

# Commercial Update.



## Improvements to Commercial Underwriting Guidelines

We will be making some changes to our Commercial Underwriting Guidelines, with some of the key improvements outlined below. The new underwriting guidelines will be effective for applications received from Wednesday, 8 August 2018.

Overview of changes to Commercial Underwriting Guidelines	
<b>ING Commercial Assessment rate reduced</b>	The ING Assessment rate will reduce to 7.50% p.a. for Commercial Facilities. For Residential facilities the current floor assessment rate of 8.00% p.a. for servicing purposes remains unchanged.
<b>Gross Company income</b>	Company Net Profits will no longer be taxed for servicing purposes.
<b>Improved scaling of Commercial rental income</b>	<p><b>100% of commercial rental income</b> will now be considered (increased from 85%) for servicing where the commercial lease requires the <b>tenant</b> to pay 100% of the outgoings.</p> <p><b>85% of commercial rental income</b> will now be considered (increased from 65%) for servicing where the commercial lease requires the <b>landlord</b> to pay 100% of the outgoings.</p>
<b>Increased cash-out threshold</b>	<p>We will now consider cash-out of up to <b>75% of the value of the commercial security property</b>.</p> <p>Note, applications for significant cash-out should still be deemed reasonable relative to the applicant's Net Worth and strength of their income.</p>
	For Company and Trust applications, a full servicing

**Standalone servicing for Company and Trust borrowers**

position **may not** be required when purchasing a commercial property that can be serviced solely by that asset's income. Points to highlight:

1. Servicing must meet ING underwriting guidelines from net rental income sourced exclusively from the security property, provided it meets the ING tenancy profile.
2. The proposed security property must be identified as commercial only.
3. Standard requirements for financial statements and tax returns for all companies, trusts and directors/guarantors remain unchanged and will still be required. Whilst we can now isolate servicing we still require financials.
4. Where we require personal income or other business income to meet servicing then we will continue to assess the application on a group basis which incorporates all group income and all group liabilities. Personal income used will be net of tax and net of personal living expenses.
5. Stand alone rule will not be applied if the directors have existing personal lending with ING or if they would like us to consider a home loan as part of the overall application.

**Reminder - Commercial loan applications less than \$500,000**

Please note, ING does not accept new to bank commercial loan applications of less than \$500,000 with more than two borrowers or multiple security properties.

**ING Commercial loan servicing calculators**

Following the changes to our underwriting guidelines, we have released two servicing calculators for commercial loan applications.

The **ING Commercial Loan Calculator** is our full servicing calculator that includes all aspects of our underwriting guidelines. It is a more advanced calculator which can be used for more complex structures and to assist you in refining your customer's servicing requirements.

The **Commercial Loan Servicing Indicator** is an easy to use, streamlined calculator that will give you an indication if an application will meet ING's servicing requirements. Please note, the Commercial Loan Servicing Indicator should be used as a guide only and should not be used for applications that have a combination of residential and commercial lending.

The new calculators must be used for applications submitted from 8 August 2018 and are now available by logging in at our Introducer website. A reminder that both servicing calculators will automatically allocate the correct percentage, please continue to input 100% of the value.

## Did you know?

Did you know that ING was named in the top 10 most trusted brands in Australia, according to the latest Roy Morgan Net Trust Score survey? The survey aims to give a more accurate reflection of trust levels as it also measures distrust, then subtracts this from the overall score, leaving a Net Trust Score. It's a similar approach to the way ING measures our Net Promoter Score.

For more information [click here](#).

## 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



Visit [introducer.ing.com.au](http://introducer.ing.com.au)



Call 1300 656 226



Important Information: All applications for credit are subject to ING's credit approval criteria. Any advice in this email does not take into account your, or your clients' objectives, financial situation or needs, and you should consider whether it is appropriate for you, or your clients. Before making any decision in relation to our loan products you should read the relevant Terms and Conditions booklet and Fees and Limits Schedule. Further information regarding interest rates, fees and terms & conditions is available from your Business Development Manager. ING is a business name of ING Bank (Australia) Limited, ABN 24 000 893 292 Australian Credit Licence 229823. You received this email as you provided ING with your email address. However, if you do not wish to receive further email communications from ING please send an email to [marketing@marketing.ing.com.au](mailto:marketing@marketing.ing.com.au) with "Unsubscribe" in the subject line or call 1300 656 226.

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