

updates to Self Employed Credit Policy, Streamlined Refinance and more.



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Broker update

Your one stop shop for broker updates.



Hi,

At St.George, we want to keep you up to date with upcoming changes to our Credit Policy, processes and helpful reminders.

Effective from **20 November 2023**, (unless specified otherwise), the following changes will apply for any new consumer home loan applications, including applications for an increase to an existing loan or any servicing/variation activity requiring a serviceability assessment.

Simplifying our credit policy for Self-Employed customers

We've listened to your feedback and are excited to share some improvements we're making to our credit policy for Self-Employed customers, including:

- 1. Providing a faster time to credit decision for you and your customers by introducing a simplified Self-Employed calculator. The new calculator:**
 - Is to be used by both our brokers and assessors.
 - Has reduced input requirements and fields.
 - Supports serviceability assessments for applications with multiple entities.
- 2. Simplifying our verification requirements.**
 - Depreciation to be added back 100%. This applies to all types of depreciation, including instant tax write-offs, across all types of businesses – including Trust Entities.

- When using our fully verified self-employed income policy, we will use latest year income, when (unadjusted) business profit has grown by up to 60% year-on-year.
 - Latest year income policy may be used for mortgage-insured applications.
 - Mortgage Insured applications now only require the last 2 years of financials and returns, plus the latest year ATO notice of assessment. This requirement is the same for non-mortgage insured applications.
 - Accepting customer declaration and no longer requiring an accountant's letter where the business is not trading or the customer is PAYG and not relying on any business income for servicing the loan
- 3. Changes to how we assess a customer's income position. We will allow:**
- Franking credits to be used towards serviceability. (Franking credits will also be available for PAYG dividends from ASX listed companies).
 - Partnerships to be assessed in line with trusts and companies, i.e. partnership liabilities loaded against a business, but not the individual.
 - Ability to use concessional company tax rate (i.e. from 30% to 25%).

Important changes to Streamlined Refinance (Policy Exception) requirements

To be eligible for our Streamlined Refinance (Policy Exception), customers must now meet a minimum credit score of ≥ 900 . As a reminder, St.George uses Equifax credit reporting.

For more information on Streamlined Refinance eligibility criteria, refer to our Credit Policy available on BrokerHub.

Changes to Serviceability Assessment Rates for existing mortgages not being refinanced

We are changing the way we assess any existing mortgage commitments not being refinanced.

Any existing mortgages not being refinanced will now be assessed at the higher of:

- The current interest rate + a buffer, or
- The floor rate applicable at the time of application, currently 5.05% p.a.

Please note, the current assessment rate may be adjusted for fixed rate loans. Please refer to our Broker Serviceability Calculator on BrokerHub which will automatically apply the applicable assessment rate.

Permanent Visa 851

A new permanent Visa sub-class 851 – Resolution of Status has been added to the list of acceptable Visa sub-class numbers for non-LMI and LMI applications.

Household Expenditure Measure (HEM) update

HEM Q2 2023 values are being updated in our systems.

Replacing Automated Valuation Models (AVM) with Contract Verification Service (CVS) for improved upfront Contract price validation

We are introducing CVS on PropertyHub, a new service to instantly validate Contract Prices upfront for purchase applications. This change will increase instant valuations and reduce the need for higher forms of valuation, providing you and your customers a faster outcome.

Where a Contract Price cannot be validated using CVS, a desktop or full valuation will be automatically ordered on PropertyHub.

You can sign up for PropertyHub [here](#).

Increase to max Loan to Value Ratio⁺ (LVR) for guarantees under a special package

Max LVR⁺ to be aligned to application LVR⁺ where LMI is waived under a special package for the following guarantee types:

- Family-security
- Income (spousal)
- Income and security (spousal)
- Security (spousal)

Reminder - end of year cut-offs are coming

After what seems a long and busy year, the festive season is fast approaching. Please make yourself aware of our end of year cut-off dates:

| | |
|------|----------------|
| Area | St.George Bank |
|------|----------------|

| | |
|---|---|
| Security Substitution Requests | PSR for assessment by COB Friday 1 December 2023 LOV returned by COB Friday 15 December 2023 |
| Discharge Requests – sale or settlement | COB Friday 1 December 2023 |
| Discharge Requests – Refi to OFI | COB Friday 1 December 2023 |
| Executed documents for purchase, settlements, refinances | COB Friday 15 December 2023 |



Helpful Reminder:

From **18 November 2023**, our current First Home Buyer \$1 Lenders Mortgage Insurance (LMI) Offer will end.

Standard pipeline policy applies.
Applications submitted before **18 November 2023** will be eligible for the offer. There is no settle by date.

You've got questions? We've got time to talk.



stgeorge.com.au/brokers



Call **1300 137 532**

Thanks,

Your St.George team



St.George acknowledges the traditional owners as the custodians of this land, recognising their connection to land, waters and community. We pay our respects to Australia's First Peoples, and to their elders, past, present and future.

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Visit [St.George Access and Inclusion](#) for further information on our accessible products and services for people with disability.

Things you should know:

Conditions, credit criteria, fees and charges apply. Based on St.George Bank's credit criteria, residential lending is not available for Non-Australian resident borrowers. More information available at stgeorge.com.au/brokers.

+ **LVR** stands for the initial loan to value ratio. LVR is the amount of your loan compared to the Bank's valuation of your property offered to secure your loan expressed as a percentage. Home loan rates for new loans are set based on the initial LVR and won't change during the life of the loan as the LVR changes.

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