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1.1 Overview

The Net Surplus Calculator acts as a determiner for a lender to assess the amount of surplus income in a particular loan application.

1. What does the Net Surplus Calculator do?

The Net Surplus Calculator will calculate the following:

- Applicant’s Serviceability Ratio;
- Actual Surplus Income for the household;
- Applicant’s Maximum Borrowing Capacity;
- LVR – Loan to Value Ratio;
- LTI – Loan to Income ratio.

2. Features of the Net Surplus Calculator

The Net Surplus Calculator has the following features:

- Will calculate Serviceability for up to 5 applicants;
- Will calculate Net Income for individual, self-employed and corporate applicants;
- Will calculate living expenses for up to 3 households;
- Calculates loan repayments (sensitised and actual);
- Calculates Maximum Borrowing Potential for applicants based on their income.

3. When can’t the Calculator be used?

The Net Surplus Calculator can be used in most situations to calculate serviceability. You will need to calculate Net Surplus Income manually when the following scenarios arise:

- There are more than 5 applicants
- There are more than 3 households

4. How to use the Net Surplus Calculator

The Net Surplus Calculator is contained within an excel spreadsheet and is based on the current release of Excel 2013. Please ensure macros are enabled in your version of excel.

The following information will be required:

- Applicant Name(s);
- Applicant type (e.g. PAYG, self-employed, corporate) and income details;
- Number of adults and children in the household(s);
- Existing commitments;
- Loan amount, Loan term, Loan contractual interest rate, and Loan type;
- Declared Living Expenses
- Total security value.

Note: For further information refer to the Helpful Hints Guide link that can be found at the top right hand corner of the Net Surplus Calculator sheet, see figure 1.
**Net Surplus Calculator**

**Version 5.0.54 30/05/2016**

**Figure 1 - Overview**

This button will reset all current inputs.

### 1. LOAN REQUEST Details

<table>
<thead>
<tr>
<th>Applicant Name</th>
<th>Corporate / Self Employed?</th>
<th>Which household?</th>
</tr>
</thead>
</table>

### 2. HOUSEHOLD Details

<table>
<thead>
<tr>
<th>Household Type</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couple?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult (Dependent)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Adults</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children (Dependent)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3. GROSS ANNUAL INCOME - Annual (PY20)

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Applicant 1</th>
<th>Applicant 2</th>
<th>Applicant 3</th>
<th>Applicant 4</th>
<th>Applicant 5</th>
<th>Eligible Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rental</td>
</tr>
<tr>
<td>Cat 1,2 and 3 Residential</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cat 4 Residential</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cat 1, 2 and 3 Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cat 4 Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income Inputs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overtime</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent Allowance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL TAXABLE INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company Car</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car Lease</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL NON-TAXABLE INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 4. Ongoing Existing Commitments

<table>
<thead>
<tr>
<th>Existing Commitment</th>
<th>Type of Product</th>
<th>Amount/Loan (H)</th>
<th>Monthly Payment (H)</th>
<th>Investment Deductions?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Card Total Liabilities</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 5. COMMITMENTS (Figures shown are for servicing purposes only)

- **TOTAL NEW RESIDENTIAL LENDING**
- **EXISTING OWNER OCCUPANT REPAYMENT**
- **TOTAL EXISTING RESIDENTIAL LENDING**
- **EXISTING INVESTMENT ACTUAL REPAYMENT**
- **Other Mortgage on Security**
- **Existing Commitments Per Month**
- **New Commitments Per Month**
- **Total Commitments Per Month**

**Monthly Living Expenses**

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
</table>

**Important Information**

This calculator is provided for information purposes. The calculations produced are intended for use by you as a guide only. They do not constitute a quote or loan approval. This calculator is only a guide and does not constitute a full assessment of your financial position. The results are based on the information provided. Adelaide Bank may decline to lend or continue to provide the funds on its terms. Results in this calculator may only be calculated once your application has been lodged.
1.2 Entering New Applications into the Net Surplus Calculator

Borrower Details

- Applicant (Figure 2)
  - Enter the applicant’s name/s in Applicant Name field.
  - A drop down box will appear on the right hand side of Self-Employed allowing you to select either “Yes” (Y) or “No” (N).
  - Select which household the applicant belongs to.
- New Commitment (Figure 2)
  - Select product or commitment.
  - Enter the amount
  - Term (if applicable)
  - Contractual Rate (if applicable)
  - Select “Yes” or “No” regarding whether the commitment is an investment and is eligible for tax deductions or not? (If applicable)

Figure 2 - Borrower Details Applicant

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Applicant Name</th>
<th>Corporate F Self Employed?</th>
<th>Which household?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>N</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Commitment</th>
<th>Type of Product</th>
<th>Amount (incl. LMI) (if applicable)</th>
<th>Loan Term</th>
<th>Contractual Rate (%)</th>
<th>Investment Eligible for Tax Deductions?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Residential Loan (P1)</td>
<td>200,000</td>
<td>30</td>
<td>4.5%</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Residential Loan (P1)</td>
<td>200,000</td>
<td>30</td>
<td>4.5%</td>
<td>N</td>
<td></td>
</tr>
</tbody>
</table>

A maximum of 5 applicants can be input into the calculator.

Household Details

- Select Couple “Yes” (Y) or “No” (N)
- Type in the number of Children and Additional Adults in the Household(s)
- Note: Selecting “Yes” for “Couple” will default to 2 adults as per Household structure regardless of the number of applicants, so as to determine the correct Living Expense calculation based on Household.

Figure 3 - Household Details

Income

Please note that if the “Yes” (Y) option is selected for Self-Employed, the PAYG section cannot be selected for those applicants, except for rental income. The income details can be entered by selecting the Calculate/Corporate/Self Employed Income button.
Annual PAYG
- Enter the applicant’s annual PAYG income in the Gross field
- Enter the applicant’s share of Rental Income
- Other income is for dividends, commission, and income from a second job and sustainable revenue from investments
- All Addbacks including Company Car, Car Allowance and all types of Centrelink income should be completed in the relevant field of the “Addbacks for PAYG” income section

Other Income
- **Bonus** – Input the lower amount over 2 years from current employer and written confirmation bonus income forms part of applicant’s standard salary arrangements.
- **Commission** - Input the lower amount over 2 years from current employer and written confirmation commission income forms part of applicant’s standard salary arrangements
- **Dividends** - Only ASX 200 listed companies acceptable.
- **Overtime** - Written confirmation overtime is a condition of employment and has been received for a minimum of 12 months (written confirmation not required for essential/emergency services)

Figure 4 - Income
![Figure 4 - Income](image)

Corporate/Self-Employed
The Corporate/Self-Employed income appears on the second worksheet of the Net Surplus Calculator. This can be accessed either by selecting the Calculate Corporate/Self-Employed Income button or by selecting the Corporate Self-Employed Income tab.
Sole Proprietor or Partnership
Enter the Sole Proprietor or Partnership name in the name field. Select “Y” for Corporate/Self Employed and in the Corporate Self Employed Income Sheet, tick the “Sole Proprietor or Partnership” box and select “I” in the “Applicant Corporate (C) or Individual (I)” row.

- The Sole Proprietor’s, Partner’s salary or Director’s salary is placed in the Sole Proprietor/Partners/Directors Salary field
- The applicant’s share of the Net Profit should be placed in the Net Profit field. This includes the applicant’s share of the Company Profit if they are a Company Director and the Company is not on the loan. (Please note: Income from a Trust should also be completed in this section).
- Any one time significant expenses, not consistent year on year, to be entered into the Abnormal Expenses field
- Any significant one time income generated, not consistent year on year, to be entered in the Abnormal Income field. This amount will be a deduction to the total taxable income.
- Other Income is for dividends, commissions, income from a second job or sustainable revenue from Investments.
- 100% of the applicant’s share of the new and existing rental income should be placed in the Rental section.
- Any add backs should be placed in the relevant fields shown in the “Plus Addback/Non Taxable Income” section

Company
Enter the Company’s name in the name field. Select “Y” for Corporate/Self Employed and in the Corporate Self Employed Income Sheet, tick the “Company” box and select “C” in the “Applicant Corporate (C) or Individual (I)” row.

- Enter the Company's profit in the Company Profit field
- Any one time the significant expenses, not consistent year on year, to be entered into the Abnormal Expenses field.
- Any significant one time income generated, not consistent year on year, to be entered in the Abnormal Income field. This amount will be a deduction of the total taxable income.
- Other Income is for dividends, commissions, income from a second job or sustainable revenue from Investments.
- 100% of the applicant’s share of the new and existing rental income should be placed in the Rental section.
- Where no Directors exist, a minimum of at least one dependant must be entered.
- Any add backs should be placed in the relevant fields shown in the “PLUS ADD BACKS/NON TAXABLE INCOME” section.
Commitments

New

- See Above Borrower Details Section

Existing

- Existing Commitment (Figure 6)
  - Select product or commitment.
  - Enter the amount
  - Enter Monthly Commitment Payment ($)
  - Select “Yes” or “No” regarding whether the commitment is an investment and is eligible for tax deductions or not? (If applicable)

Figure 6 - Ongoing Existing Commitments

<table>
<thead>
<tr>
<th>Existing Commitment</th>
<th>Type of Product</th>
<th>Amount/Limit ($)</th>
<th>Monthly Commitment Payment ($)</th>
<th>Investment Eligible for Tax Deductions?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Residential Loan</td>
<td>$200,000</td>
<td>$1,000</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: For a deduction to apply, a rental income amount greater than 6 must be declared. Tax deductions are not applicable for non-residents.
Rental Location Category
A rental location category has been introduced to enable the ability to more accurately determine what discount percentage that applies for the rental amount depending on the location of the application being considered.

Four rental categories exist for both Residential and Commercial, please see below print screen.

The correct Rental Location Category must be selected based on the property type (residential or commercial)

**Note:** Where multiple properties for the customer are located in the same location please enter the sum total of the rents being received in each location.
Validation Guide
A validation check will be performed every time a result is being calculated. If there is information missing, then a prompt will come up asking for additional inputs.

Please find examples of where additional information is required below:

**Example 1:**

![Microsoft Excel screenshot](image)

**Example 2:**

![Image of RSC Validation Errors](image)
Results
To view the Results select the Calculate Button.

The results (LVR, Serviceability Ratio, Actual Surplus Income and Maximum Borrowing Potential) will automatically calculate once all required fields have been entered.

LTI (Loan to Income) Ratio, this field is calculated as per following formula:
- Total of all proposed and existing mortgage borrowings / total gross income (from all sources) – less any income haircuts.

A Notes section has been included to make any case notes appropriate. This can be accessed by selecting the “Enter Notes” button and the notes can be hidden by depressing the same button “Hide Notes”. On the pressing reset function the notes will be cleared.

### RESULTS

<table>
<thead>
<tr>
<th>Loan to Valuation Ratio</th>
<th>Monthly Actual Surplus Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTI</td>
<td>Serviceability Ratio</td>
</tr>
<tr>
<td></td>
<td>$15,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Product</th>
<th>Loan Applied</th>
<th>Interest Rate</th>
<th>Term (Years)</th>
<th>Actual Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Loan P&amp;I</td>
<td>$200,000</td>
<td>4.50%</td>
<td>30</td>
<td>$1,013.37</td>
</tr>
<tr>
<td>Residential Loan P&amp;I</td>
<td>$50,000</td>
<td>3.50%</td>
<td>30</td>
<td>$224.52</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Summary</th>
<th>Total Loan Applied</th>
<th>30 year term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of 2 new commitments</td>
<td>$250,000</td>
<td>$1,043,712</td>
</tr>
</tbody>
</table>

**Important Information**
This calculator is provided for information purposes. The calculations produced are intended to work as a guide only. Therefore, constitute neither advice or loan approval. This calculator estimates have inevitably based on the preoccupation information provided. Adelaide Bank or its Division of Bendigo and Adelaide Bank Ltd reserve the right to change its lending and assessment criteria at any time. Actual loan serviceability can only be calculated once your application has been lodged.

**PRINTING**
After calculating you can print the results by using the standard print methods within excel.

**Note:** The Net Surplus Calculator Worksheet can be submitted to the Loans Centre in lieu of the Loan Serviceability Worksheet. Please do not give this worksheet to customers.

**SAVING**
An application can be saved using the standard excel options available. If your preference is to save each application, it is recommended to set up a folder within excel, and provide an appropriate file name for retrieval ease.

**BADGING**
Each page of the Net Surplus Calculator can be badged with any corporate logo. The dimensions are 1.5cm x 2.5cm (same dimensions as the statement logo).
A logo can be replaced quickly and easily. Click on an existing logo from any page and select ‘Open’ from the option box that automatically appears and locate your file.

**Note:** Your logo may appear out of proportion if it does not fit the dimensions specified above.

If you are unable to change your logo’s actual proportions, you can modify the picture file to a size that will fit.
1.3 Go-Between Calculator – User Guide

WHAT DOES THE GO-BETWEEN CALCULATOR DO?
The Go-Between Calculator will calculate the following:

- The peak debt and peak debt LVR
- The end debt and end debt LVR

HOW TO USE THE GO-BETWEEN CALCULATOR

Property to Be Sold

Enter the current value of the property
Enter either the outstanding loan amount OR the loan amount to be refinanced.

New Property

Select either “Established Dwelling” OR “Construction” (default is Established Dwelling)

Property Being Purchased (Established Dwelling)

Enter the purchase price
Enter the deposit paid
Property Being Purchased (Construction)

Enter the land purchase price
Enter the deposit paid
Enter the Construction/Contract price

Note: Land purchase may not be required if land is included in the Constructing/Contract price

Additional Security

Enter the Property Value
Enter the Outstanding Loan Amount OR the Loan Amount to be Refinanced

Additional Borrowings (if applicable)

Enter the loan fees & charges
Enter the LMI amount
Enter any other funds to be borrowed
## Loan Details

Select if an introduction rate is applicable (default is “No”)

**Introductory Rate (Yes)**

Select either a 6 or 12 month period
Enter the initial Interest Rate
Enter the Loan Interest Rate (roll-to date)

**Introduction Rate (No)**

Enter Loan Interest Rate
End Debt Details

Either enter the actual selling cost figure (if known) OR select “Calculate Selling Costs” button

Enter any funds that are being retained by the Customer

Select the Calculate Button

Note: If all required fields have not been completed error messages will appear stating which fields require values to be entered.

The End Debt and End Debt LVR details will now be calculated and displayed.

Features

Reset Button – This will reset the Go-Between sheet
Net Surplus Calculator Button – This will automatically select the Net Surplus Calculator page.
(i) Buttons – Next to each cell there is an “i” button which provides a detailed explanation of what is required in the next cell.