Policies & Procedures Guide

JULY 2026

REDZED.COM

RedZed

Loans for the self-employed

RedZed

What we're all about

Since 2006, RedZed has done one thing. Loans for Australia's self-employed business owners. We've never branched out, never tried to be all things to all people. We've grown to a team of more than 100 staff, with our head office in Melbourne, a corporate office in Sydney, and BDMs across the country, all pointed at the same job.

We offer common sense lending through responsible, tailored loan options built to help business owners get where they're going.

What this Guide is all about

At RedZed, we know self-employed borrowers do not always fit traditional lending criteria. This **Policies & Procedures Guide** provides accredited brokers with clear guidance on our credit settings, assessment principles and documentation requirements, helping you structure stronger submissions and navigate policy with confidence. Used alongside our other broker resources, it supports more efficient assessments and better outcomes for self-employed customers.

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Income Consideration

Classification	Conditions	Verification	Assessed
Self-Employed - Full Doc	• ABN options: 12 / 24+ months • GST as required	• Latest individual & company financials (if more than 6 months old, provide 2 most recent BAS) • ATO notice of assessment • Builders/Developers - 2 years financials & ATO notice of assessments (2-year average will be used unless the most recent year is lower than the previous year)	100%
Self-Employed - Alt Doc	• ABN options: 6 / 12 / 24+ months • GST as required • Director's salary credits excludes sole traders, trust distributions and salary variances between payments >25%. (For a 6-month ABN, previous income/employment must be from the same industry and support the declared income.)	• Income Declaration Form • Provide one of the following: - Accountant's Declaration Form - Most recent 6 months lodged BAS - Most recent 6 months business trading bank statements - Most recent 6 months bank statements showing director's salary credits Confirmation of tax payment status via the ATO Portal is required where BAS, business bank statements or director's salary credits are relied upon. To assist with verification of the declared income, we may seek additional income verification	100%
PAYG - Full Time & Part Time	Full time & Part time (hours to be evidenced as regular) No minimum employment period in current role providing evidence of previous employment history and in a similar role and industry	Provide two of the following: • Current payslips • Group certificate • Tax assessment notice • Employment letter with letterhead, employment status, gross & net salary • Bank statement with 2 pay cycles of direct credit • For Contract (PAYG), provide a copy of current Contract(s)	100%
Casual, Second Job	Minimum 6 months in current role		
Probation	Probation period is required to be completed prior to loan approval where there is no history of employment in a similar role or industry to the borrower's current role		
Contract Income (PAYG)	Minimum 12 months remaining		
Employed By Family (PAYG)	Full time & Part time (hours to be evidenced as regular) No minimum employment period in current role providing evidence of previous employment history	• Most recent 6 months bank statements confirming salary credits • Most recent Tax Return & Notice of Assessment	100%
Overtime, Commissions, Allowances	Minimum 6 months history required	Evidence of regular payment for more than 6 months and averaged over the payment periods	100%
PAYG Bonuses	Minimum 2-year bonus payment history required	Evidence of regular payment averaged over two years	100%
Car Allowance	Provided cash option evidence is available	Copy of employment contract terms to support	100%
Centrelink Payments	• Austudy • Disability pension • Mature age pension	Government/Centrelink income can only make up a maximum of 40% of the overall net income being used. Evidenced by most recent Centrelink statement **Cannot be the primary source of income**	100%
Family Tax Benefit (A & B)	Children up to the age of 14 only		

Income Consideration

CONTINUED

Classification	Conditions	Verification	Assessed
Child Support / Maintenance	Child maintenance will not be considered without at least 12 months evidence of payment history for children up to 14 years of age only	Copy of the executed CSA or solicitor's agreement. A minimum of 12 months' statement evidence of payment history **Cannot be the primary source of income**	100%
Investments & Dividends	Minimum 2-year history required Secondary income only	Evidence of at least two years of tax returns or financial statements. Use the average actual income where the current year is lower.	100%
Rental Income - Residential	Standard residential properties	Provide one of the following: • Current lease or tenancy agreement • Most recent rental statement • Rental appraisal from licensed real estate agent • Dated within 3 months of application • Valuation report for proposed rent of standard rental tenancies only	85%
	Short-term or holiday rental accepted when managed by a licenced real estate agent or online management businesses (e.g. Airbnb, Stayz, etc...)	Most recent 6 months statements averaged	80%
Rental Income - Commercial	Required for **all** scenarios: Current Lease Agreement **and** 6 months bank statements evidencing rental payments.		
	Remaining lease term **more than 12 months**		90%
	Remaining lease term **12 months or less**		80%
	Commercial Loan pricing applies where lease agreements are used to support rental income. Indicative rent **not accepted.**		
Rental Income - Private Agreement	Where the rental agreement is not via a recognised real estate or rental management agency	Most recent 6 months bank statements showing rental deposits	80%
Notional Rent Expense	Expense applied for borrowers living with family or friends	Applicable for an individual, couple or family	**$1,000** per month
Superannuation & Annuities	Subject to Senior Underwriter discretion	Appropriate statement evidence of SMSF balance and payments schedule	100%
PAYG Foreign Income	**Discuss with your BDM** PAYG income only for an overseas worker (no overseas self-employed income, rent, or foreign pension) Must be employed by a multinational company Available to Australian citizens only (permanent and temporary residency visa holders are ineligible)	• Current payslips • Group certificate • Tax assessment notice • Employment letter with letterhead, employment status, gross & net salary • Bank statement with 2 pay cycles of direct credit Foreign income must be converted into Australian dollars, with 75% of the converted amount considered for debt servicing	75%

Self-Employed Full Doc Add-backs

- Fees or income being paid to directors which have not been taken into account
- Existing outgoing rent being replaced by the proposed loan for owner occupiers
- Interest on loans being refinanced by the proposed loan
- Interest on loans that have been paid out during the financial year (with statement evidence)
- Non-recurring expenses shown in the Statement of Financial Performance (with supporting documents)
- Depreciation up to a total amount not exceeding 25% of business net profit can be added to after-tax income for servicing calculations

NOTE Allowable add-backs are to be added to gross taxable income for servicing calculations and appropriate explanation notes included in the loan submission along with the required supporting evidence.

NOTE We offer common sense solutions through simple, responsible and tailored loan options designed to help business owners achieve their ambitions. The income consideration shown is a guide and we strongly encourage you to discuss the circumstances of your loan proposal with your BDM to determine our position, or specific requirements for the individual situation presented.

Interest Only Repayments

Residential Loans

Investment Securities – maximum 5 years interest-only available up to 80% LVR

Owner Occupied Securities – maximum 2 years interest-only available up to 70% LVR (refer to your BDM for further conditions)

Commercial Loans

An Interest-Only period is available for both owner occupied and investment security loans. Maximum Interest-only period and LVR considered on an individual application basis.

Cash Out

Where a borrower is seeking cash out for acceptable purposes, the following guidelines apply:

Up To $1,000,000

Stated purpose as declared in the application.

Greater Than $1,000,000

Cash Out Purpose Declaration is required in all instances and supported by the appropriate documentation listed.

Cash out amount restrictions apply to selected products and Loan to Valuation Ratios.
Refer to the Product and Rate Guide for more information.

NOTE Cash out funds may be subject to controlled release requirements in certain circumstances to meet responsible lending obligations. Please contact your Business Development Manager for further information.

Living Expenses Requirements

A minimum of the most recent month of personal bank statements is required where declared living expenses are at or below HEM, or where the DSR is below 1.15.

Unacceptable Income

Projected Income	✕
Family Pledge Or Parents / Relatives As Guarantors	✕
Undeclared Cash Income / Unverifiable Cash Income	✕
Income From Boarders	✕
WorkCover / Worker’s Compensation	✕
Income From Illegal Activities Or Gambling	✕
Irregular Income	✕
Centrelink payments: • Rent Assistance • Remote Area Allowance • Mobility Allowance • Overseas Pension • JobSeeker • Sickness Allowance • Child Disability Allowance • Bereavement Allowance • Carers Pension	✕

Debt Servicing Ratio (DSR) Serviceability Guide

DSR Requirement	Residential	Commercial
Minimum DSR > **1.10x**	✓	✓
Minimum DSR > **1.05x** where individual borrower has Investment Property Borrowings	✓	✕
Minimum DSR > **1.25x** where commercial LVR is > 70%	✕	✓

Acceptable Securities

Residential

- Residential house
  (with max land size of 25 acres (10 hectares), includes dual occupancy dwelling)
- Townhouses and villas
- Apartments and units
  (minimum 40m² limited to max 60% LVR, ≥ 50m² normal lending and complex density criteria, exposure may vary and is limited to 4 apartments or 25% of a building complex. Apartment size is living area only and excludes balconies and car spaces)
- Vacant land*
  (unimproved land with lot sizes between 1, 2.5 and 5 acres subject to product and location criteria. Refer to the Product and Rate Guide for details)
- Acceptable residential security zonings are residential & rural residential

Commercial

- Retail shops, industrial units, factories, warehouses, workshops, medical and professional suites
- Offices *(strata office indicative max 65% LVR)*
- Boarding Houses (max 65% LVR)
  Childcare Centres (max 50% LVR)
- Multiple residential securities on one title or in the same complex*
- Mixed residential & commercial use
- Commercial vacant land*
  (Refer to the Product and Rate Guide for acceptable parameters)
- Indicative commercial consideration by location up to a maximum of:
  - VIC/NSW/QLD/SA/WA/TAS:
  - Category 1 up to 75% LVR + Category 2 up to 65%
  - NT: Category 1 & 2 up to 65% LVR

Contact your RedZed BDM to discuss an LVR scenario outside these guidelines

*Excludes SMSF products

Location Guide

Assessment is based on suburb/town. To check this, **click here**

Product & Rate Guide

To view the current Product and Rate Guide, **click here**

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Development Aspect

This guide is to be used when a residential security property could be deemed as having development potential.

Residential Development Aspect Considerations	Recharge	Reward	SE Prime
Declared intent is to develop the security within a determined or indicative time frame	< 3 years	> 3 years	✗
A property deemed to be not suitable for rental and/or requires essential repairs (pending valuation commentary)	Not rentable, extensive repairs	Not rentable, some repairs	Must be rentable, minor repairs
Maximum percentage the land component represents of the total security valuation figure	= > 95%	> 85% – < 95%	< 85%
A security property with an existing Development Application (DA) or proposed DA (including lodged awaiting local authority approval), regardless of the borrower's intent with the security property or DA	Refer to BDM	✗	✗
The borrower and related parties have a history of completing multi-dwelling developments	✓	✗	✗
The purchasing entity is a Special Purpose Vehicle (SPV) that includes the name of the property address and/or the wording "developments"	✓	✗	✗
Evidence of existing ownership and/or intent to purchase multiple and/or adjoining properties in the same street	✓	✗	✗
Individual, Company or Trust Applicant, including where there is a consortium of borrowers	✓	✗	✗
Borrower is a Developer and/or Builder (as opposed to a tradesman e.g. tiler, plumber, electrician etc)	✓	✗	✗
Valuation report confirms the highest and best use of the security as being a development site	✓	✓	✗
The borrower has no history of completing multi-dwelling developments	✓	✓	✓
The security property is a single asset acquired or owned by the borrower and they have no ownership or acquisition intent in adjoining properties	✓	✓	✓
Declared intent is to occupy the property as an owner or hold it as a rental investment whilst in current condition or, intend to renovate property but no development	✓	✓	✓
Individual, Company or Trust Applicant (non-consortium)	✓	✓	Individuals Only

We strongly encourage you to discuss the circumstances of your loan proposal with your BDM to determine our indicative position, or specific requirements for the individual situation presented.

Self-Managed Superannuation Fund (SMSF)

Available to a complying SMSF. Residential and Commercial SMSF products can assist SMSF borrowers with the refinance of a single-title residential or commercial property, and for purchases of commercial property.

The loans are structured as a Limited Recourse Borrowing Arrangement (LRBA). In the event of default, recourse is limited to the asset used to secure the loan, plus member(s) personal guarantees.

Acceptable Income

The following combination of income types may be used, individually or in combination, to support servicing for Residential and Commercial SMSF applications:

- ✓ **Member contributions** to the SMSF (or retail superannuation fund if the SMSF has been newly established)
- ✓ **Rental income** from the proposed security property and any other property held by or on behalf of the SMSF
- ✓ **Ongoing investment income** and cash balances held within the SMSF, with cash and liquid investments deemed at **4% p.a.**
- ✓ **Additional member contributions,** where the ongoing nature of the contributions and the member's capacity to continue making them can be verified through existing employment or business activities.

NOTE At least one member of the SMSF must still be in the accumulation phase. An SMSF in full redemption phase is unacceptable.

SMSF Expenses

The following expenses and liabilities will also be considered for servicing:

- ✓ Annual SMSF audit and management fees (a minimum of $2,000 applied in servicing)
- ✓ Other ongoing SMSF liabilities (e.g. member insurances) and loan or mortgage repayments
- ✓ Other ongoing regular redemptions or withdrawals from the SMSF

NOTE Where servicing is reliant on additional member contributions, the personal income, liabilities and living expenses of each contributing member must be verified and assessed.

Minimum SMSF Liquid Asset Position

The SMSF must maintain sufficient liquid assets to cover repayments for all debt obligations within the fund for the applicable minimum coverage period specified in the table below. The required liquidity position is determined by the security type and rental status of the property.

Residential SMSF

3 months of repayments

Commercial SMSF

3 months repayments:

- Remaining lease term 12 months or more remaining; or
- Property is leased to a member's self-employed business, with evidence demonstrating the rental payable is consistent with prevailing market rent for the property.

OR

6 months repayments:

- Remaining lease term less than 12 months remaining; or
- Property is vacant; or
- Property is leased to a member's self-employed business, and the rent cannot be evidenced as consistent with prevailing market rent for the property.

Self-Managed Superannuation Fund (SMSF) Income & Servicing Assessment

Multiple serviceability pathways are available through Fund Only and Fund & Member Servicing assessments.

Fund Only Servicing - Minimum Servicing DSR 1.01

Available when current superannuation contributions, income generated by the SMSF assets, and any proposed rental income are sufficient to meet our serviceability requirements.

Income Type	Assessment Criteria & Documentation Requirements	Assessed
Contributions to Superannuation fund (SMSF or Retail fund)	**PAYG** • 12 months retail superannuation or SMSF statements • One (1) payslip dated within 6 weeks of application with YTD on the payslip to show at least 2 pay cycles • Lump sums less than 25% of total contributions (i.e. employer super contributions and regular salary sacrifice contributions) are accepted. • Any lump sums which can be evidenced over 24 months are accepted **Self-Employed** • 12 months superannuation statement provided - *Lump Sum or Additional Contributions* pricing applies • 24 months superannuation statement provided - *Fund Only pricing* applies • Regular contributions less than $150,000 over 12 months • An Accountant's Declaration is required if contributions between $32,501 and $150,000 within 12 months. • Evidence of an active ABN registered for at least 24 months.	100%
SMSF Rental Income - Residential	**Provide one of the following:** • Most recent rental statement • Rental appraisal from licensed real estate agent *dated within 3 months of application* • Valuation Report *for proposed rent of standard rental tenancies only* • Most recently lodged SMSF tax return	85%
SMSF Rental Income - Commercial	Required for **all** scenarios: Current Lease Agreement **and** 6 months bank statements evidencing rental payments.	
	Remaining lease term **more than 12 months**	90%
	Remaining lease term **12 months or less**	80%
	SMSF Commercial pricing applies where lease agreements are used to support rental income. Indicative rental income may be used where the SMSF demonstrates at least **6 months** of liquidity. **NOTE** Rental income will be assessed using the lower of the market rent evidenced by the valuation report or the rental income evidenced by the lease agreement.	
Deeming Income from Other Investments & Non-Property Assets	• Evidence through annual dividends, interest, or revenue statements, or most recent audited SMSF tax return. **NOTE** Income derived from SMSF investments must be assessed based on the fund balance remaining after settlement, excluding any funds applied towards the property purchase.	85%

Expenses / Liabilities	Verification
SMSF Administration Costs	SMSF tax return or invoices
Insurance Premiums	SMSF tax return or invoices
SMSF Loan Repayments	Most recent loan statement
Regular Withdrawals / Redemptions	SMSF tax return or bank account

Self-Managed Superannuation Fund (SMSF) Income & Servicing Assessment

CONTINUED

Fund & Member Servicing - Minimum Servicing DSR 1.11

- Available when Fund Only servicing does not meet minimum serviceability requirements and the member(s) plans to and has the capacity to make additional ongoing contributions to their SMSF.
- Capacity to make any additional member contributions must be demonstrated via a full capacity assessment which includes their personal income, liabilities, living expenses and the proposed additional contributions.
- Acceptable personal income can include PAYG or self-employed income.
- Each member proposing to make additional contributions must complete a SMSF Proposed Additional Member Contribution Declaration.

The table below outlines additional Fund Only servicing requirements.

Income type	Assessment Criteria & Documentation Requirements	Assessed
Additional Member SMSF Contributions	• Completed SMSF Proposed Additional Member Contribution Declaration Form	100%
PAYG	**Provide one of the following:** • Most recent myGov Income Statement • Most recent Notice of Assessment • Letter of Employment	100%
Self-Employed (Full Doc)	• Most recent financial year's Tax Returns, financial statements & Notice of Assessment • the two most recently lodged BAS required where tax returns are more than 12 months old.	100%
Self-Employed (Alt Doc)	• Completed Income Declaration Form **Provide one of the following:** • Accountant's Declaration Form • Most recent 6 months lodged BAS • Most recent 6 months business trading bank statements • Most recent 6 months bank statements showing director's salary credits Confirmation of tax payment status via the ATO Portal is required where BAS, business bank statements or director's salary credits are relied upon.	25% (refer Alt Doc criteria below)
Other Personal Income e.g. Centrelink	• Most recent 6 months statements (Refer to Income Consideration section for more details)	**Variable**

Expenses / Liabilities	Verification
Living Expenses	• Completed Living Expenses section on application form • One (1) month main transactional banking statements where declared living expenses are less than HEM and DSR is less than 1.15
Debts & Liabilities	• Most recent statement of all debts and liabilities in the member's individual name e.g. home loans, personal loans, credit cards

Self-Managed Superannuation Fund (SMSF) Income & Servicing Assessment

CONTINUED

Alt Doc Criteria

- Proposed Additional Member contributions established on an Alt Doc basis cannot exceed 25% of the overall income required to meet minimum serviceability requirements.

> **NOTE** Overall income is defined as: existing fund contributions, rental income, deemed income plus the proposed Additional Member contributions.
>
> For Alt Doc assessment, RedZed will adopt the proposed additional member declaration amount, or 25% of the SMSF's overall income, whichever is the lesser.

It is recommended that the SMSF trustee and members seek appropriate financial advice in relation to the fund's overall investment strategy and plans to make proposed Additional Member contributions.

> **NOTE** We offer common sense solutions through simple, responsible and tailored loan options designed to help business owners achieve their ambitions.
>
> The income consideration shown is a guide and we strongly encourage you to discuss the circumstances of your loan proposal with your BDM to determine our position, or specific requirements for the individual situation presented.

Your RedZed
Support Team

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Loans for the self-employed

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