MAKING SENSE OF CHANGES IN THE HOME LENDING MARKET

WHAT'S CHANGED	BANKING REGULATORS TOOK ACTION	LENDERS RESPONDED	WHAT THIS MEANS FOR CUSTOMERS
Increased house prices. (SYD/MEL especially) **Multi-speed economy across the country.**	Limiting how much banks can lend to property investors.	To slow investment lending, interest rates increased & larger deposits required for investment loans.	Investment lending may be harder to get. Refinancing and/or additional lending may not be possible.
Global focus on the need to maintain a safe banking system.	Making sure customers can afford to pay their home loans long term.	Assessing customer applications with greater consideration to current conditions and customers' long-term ability to pay their home loan.	Assessment of borrowing capacity is more stringent. Costs, income, living expenses and rental returns are more conservatively assessed by lenders. Higher deposits than previously may be required.
	Banks required to increase capital they hold against lending.	Interest rate changes to reflect the lending costs of different loan types.	Interest Only and Principal and Interest Loan terms are viewed differently, as are Investor and Owner Occupier purpose loans. More competitive options for home loan customers living in their home.