



Residential Update



We will be making some changes to our Residential Mortgage Underwriting Guidelines for applications received from 5 November 2020. Applications submitted prior to this date will need to be formally approved by 19 November 2020 in order to be assessed under current policy guidelines.

The key changes are outlined below:

Policy Item	New Policy
Assessment Rate	ING's floor assessment rate will be reduced. The assessment rate to be used for serviceability purposes will be the higher of our new floor assessment rate of 6.10% p.a. or the customer interest rate + buffer of 2.50% p.a.
New ING Living Expense Benchmark	<p>Applicant living expenses will be calculated using the higher of the declared basic living expenses or ING's Living Expense Benchmark plus declared non-basic living expenses.</p> <p>Declared expenses will be compared to ING's new Living Expense Benchmark to determine whether the declared amounts are reasonable. Where declared basic living expenses are significantly below ING's benchmark, additional checks may include:</p> <ul style="list-style-type: none"> • A cross reference with the characteristics of the application and any supporting notes provided • Information from applicant's bank statements
Rental Income & Costs	Rental income from investment properties will be assessed at 80% of the gross rental income. Rental expenses (e.g. body corporate fees, management fees, repairs, rates, maintenance costs, etc.) will be

	<p>captured separately. The expenses taken into account to determine assessed rental income will exclude depreciation and interest expenses.</p> <p>Investment property related expenses will be compared to ING's internal benchmark, and the higher of the two will be used. Where evidence is supplied to confirm the property costs are lower than the ING benchmark, then the higher of declared cost or evidenced cost can be used.</p> <p>Rental Income from holiday homes, short term rentals will not be acceptable.</p> <p>Professional investors who derive at least 45% of their total income from rental sources will not be considered for servicing purposes.</p> <p>Rental Income - Maximum assessed yield caps</p> <p>When assessing rental income, a maximum rental yield cap applies for servicing purposes:</p> <ul style="list-style-type: none"> • For metropolitan areas of capital cities, a maximum of 4% for houses and 5% for apartments, townhouses and other property types • For all other areas, a maximum of 5% for houses and 6% for apartments, townhouses and other property types
<p>Debt to Income (DTI) and Loan to Income (LTI)</p>	<p>Loans with high Debt to Income (DTI) Ratio or Loan to Income (LTI) ratio will be restricted.</p> <ul style="list-style-type: none"> • Investment loans must have a DTI ratio less than 6 • Interest Only Owner Occupied loans must have a DTI ratio less than 6 • Other Owner Occupied loans must have an LTI ratio less than 8 <p>DTI ratio is calculated on the basis of all loans divided by the sum of all gross eligible income (excluding shading).</p> <p>LTI ratio is calculated on the basis of the proposed loan amount divided by the sum of all gross eligible income (excluding shading).</p> <p>Both ratio calculations will be incorporated into our new serviceability calculator.</p>
<p>Comprehensive Credit Reporting</p>	<p>ING now participates in Comprehensive Credit Reporting. Any existing liabilities listed in the credit bureau must be included in servicing unless evidence is provided confirming the liability has been closed.</p> <p>Undisclosed liabilities will be considered in the applicant's servicing position.</p> <p>Evidence of any adverse credit history in last 24 months will need to be mitigated or may be deemed unacceptable.</p>

Income Verification	Any income declared in acceptable income types must be verified, regardless of whether the income is required to meet serviceability.
Living Rent Free	Where an applicant declares they are to live rent-free or a low rental situation in a property other than that owned by the applicant, an allowance for rent/board must be included in loan serviceability. An exception can apply where evidence is obtained from an employer confirming it is a condition of employment.

Our Residential Mortgages Underwriting Guidelines and new serviceability calculator will be made available on 5 November 2020 to reflect these changes and can be found in the secure section of our new broker portal.

Can we help?

If you have any questions about any of the information above, please contact your ING representative for more information.

Contact us

To learn more



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Call 1300 656 226.



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