







## Credit Policy | Acceptable Repayment Terms

	What	Relates to the customer's <b>ability to make</b> their loan <b>repayments</b> over the agreed <b>term</b> .									
	Why	It's our responsibility to ensure customers are able to <b>consistently service their loan repayments</b> (principal plus interest) over the agreed period of time (term) without hardship.									
	How	<div><b>MAXIMUM OVERALL REPAYMENT TERMS</b></div> <p>The <b>maximum overall repayment terms</b>, including an interest free period is:</p> <ul style="list-style-type: none"><li>▶ Home Loans and Investment Home Loans - 30 years</li><li>▶ Bridging Loans - 1 year</li></ul> <div></div> <p>Below are our maximum <b>interest only terms</b> by loan type. When doing the calculation just remember repayments are on a monthly amortised basis (except for bridging loans).</p> <table><tr><th>TYPE OF LOAN</th><th>MAX. INTEREST ONLY TERM (New and existing loan)</th></tr><tr><td>▶ Home Loans</td><td>Five years</td></tr><tr><td>▶ Investment Home Loans</td><td>Ten years (maximum of 5 years at a time)</td></tr><tr><td>▶ Bridging Loans</td><td>One year</td></tr></table> <p><b>Here's a good example:</b></p> <p>If an Investment Home Loan customer is eligible for a 30 year loan term and wants a 5 year interest only period, that's okay -- provided the customer shows they can service the loan on a fully amortised basis over 25 years (i.e., the contracted loan term of 30 years minus the interest only period of 5 years).</p> <p><b>Note:</b> <i>Interest only and fixed interest rate terms may differ (e.g. interest only term may be 5 years while interest rate is initially fixed for 3 years). Interest only terms are not available if the security is a leasehold estate.</i></p> <div></div> <div><b>WHEN AN INTEREST ONLY PERIOD ENDS</b></div> <p>When an <b>interest only period ends</b>, we'll consider another interest only period if:</p> <ul style="list-style-type: none"><li>▶ The total interest only period for the life of the loan doesn't exceed the maximum interest only term</li><li>AND</li><li>▶ Capacity to repay is evident</li></ul> <div></div> <div><b>BRIDGING LOANS</b></div> <p>Bridging loans help customers meet short term requirements if a repayment is reliant on the sale of an asset or an alternative income source. Bridging loans are limited to a maximum of one year in situations where:</p> <ul style="list-style-type: none"><li>▶ An interest servicing capacity is established</li><li>▶ A strong security position is available</li><li>AND</li><li>▶ The existing property is sold within 12 months from funding date. The bridging debt must be repaid in full or reduced to the agreed residual debt level</li></ul>		TYPE OF LOAN	MAX. INTEREST ONLY TERM (New and existing loan)	▶ Home Loans	Five years	▶ Investment Home Loans	Ten years (maximum of 5 years at a time)	▶ Bridging Loans	One year
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### Resources

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