

Issue date: 29 October 2021

Issue no. 224

Credit Update – 01 November 2021

The Bank will amend its lending policy effective **01 November 2021** to reflect:

- Changes to the Home Loan Assessment Interest Rate Buffer for new home loans in order to meet APRA requirements.
- Changes to our Home Loan Assessment Rate for existing home loan obligations.

As a result a revised serviceability calculator will be available for use from the **16 November 2021**. This will be available on the [TMBL Broker Portal](#) under **Tools and calculators**.

Home Loan Assessment Interest Rate Buffer - New Home Loan Applications

What has changed?

Currently when assessing serviceability for Home Loans, the Bank's Assessment Rate is the higher of:

- The Product P&I Interest Rate + an Interest Rate Buffer (currently 2.5%); or
- The Bank's Floor Rate.

On 6 October APRA announced it had increased the minimum Interest Rate Buffer it expects financial institutions to use when assessing the serviceability of home loan applications, **from 2.5% to 3%**. Refer to APRA's [news release](#) for further information.

As per APRA requirements, the Bank is increasing its Interest Rate Buffer to 3%.

As the Bank needs time to update its technology this change will be implemented in two stages:

- **Stage 1 (1 Nov to 15 Nov)**
For the period from Monday 1 November to Monday 15 November, when assessing serviceability for Home Loans, the minimum Net Monthly Surplus (NMS) is required to be $\geq \$150$. This is an increase of $\$150$ on the present requirement of $\text{NMS} \geq \$0$.
- **Stage 2 (from 16 Nov)**
From 16 November all technology will be updated and the minimum required NMS will revert to $\geq \$0$. The Interest Rate Buffer will increase from 2.5% to 3%.

When are these changes effective?

Changes are effective from **Monday 1 November**.

Any application received from Monday 1 November will be assessed under the new policy criteria. Any application where the conditional approval has expired will be assessed using the new criteria from Monday 1 November.

What do I need to do?

Be aware of the change. From the **1st November – 15th November** all brokers will need to manually apply a minimum $\$150$ NMS to all Home Loan applications that are submitted.



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From the **16th November** the minimum NMS will revert to $\geq \$0$ and brokers will no longer need to manually apply a minimum \$150 NMS.

What's being updated?

- **Effective 16th November:**
NextGen's ApplyOnline system and our serviceability calculator (<https://broker.tmbank.com.au>) located under **Tools and Calculators**.

Home Loan Assessment Rate - Existing Home Loan Obligations

What has changed?

The Assessment Rate for an existing home loan (whether the Bank's or another financial institution) will be increasing from 5.24% to 5.80%.

When are the changes effective?

Changes are effective from **Tuesday 16 November**.

Any application received from Tuesday 16 November will be assessed under the new policy criteria. Any application where the conditional approval has expired will be assessed using the new criteria from Tuesday 16 November.

What do I need to do?

Be aware of the change. Systems will be updated to use the new rate for existing home loans on 16 November. No action is required by brokers.

What's being updated?

- **Effective 16th November:**
NextGen's ApplyOnline system and our serviceability calculator (<https://broker.tmbank.com.au>) located under **Tools and Calculators**.

Further Information

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



Mark Middleton
Head of Third Party Distribution

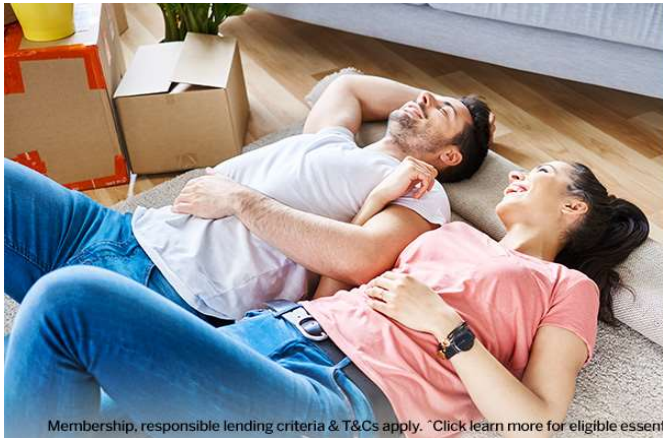


Broker latest news

TEACHERS MUTUAL
BANK LIMITED

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Your home, your loan, Your Way Plus.

Rates from

2.64

Variable rate for eligible essential workers[^]. Loan to Value Ratio (LVR) <60%. Owner Occupier. Principal & Interest

2.97

Comparison rate[^]

Membership, responsible lending criteria & T&Cs apply. [^]Click learn more for eligible essential workers in the education, emergency and health care sector and for comparison rate info.

Important Information

WARNING: The comparison rates quoted are based on \$150,000 for a term of 25 years. Rates apply to secured loans only. This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison rate.

Interest rates effective from **01 October 2021**. **ALL RATES QUOTED ARE FOR NEW BUSINESS ONLY**. Applications are subject to lending criteria. Rates quoted and all rates subject to change. Rates apply to secured loans only. 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 here](#) or from any of our offices. The Your Way Plus is available as a package home loan with package benefits. A package fee is payable annually. For further details see Package Terms and conditions which are available on our website.

[^]Eligible Essential workers include: School Principal, Faculty Head, Commissioned Fire Officer, Commissioned Police Officer, Ambulance Officer, Intensive Care Ambulance Paramedic, Supervisor Police Officer, Police Officer, Senior Fire Fighter, Fire Fighter, Registered Nurse, Registered Midwife, Registered Mental Health Nurse, Registered Developmental Disability Nurse, Enrolled Nurse, Pre-Primary School Teacher, Primary School Teacher, Secondary School Teacher, Special Needs Teacher, Special Education Teachers, University Lecturer, University Tutor, Vocational Education Teacher, English as a Second Language Teacher. Firefighters Mutual Bank, Health Professionals Bank, Teachers Mutual Bank and UniBank are divisions of Teachers Mutual Bank Limited.

