

Credit Update | Home Loan Lending Policy

Effective Tuesday, 22 August 2023, Teachers Mutual Bank Ltd has made several changes to its Home Loan Lending policy.

What are the changes?

Regular Overtime income (Education Sector only)	100% allowable Note: 'All Other Applicants – PAYG' remains at 80%
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Serviceability: Enter this income type for Education Sector only in the Loan Origination Servicing Calculator within the Essential Services option.

The screenshot shows a form with 'Income Types' on the left and 'Applicant 1' on the right. Under 'Income Types', 'Gross Regular Shift Allowance/Overtime' is highlighted with a red box. A note below the form reads: 'For Regular Shift Allowance and Overtime purposes Essential Services are defined as ambulance, fire & rescue, nurses, police and the Education Sector.'

Allowances income (Education Sector only)	100% allowable Note: 'All Other Applicants – PAYG' remains at 80%
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Serviceability: Include this income type for Education Sector only in the Loan Origination Servicing Calculator as part of 'Salary'. **Do not** use the 'Allowances' option, as it will shade the amount entered to 80%.

The screenshot shows a form with 'Income Types' on the left and 'Member No' and 'CCR Score' on the right. Under 'Income Types', 'Salary' is highlighted with a red box.

Residential Rental Income	70% allowable irrespective of the number of properties
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Serviceability: Enter in actual rental income for each property in the Loan Origination Serviceability Calculator within the 'Rental Income' tab. 70% will automatically be applied within the 'Net Monthly Surplus' tab.

Overseas Income	80% allowable <u>for all currency types</u>
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Existing Home Loan repayment (Home Loan liability obligation)	Calculated based on <u>the higher of:</u> <ul style="list-style-type: none"> - Actual home loan repayment stated by the applicant <p>Or</p> <ul style="list-style-type: none"> - The Bank's assessed amount using limit, remaining term and <u>Assessment Rate</u>
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The Assessment Rate is the higher of:

- The loan interest rate stated by the applicant, plus a 3% buffer

or

- The Bank's current Floor Rate.

Brokers **must** collect and enter the existing home loan interest rate stated by the applicant into either the Loan Origination Servicing Calculator **or** ApplyOnline to ensure the correct serviceability outcome.

A new field 'Annual Interest Rate' is now established within the Loan Origination Servicing Calculator 'Home Loan Obligations tab'.

Financial Institution	Outstanding Limit	Remaining P&I Term In Months	Annual Interest Rate	Current Repayment
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Security Guarantor Applications

The loan amount to be guaranteed is **no longer required** to be set up as a separate loan split under the borrower name secured by the applicant and guarantor security.

Previously Security Guarantor applications required a separate loan split in ApplyOnline for the Guaranteed portion above 80% of the borrowers contracted purchase price.

How do these changes affect home loan applications?

Any application received on or after Tuesday, 22 August 2023, including any application where the conditional approval or AIP has expired, will be subject to the new criteria.

Documents and Resources being updated effective 22 August 2023?

- Loan Origination Serviceability Calculator (available > [Broker Portal 'Tools and Calculators'](#))
- Home Loan Lending Reference Guide (**Our policy guide** available > [Broker Portal 'Products'](#))
- ApplyOnline

Further Information

For all other latest news, you can visit the TMBL Broker portal (<https://broker.tmbank.com.au>) or contact your Broker Development Manager on **1300 TMBank** or email broker@tmbl.com.au.



Mark Middleton
Head of Third Party Distribution

Important information:

Please note – Membership eligibility applies to join the Bank. All applications for credit are subject to our responsible lending criteria. Fees and charges apply. You can find our [Consumer Lending Terms and Conditions](#) available online or from any of our offices. *Scheme eligibility criteria apply.

