



Credit Policy

Eligible Income

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Overtime

Overtime must be a regular and ongoing part of the customer's income.

For non-emergency frontline employment types 80% of income can be used.

For emergency frontline employment types 100% of income can be used. Refer Other/Special notes for eligible employment types and additional verification requirements.

Restrictions	Verification	% Used for Servicing
Confirm and evidence the start date of employment with the borrower if they commenced employment after 1 July for the current financial year (applies to option 2 and 3)	<p>Verified through one of the following;</p> <p>Option 1</p> <p>Employment Contract or Letter from employer or One acceptable payslip showing current Base wage and minimum of three months consistent salary credits into a Commonwealth Bank account or Other Financial Institution (OFI) account - copies of the OFI bank statements and/or Internet banking transaction listings are required. The verification period is to be the three months immediately preceding the date of application</p> <p>Note: If the internet banking transaction listing does not contain all the account holders information (e.g. account holder name & account number) an old bank statement can be provided to verify ownership of account. Bank statements (including internet banking transaction listings</p> <p>Option 2</p> <p>One acceptable payslip less than six weeks old immediately preceding the date of application, excluding handwritten payslips, which shows a YTD income history of at least three months</p> <p>Note: A valid payslip provides the best opportunity to verify maximum eligible customer income.</p> <p>Option 3</p> <p>Both of the following;</p> <ul style="list-style-type: none"> ▶ One acceptable payslip less than six weeks old immediately preceding the date of application, excluding handwritten payslips, which show a YTD income history of less than three months, and ▶ Most recent Tax return or PAYG payment summary/'Tax ready' Income Statement from the most recent financial year or a final YTD payslip from the preceding financial year. <p>Option 4</p>	<p>80% - For non - emergency frontline</p> <p>100% - for emergency frontline</p>

	Both of the following;	
	<ul style="list-style-type: none"> ▶ A Letter from the employer or employment agency which states current employment, base wage, length of employment and break up of YTD income, and ▶ Most recent Tax return or PAYG payment summary/'Tax ready' Income Statement from the most recent financial year 	

Calculations

Option 1

Review salary credits for the past three months.

Calculate the average by totalling the three months' salary credits and dividing by the number of expected pay periods to obtain the average net income amount.

Enter this amount into the income calculator and adopt the annual gross income amount. It is acceptable to use other regular salary credits for example credit union deposit of \$100 per fortnight. The corresponding salary credits must be verified from the applicable account statement and/or Internet banking transaction listings. If the salary credits contain bonus or commission payments, these will need to be excluded from the income calculation.

Example

Customer is paid fortnightly.

Using the 3 months statements, the fortnightly net income is as follows:

- ▶ Fortnight 1:\$3,000
- ▶ Fortnight 2:\$1,350
- ▶ Fortnight 3:\$1,080
- ▶ Fortnight 4:\$1,210
- ▶ Fortnight 5:\$6,520
- ▶ Fortnight 6:\$1,440

Customer has confirmed that the fluctuation in pay / salary credits from fortnight to fortnight is due to regular overtime and allowance, however, in fortnight 1, the large amount was due to a commission payment and fortnight 5 was due to a bonus payment:

Step	Action	Example
1.	Fortnight 1 and 5 must be excluded from calculations as it contains bonus and commission payments.	Average fortnightly net salary excluding bonus and commission is: $\$1,350 + \$1,080 + \$1,210 + \$1,440 / 4 = \$1,247.50$ Annualised income from the calculator: \$36,679.75pa
2.	Deduct the base salary/wage amount from the annualised YTD amount as calculated in step 1 to determine the overtime amount.	$\$36,679.75 - \$32,000 = \$4,679.75$
3.	Enter as two separate amounts in the home loan application: <ul style="list-style-type: none"> ▶ Base salary/wage as Salary/Wages ▶ Overtime as Regular Overtime ▶ For Emergency Frontline the Credit Assessor will confirm the customer meets the requirements and adjust the overtime to ensure the 100% is applied. For the Home Loan Servicing Model calculator input the overtime as "Other Income" and 100% will be applied. 	Base salary/wage \$32,000pa Overtime \$4,679.75pa

Option 2

Step	Action
1	Annualise the YTD amount from the payslip.

	<p>Note: Where the YTD amount on the payslips contains bonus / commission payments, and these are detailed on the payslip, deduct those amounts from the YTD amount prior to annualising the income. If however the YTD amount contains bonus / commission payments and these are not detailed on the payslip, an alternate method to calculate the customer's PAYG income must be used.</p>
2	Deduct the base salary/wage amount stated on the payslip from the annualised amount calculated in step 1 to determine the overtime amount.
3	<p>Enter as two separate amounts in the home loan application:</p> <ul style="list-style-type: none"> ▶ Base salary/wage as Salary/Wages ▶ Overtime as Regular Overtime. ▶ For Emergency Frontline the Credit Assessor will confirm the customer meets the requirements and adjust the overtime to ensure the 100% is applied. For the Home Loan Servicing Model calculator input the overtime as "Other Income" and 100% will be applied.

Option 3

Step	Action
1	<p>Annualise the YTD amount from the payslip.</p> <p>Note: Where the YTD amount on the payslips contains bonus / commission payments, and these are detailed on the payslip, deduct those amounts from the YTD amount prior to annualising the income. If however the YTD amount contains bonus / commission payments and these are not detailed on the payslip, an alternate method to calculate the customer's PAYG income must be used.</p>
2	Compare the annualised amount calculated in step 1 to the PAYG payment summary/'Tax ready' Income Statement or Tax Return or a final YTD payslip from the preceding financial year and use the lower amount.
3	Deduct the base salary/wage amount stated on the payslip from the lower amount identified in step 2 to determine the overtime amount.
4	<p>Enter as two separate amounts in the Home Loan application:</p> <ul style="list-style-type: none"> ▶ Base salary/wage as Salary/Wages ▶ Overtime as Regular Overtime. ▶ For Emergency Frontline the Credit Assessor will confirm the customer meets the requirements and adjust the overtime to ensure the 100% is applied. For the Home Loan Servicing Model calculator input the overtime as "Other Income" and 100% will be applied.

Option 4

Step	Action
1	<p>Annualise the YTD amount stated in the letter.</p> <p>Note: Where the YTD amount on the letter contains bonus / commission payments, and these are detailed on the letter, deduct those amounts from the YTD amount prior to annualising the income.</p>
2	Compare the annualised amount calculated in step 1 to the PAYG payment summary/'Tax ready' Income Statement or Tax Return or a final YTD payslip from the preceding financial year and use the lower amount.
3	Deduct the base salary/wage amount stated on the payslip from the lower amount identified in step 2 to determine the overtime amount.
4	<p>Enter as two separate amounts in the Home Loan application:</p> <ul style="list-style-type: none"> ▶ Base salary/wage as Salary/Wages ▶ Overtime as Regular Overtime. ▶ For Emergency Frontline the Credit Assessor will confirm the customer meets the requirements and adjust the overtime to ensure the 100% is applied. For the Home

Loan Servicing Model calculator input the overtime as "Other Income" and 100% will be applied.
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Other/Special Notes

Any related commitments, e.g. car loan or equipment finance, must be included as a liability to calculate servicing.

Emergency frontline employees are defined as:

- ▶ Fire fighter Ambulance Officer / Paramedic
- ▶ Police Officer
- ▶ Hospital employed nurses
- ▶ Hospital employed Doctors

They must be employed on a permanent (full-time or part-time) basis and be in a frontline role (i.e. not administrative or office role). The customer's payslip or letter from employer must evidence they meet the requirements to use 100%. Where the payslip does not evidence the customer meets the requirements a separate letter from the employer must be obtained. You must ensure the Occupation Role is captured correctly and your application comments reflect the customer is eligible for the Emergency Frontline Employment overtime requirements.

For Nurses and Doctors not employed by a hospital, only 80% of the overtime income is used for servicing - no exceptions will be applied