



Lenders mortgage insurance Underwriting Standards and Guidelines bulletin

Summary of changes effective 8 October 2018

The following sections have been updated:

- **Section 2 - Maximum LVR and Loan Amount Matrix**
 - Section removed.
- **Section 3 - Security Location Guide**
 - Section removed
 - All references to Security Location Guide and location categories 1, 2 and 3 removed throughout document.
- **Section 3 - High Density postcode list**
 - Moved to section 9.3.3 High Density apartment/unit.
- **Section 4 (now section 2) - Product summary matrix**
 - Maximum loan amounts replaced by recommended maximum loan amounts
 - NDI for HomeBuyer Plus changed to 1.00:1 from 1.10:1.0
 - Maximum total exposure (to any one borrower) increased to \$3,500,000 from \$3,000,000.
- **Section 7.2.2 (now section 5.1.2) - Construction of a single or duplex residential dwelling**
 - Valuation, building contract, progress payments, insurance, interest requirements removed
 - Lenders to adhere to own lending credit policy.
- **Section 7.2.3 (now section 5.1.3) - Refinance of an existing loan**
 - 90% maximum LVR for refinance with cash out removed. Standard 95% LVR to apply
 - Additional verification requirements streamlined. Lenders to adhere to own lending credit policy.

- **Section 7.2.4 (now section 5.1.4) - Off-the-plan Purchase**
 - Security requirements removed. Lenders to adhere to own lending credit policy.
- **Section 7.2.6 (now section 5.1.6) - Bridging Loan**
 - Serviceability requirements amended from 110% to 100% of proposed residual debt.
- **Section 7.2.7 (now section 5.1.7) - Debt Consolidation**
 - Additional verification requirements streamlined. Lenders to adhere to own lending credit policy.
- **Section 8 (now section 6) - Employment and income**
 - Acceptable employment section removed. Lenders to adhere to own lending credit policy
 - Acceptable income section removed. Lenders to adhere to own lending credit policy.
- **Section 8.4 - Income and employment verification**
 - Section removed. Lenders to adhere to own lending credit policy.
- **Section 9 (now section 7) - Serviceability**
 - Net Monthly Cash Surplus requirement added
 - Existing mortgage loan repayments, cost of living, sole borrower with non-applicant spouse, joint income/joint commitments and notional rental expense requirements removed.
- **Section 10.3 - Genuine savings verification**
 - Section removed. Lenders to adhere to own lending credit policy
 - **Note:** Genuine savings requirements (Section 8.1) remains unchanged.
- **Section 11.3.14 - Second Mortgage**
 - Section removed. Lenders to adhere to own lending credit policy.
- **Section 15.1 (now section 13.1) - Documentation required for LMI proposal**
 - Documentation required has been streamlined. Mandatory five documents only required if submitted via fax, email, eLMI Portal (not including e-form).