

Handy hints

Loan serviceability calculator



This guide provides a summary of the steps to completing the ING loan serviceability calculator. This is not intended to be used as a policy document. You should always refer to the ING Residential Mortgage Underwriting Guidelines (RMUG).

Residential facility details

Loan amount	<ul style="list-style-type: none">▪ Insert total loan amount.▪ Must include any LMI premium (if applicable).
Loan term	<ul style="list-style-type: none">▪ Insert term in months.▪ Maximum term is 360 months except for increase / variations where the remaining loan term applies.
Loan purpose	<ul style="list-style-type: none">▪ “Click” on the drop down box - select Owner Occupied or Investment.▪ If loan is for multiple purposes, the predominant purpose is used, i.e. \$100k for Refinance O/O and \$50k Investment, the loan will be predominantly Owner Occupied. <p>Note: When a loan is for unspecified investment purpose it is to be assessed as owner occupied, (not investment) for servicing purposes. No deductible interest is to be applied.</p>
Interest only term	<ul style="list-style-type: none">▪ Use drop down box to select one of the options.▪ Select 0 for a Principal & Interest loan with no interest only term▪ Select between 1 and 60 months, to match any initial interest only term▪ Select Line of Credit for either an Action Equity Loan or Smart Home Loan. <p>Note: Reduction in term happens for all loans now.</p>
Payment frequency	<ul style="list-style-type: none">▪ Drop down box has 2 options - Monthly and Fortnightly. Please select one.
Customer rate	<ul style="list-style-type: none">▪ Insert the actual interest rate to be charge on the loan(s).
ING assessment rate	<ul style="list-style-type: none">▪ The ING assessment rate of 8.00% will be used.
Total actual payment	<ul style="list-style-type: none">▪ This field is auto populated from the previous input (will display actual P&I fortnightly or monthly repayment amount).
Total assessed monthly payment	<ul style="list-style-type: none">▪ This field is auto populated from the previous input.

Annual income details

Applicant	<ul style="list-style-type: none">This is no longer system driven. The number of applicants to be entered that are partied to the loan will be considered. <p>Note: in certain scenario guarantors income may also be considered. Refer Underwriting Guidelines.</p>
Base income	<ul style="list-style-type: none">Enter the applicant's base annual income. Refer RMUG (section 10).
Regular overtime	<ul style="list-style-type: none">Input 100% of value as calculator will reduce value to 80%. Refer to RMUG (section 10) to determine when overtime can be included.
Second job income	<ul style="list-style-type: none">Income for second job only be used if employment is over 12 months and consistency of income is verified. Refer to RMUG (section 10).
Car allowance	<ul style="list-style-type: none">Can be used when evidence is held that an applicant is provided a car allowance (usually on applicant's payslips). Ensure any matching expense has been included, e.g. lease, rental agreement. Refer RMUG (section 10). <p>Input at 80% of value - Car allowances can be accepted at 100% when the associated car lease/loan repayments also included.</p>
Fully maintained car	<ul style="list-style-type: none">Can be used when evidence is held that an applicant is provided with a fully maintained company car – Refer to RMUG (section 10). Can not be included if any amount is entered under car allowance for applicant.

Other income

Child maintenance income	<ul style="list-style-type: none">Only to be used when conditions in RMUG (section 10) are met.
Annual investment income	<ul style="list-style-type: none">Enter additional income received from investments dividends or interest on savings etc. Input 100% of value as calculator will reduce value to 80%. Refer RMUG (section 10).
Bonus / commissions income	<ul style="list-style-type: none">Input 100% of value as calculator will reduce value to 80%. Refer to RMUG (section 10).
Max allowable deductible payments	<ul style="list-style-type: none">Interest component of Investment Loans field is auto populated from prior input. Refer to RMUG (section 11.1.3).

Rental income

Existing	<ul style="list-style-type: none">Input 100% of value as calculator will reduce value to 65%.
Proposed	<ul style="list-style-type: none">To be used for new rental income from proposed property investments. Input 100% of value as calculator will reduce value to 65%. Refer to RMUG (section 10).

Business income

Company income

- Enter the last 2 years net profit before tax (NPBT) figures, which are sourced from the company's financials. Refer to the RMUG (section 9.2 & 10) for full policy details including acceptable 'Add Backs' if they are to be used.

Sole trader / partnership income

- Enter the last 2 years financial details or net profit before tax (NPBT) figures which are sourced from the individual / partnership tax returns. Please refer to RMUG (section 9.2 & 10) for acceptable 'Add Backs' if they are to be used.

Note: Ensure you do not double up on including income that was paid to the applicants as distribution / dividends.

Variance in income

- Where the variance is < 20% the Most Recent Year figure will be used.
- Where the variance is >20% and the income has:
 - increased an average will be used.
 - decreased from the previous year, the Most Recent Year figure will be used.

Note: If the business/company's income has increased/decreased substantially over the last 2 financial years (i.e. variance of greater than 20%), an explanation of the cause(s) should be obtained and retained on file.

Net income

- This field is auto populated from previous input. For more detailed information please refer to RMUG.

☒ When Business Income tick box is selected a second worksheet will appear.

Expenses – per annum*

Number of applicants

- Enter the family position of the applicant (single, married/defacto) and not the number of applicants on the application.

Number of dependants

- Insert number of children of applicant/s & or family members who rely on applicants income. Please remove all other parts to this section.

Total credit card limits

- Total of all credit card limits (bank, credit union, store cards etc.) to be included. Refer to RMUG (section 11).

Other banks' deductible loan limits

- The higher of the loan limit or debt is to be entered only when the existing loan purpose is a 'residential investment' mortgage secured loan.

Other banks' non deductible loan limits

- The higher of the limit or debt is to be entered only when the existing loan purpose is an 'owner occupied / personal use' mortgage secured loan. The ING Assessment Rate is used to calculate loan repayments for other banks' loan repayments.

Note: Other Banks' Deductible Loan Limits and Other Banks' Non-Deductible Loan Limits fields are not to be used for personal loans, car leases, etc.

Other financial commitments monthly payments

- Monthly payments for personal loans, rental expenses, leases, child maintenance, HECS etc. If the applicants declare they are living "Rent Free" a notional amount should be included. Refer to RMUG (section 11) for amounts.


* Once the following fields are entered into the relevant section of the calculator, the calculator will automatically allocate the correct expense.

Acceptable serviceability

- Serviceability is acceptable if the 'surplus / shortfall' box shows a positive figure of at least \$1.

Serviceability notes

- Add comments on how / why income and expenses have been calculated. This will assist when checking the file for compliance.



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How banking can be

Loan Serviceability Assessment (July 2017 V24)

Name of Applicants Clear Print

RESIDENTIAL FACILITY DETAILS Number of Facilities 1

Facility	Loan Amount	Loan Term (Months)	Loan Purpose	Interest Only Term (Months)	Payment Frequency	Customer Rate	ING Assessment Rate	Borrower Type	Actual Payment
1							8.00%		\$ -
Total	\$ -								

Total Actual payment \$ -
Total Assessed Monthly payment \$ -

COMMERCIAL FACILITY DETAILS Number of Facilities 0

Number of Applicants 1

LVR Calculator:
For information only.

Total Facilities	\$ -
Security Value	
LVR	0.00%

PERSONAL INCOME - PER ANNUM

Annual Income Details:	Applicant 1	Applicant 2	Applicant 3	Applicant 4	Applicant 5	Applicant 6
Base Income (PAYG)						
Regular Overtime						
Second Job Income						
Car Allowance						
Fully Maintained Car	<input type="checkbox"/> 100%	<input type="checkbox"/> 100%	<input type="checkbox"/> 100%	<input type="checkbox"/> 100%	<input type="checkbox"/> 100%	<input type="checkbox"/> 100%
Other Income						
Tax Free Income						
Child Maintenance						
Annual Investment income						
Bonus/Commission Income						
Other						
Max Allowable Deductible Payments	-	-	-	-	-	-
RENTAL INCOME						
Existing Rental Income						
Proposed Rental Income	-	-	-	-	-	-
BUSINESS INCOME	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Switching to the Business Income worksheet can be done by selecting the Business Income tab below.

Self Employed Income (if business)	-	-	-	-	-	-
Self Employed Income (if company)	-	-	-	-	-	-
Net Income	-	-	-	-	-	-

EXPENSES - PER ANNUM

Number of Couples	Number of Singles	Number of Dependants	Credit Card Limits	Other Banks' Deductible Loan Limits	Other Banks' Non Deductible Loan Limits	Other financial commitments - monthly payments	ING Assessment Rate
							8.00%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Number of couples, singles and dependants must be declared

Declared Living Expenses

Monthly	Annually
-	-

Declared Living Expenses must be completed.

Personal / Company Income	-
Commercial Rental	-
Less expenses	-
Less subject commitments	-
Surplus / Shortfall	-
Servicing Ratio	INCOMPLETE

ANSWER

Based on a loan term of months, an interest rate of **8.00%** and principal & interest repayments the maximum loan for this borrower is \$0k -GUIDE ONLY

Add additional comments below, if required:

Disclaimer : This calculation is a guide only and is not to be construed as an offer of credit

Visual reference only

Loan Serviceability Assessment (July 2017 V24)

Company Income Details

Clear

Back

	Most Recent Year	Previous Year
Net Profit (Loss) Before Tax	-	-
Non-Taxable Add Backs:		
Interest	-	-
Depreciation	-	-
Other	-	-
Sub-Total of Add Backs	-	-
Total Gross	-	-
Total	-	-
Net Income used for servicing		-

Sole Trader/Partnership Income Details

Applicant 1's Income Details

	Most Recent Year	Previous Year
Net Profit (Loss) Before Tax	-	-
Non-Taxable Add Backs:		
Interest	-	-
Depreciation	-	-
Other	-	-
Sub-Total of Add Backs	-	-
Total Gross	-	-
Total	-	-
Gross Income used for servicing		-

▪ Visual reference only

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