for sale and lease/loan back.</p> <p><b>Commercial Only</b> Will only consider this type of transaction where the application is received within three (3) months of the client's initial purchase of the asset.</p> <p>Note: Sale and lease/loan back are not eligible under Commercial Express.</p>

# Appendix A: Glossary

ABN	Australian Business Number – a unique 11-digit number that identifies the business or organisation.
Amount Financed	The term Amount Financed is used for all Car Loans product types. For a Novated Lease the Amount Financed refers to the purchase cost of the leased asset.
ACN	Australian Company Number
ALLPAAP	All Present and After-Acquired Property
AML	Anti-Money Laundering
ASIC	Australian Securities and Investments Commission – houses the official information of directors and shareholders of an entity.
ATO	Australian Tax Office
BAS	Business Activity Statements
BCoP	Banking Code of Practice
BFS	Macquarie Banking and Financial Services
BNPL	Buy Now Pay Later
CL	Macquarie Car Loans
CRB	Credit Reporting Body
CTF	Counter-Terrorism Financing
CTP	Compulsory Third-Party Insurance
DLA	Delegated Lending Authority
DOB	Date of Birth
DVA	Department of Veteran Affairs
EBITDA	Earnings before interest, tax, depreciation and amortization
ESR	Environmental and Social Risks
FBT	Fringe Benefit Tax
FLV	Forced Liquidation Value – an opinion of the value that typically could be realised from a properly advertised and conducted public auction or other similar sale method, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date.
FMV	Fair Market Value – an opinion of the value of an asset where the asset would change hands on an arm's length basis between a willing buyer and a willing seller, with neither party being under any compulsion to buy or sell and both having reasonable knowledge of the facts as of a specific date.
GST	Goods and Services Tax
GVM	Gross Vehicle Mass
HEM	Household Expenditure Measure – a measure that reflects a modest level of household expenditure.
INBA	Interest Not Brought to Account
LCT	Luxury Car Tax – a tax on vehicles above the LCT threshold set of the ATO.
LVR	Loan to Value Ratio – a ratio of a loan to the value of an asset financed.
MVRC	Motor Vehicle Running Cost – the running cost of the vehicle being financed.
NBS	Non-borrowing spouse
NCCP	National Consumer Credit Protection Act 2009 (Cth)
NEVDIS	National Exchange of Vehicle and Driver Information System



NOA	Notice of Assessment
OLV	Orderly Liquidation Value – an opinion of the value of an asset that typically could be realised from an arm's lengths liquidation sale, given a reasonable period of time to find a purchaser, with the seller being compelled to sell on an as-is, where-is basis, as of a specific date (within 6 months)
OMV	Observable Market Value – an opinion of the value of the asset that is observed in the market.
Origination Fee	An amount agreed between applicant and introducer applied to amount financed paid at settlement to the introducer (subject to provision of an invoice)
PAYG	Pay-As-You-Go income
Payout Amount	The Payout Amount is how much to pay to satisfy the terms of an existing loan or lease.
PD	Probability of Default
PMSI	Purchase Money Security Interest
PPSR	Personal Property Securities Register
PQR	Portfolio Quality Review
PTI	Payment to Income – a ratio of the contracted repayment to the sum of the total declared income.
RAS	Risk Appetite Statement
RMG	Macquarie Risk Management Group
RP Data	Rich Property Data – subscription product that gives access to property data collected by property research company CoreLogic.
RRP	Recommended Retail Price – a price recommended by the manufacturer/supplier that the produce should be sold at.
RV	Residual Value – the amount set down by the Australian Tax Office to reflect the anticipated market value of the asset at the end of term (for Novated Leases).
VIN	Vehicle Identification Number
YTD	Year-to-Date income

# Appendix B: Remote Postcode list

## Remote Postcodes:

0822	2834	4467	4490	4736	4875	5654	5724	6431	6638	6718	6765
0852	2835	4468	4491	4801	4876	5655	5730	6434	6639	6725	6770
0854	2836	4472	4492	4803	4890	5660	5731	6436	6640	6726	6798
0860	2838	4474	4493	4816	4891	5661	5732	6438	6642	6728	6799
0861	2839	4475	4724	4819	4892	5670	5733	6440	6646	6731	7255
0862	2840	4477	4725	4821	4895	5671	5734	6443	6701	6733	7256
0872	2878	4478	4726	4822	5223	5680	6161	6445	6705	6740	7257
0880	2879	4479	4727	4823	5422	5690	6337	6447	6707	6743	
0881	2898	4480	4728	4824	5440	5700	6346	6450	6710	6751	
0882	2899	4481	4730	4825	5607	5701	6348	6452	6711	6753	
0885	4183	4482	4731	4828	5650	5710	6355	6537	6712	6754	
0886	4454	4486	4732	4829	5651	5720	6356	6612	6713	6758	
2831	4455	4488	4733	4830	5652	5722	6359	6630	6714	6760	
2832	4465	4489	4735	4874	5653	5723	6430	6635	6716	6762	

## Suburb exemptions:

0822	Middle Point, Lambells Lagoon, McMinns Lagoon, Bees Creek, Freds Pass, Acacia Hills, Hughes, Livingstone, Tumbling Waters
4183	North Stradbroke Island
4455	Roma
4816	Alligator Creek, Balgal Beach, Brookhill, Calcium, Carruchan, Clemant, Crimea, Crystal Creek, Cungulla, Ellerback, Greenvale, Hidden Valley, Homestead, Julago, Kennedy, Macrossan, Majors Creek, Mingela, Mount Elliot, Mutarnee, Nome, Paluma, Pentland, Ravenswood, Reid River, Rollingstone, Sellheim, The Cape, Toomulla, Toonpan, Torrens Creek, Woodstock.
4824	Cloncurry
4825	Mount Isa and suburbs (Happy Valley, Healy, Menzies, Miles End, Mornington, Parkside, Pioneer, Soldiers Hill, Sunset, The Gap, Townview, Winston)
6430	Kalgoorlie, Hannans, Karlkurla, West Lamington, Lamington, Piccadilly, South Kalgoorlie, Victory Heights, Boulder, South Boulder, West Kalgoorlie, Broadwood
6450	Esperance
6713	Dampier
6714	Karratha CBD, Karratha Industrial Estate, Bulgarra, Pegs Creek, Millars Well, Nickol, Nickol West, Baynton, Baynton West, Madigan Estate, Gap Ridge
6725	Broome, Minyirr, Djugun, Bilingurr
6726	Cable Beach
6743	Kununurra

# Appendix C: Acceptable Proof of Address

	Credit & Responsible Lending Requirement
<b>Acceptable Proof of Address</b>	<p>If an applicant's current address is not reflected on their current driver licence, the following forms of Proof of Address are acceptable;</p> <ul style="list-style-type: none"><li>• Driver licence (with sticker showing new address on the back of the card)</li><li>• Digital licence where the applicant has been met by the introducer and confirmed in Maclease</li><li>• Bank statement (within 3 months from submission)</li><li>• Rates Notice (most recent)</li><li>• Tenancy Agreement from a Real Estate Agency</li></ul> <p>If any red flags are identified in the documentation provided, this must be referred internally for review.</p>