



what's new

Consumer Mortgage Broker

Date: 18/05/2015

Credit Policy Changes 23/5/2015

Background

The housing market environment and its conditions continue to evolve and change. Banks, brokers and regulators are conscious of ensuring we are all doing the right thing for customers and balancing the needs between all in the housing market. To this end, Westpac has made a number of policy changes which ensure we align with Regulator requirements to further improve home lending practices for customers. We will continue to ensure we support both you and your clients as the whole market transitions and continues to evolve under the forces of customer demand and regulatory supervision. Westpac is also committed to keeping you informed during this key period, and we will provide further ongoing updates in relation to these changes.

Effective **23 May 2015**, the following changes will ensure Westpac continues to apply responsible lending practices and prudent risk management principles in assessing a customer's ability to service existing and proposed debts, taking into account current market conditions (such as rapidly accelerating house prices), segment and regulatory developments (including macro prudential controls).

What's the change?

Effective **23 May 2015**, the following key credit policy changes are:

- [REDACTED]
- [REDACTED]
- 3. Serviceability assessment to be based on the higher value of; HEM or declared expenses
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

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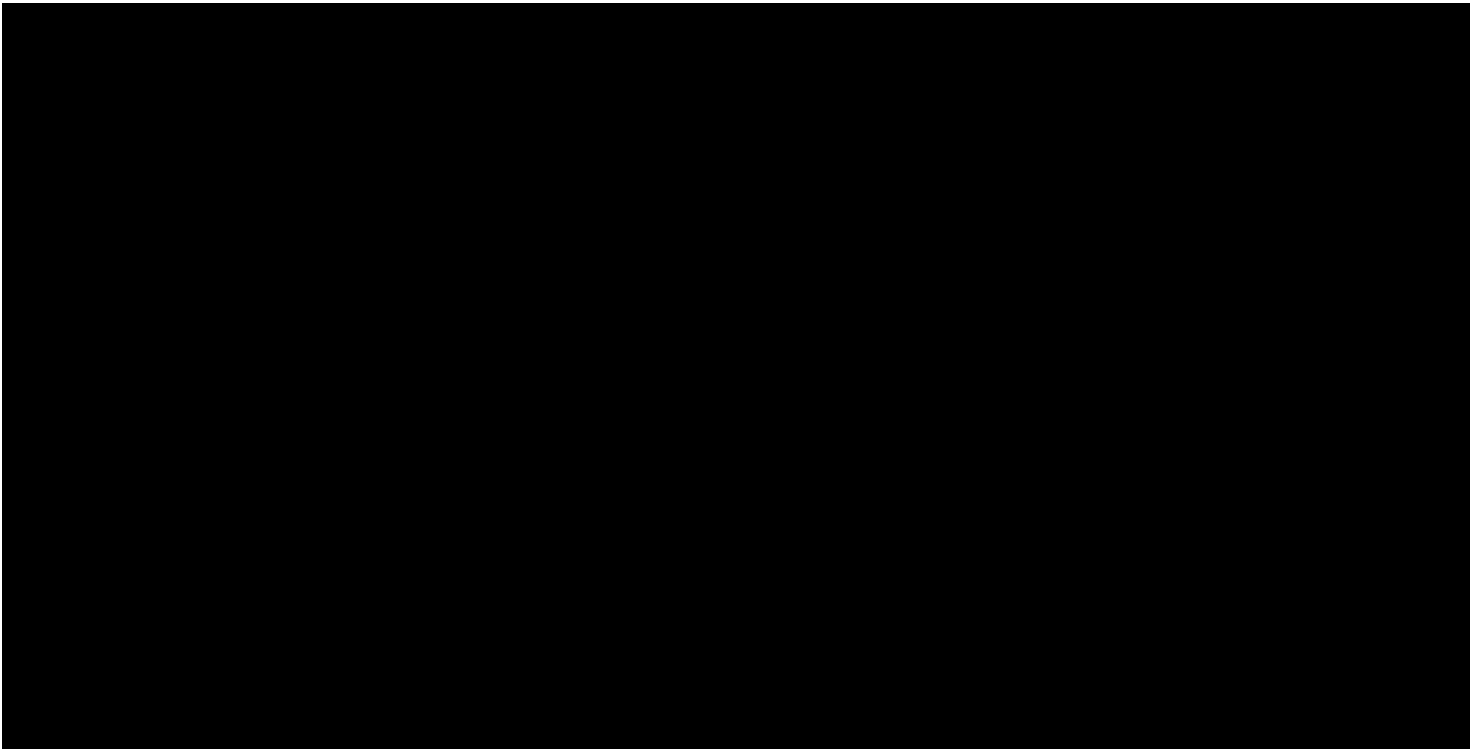
3. Serviceability assessment based on the higher of HEM and declared expenses

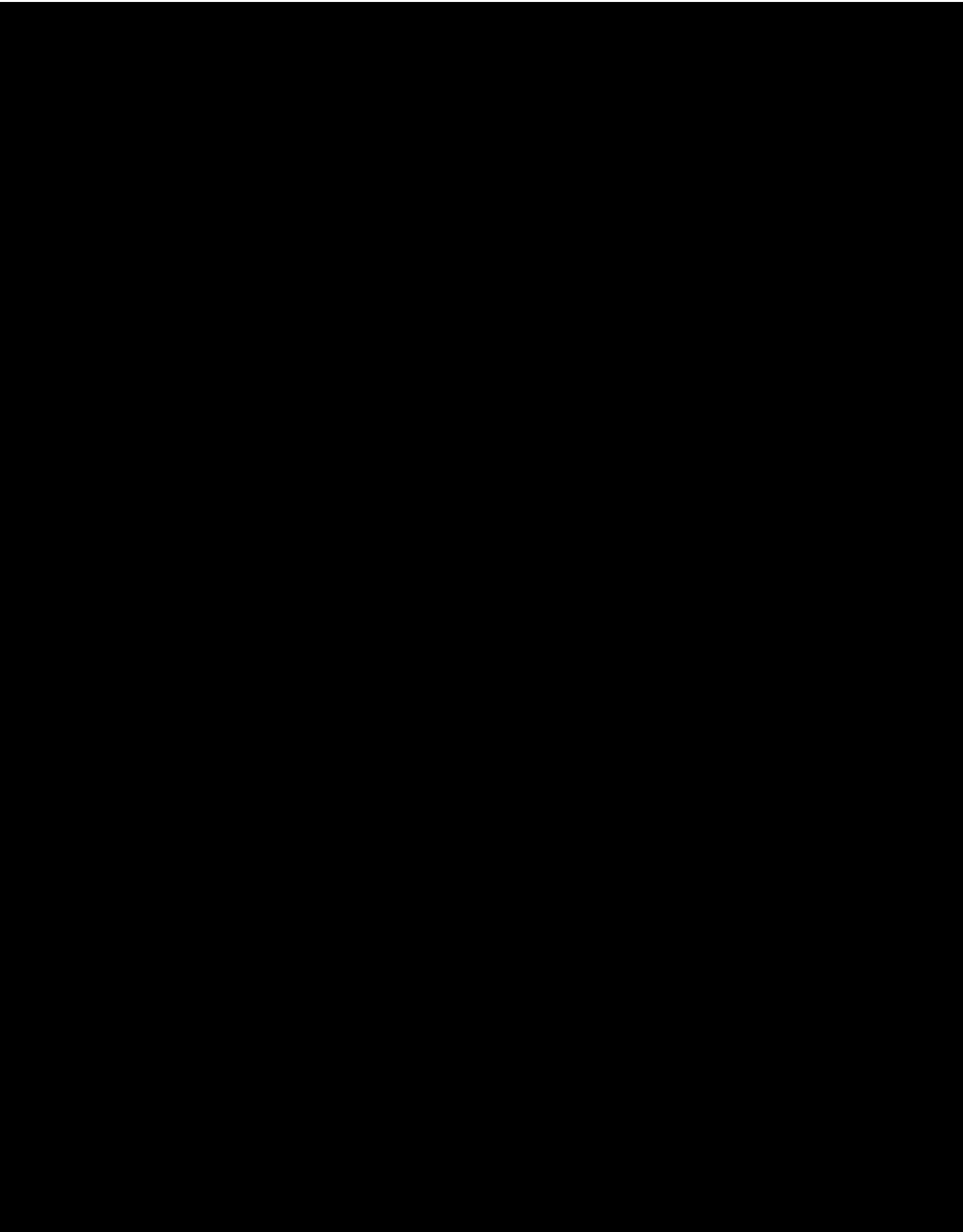
To determine the applicants' Surplus Required position, all serviceability calculations will use the higher value of either;

- a) Declared total expenses (e.g. Absolute Basic expenses, Education expenses, Childcare fees etc.) **or**
- b) The HEM value,

In all applications applicant's Actual Surplus must be in excess of the HEM surplus requirement (or higher declared total expenses), plus the surplus buffer.

The change is to more accurately determine an applicant's Surplus Required position where applicants have higher total expenses than the HEM.





What do I need to do?

- Please be aware of the above changes which will also be updated on our Introducer Net site.
- [REDACTED]
- **The serviceability calculator (Assess 66) will be updated** with changes described above and will be distributed Thursday 21 May. Please use the new version from 23/5/2015.
- **Standard pipeline application re-assessment criteria apply** in respect of the above changes (see attached).

For further information please contact your Business Development Manager



