



# Lenders Mortgage Insurance Serviceability calculator user guide Australia

Effective as at 1 Nov 2021

# CUSTOMER SERVICE CENTRE



# 1300 661 118

At Genworth, we pride ourselves on our commitment to our lender and broker customers, ensuring each interaction is a positive experience.

Our Customer Service Centre can assist with your enquiries regarding an LMI proposal.

If you would like to discuss a new proposal, a variation to an existing policy, or if you have an enquiry about a premium credit, please contact the Customer Service Centre.

**Phone:** 1300 661 118

**Email:** [customerserviceau@genworth.com](mailto:customerserviceau@genworth.com)

**Hours:** 8.30am to 5.30pm, Monday to Friday (AEST)

# Contents

|   |          |
|---|----------|
| Contents .....                                    | 3        |
| <b>1 Introduction .....</b>                       | <b>4</b> |
| <b>2 Serviceability calculator function .....</b> | <b>5</b> |
| 2.1 Data entry.....                               | 5        |
| 2.2 Calculate.....                                | 5        |
| 2.3 Servicing results screen.....                 | 6        |
| 2.4 Restarting the serviceability calculator..... | 6        |
| 2.5 Saving a serviceability calculation .....     | 7        |
| 2.6 Opening previously saved calculation .....    | 7        |
| 2.7 Editing a serviceability calculation .....    | 7        |
| 2.8 Download the results as a PDF.....            | 8        |
| 2.9 Reference ID .....                            | 8        |
| <b>3 Input field explanations and tips .....</b>  | <b>9</b> |

# 1 Introduction

## Who is Genworth and what is LMI?

Genworth Financial Mortgage Insurance Pty Limited (Genworth) is a leading provider of lenders mortgage insurance (LMI) in Australia.

LMI facilitates residential mortgage lending by transferring risk from Lenders to LMI providers, predominantly for high loan-to-value ratio residential mortgage loans.

LMI has been an important part of the Australian residential mortgage lending market since it was introduced by the Australian Government in 1965.

The provision of LMI to Lenders has contributed to comparatively high levels of Australian home ownership and residential mortgage loan accessibility, supporting the housing market in Australia.

## Purpose of this serviceability calculator user guide

The Genworth online serviceability calculator has been developed to provide a web-based tool for you to assess whether your LMI proposal meets Genworth's serviceability guidelines.

This user guide will provide you with a high level overview of the functions of the online serviceability calculator and an understanding of the data required to be able to determine an applicant's net disposable income.

It will be compared to the applicant's commitments to provide a Net Disposable Income ratio (NDI ratio).

Genworth reserves the right to change this user guide at any time without prior or subsequent notice.

## Lenders responsibility

Use of the online serviceability calculator is subject to the terms of use of that calculator, available on Genworth's website. In particular, the serviceability calculator does not take the place of the lender's own credit policy, prudent lending guidelines or the lender's responsible lending obligations under the law.

Genworth is not liable for any direct or indirect loss for any reliance or purported reliance on this user guide, or arising out of the use of the online serviceability calculator, regardless of how that loss is caused (including negligence).

## Customer Service Centre

If you would like to discuss an LMI proposal before submitting to Genworth, please contact our Customer Service Centre on 1300 661 118 or by email at [customerserviceau@genworth.com](mailto:customerserviceau@genworth.com)

## Technical support

If you require technical support, please contact Genworth at [underwritingsupport@genworth.com](mailto:underwritingsupport@genworth.com)

## 2 Serviceability calculator function

### 2.1 Data entry

- Enter the data into the online serviceability calculator. The serviceability calculator is intuitive and will hide fields and/or sections that you are not required to complete
- Fields marked with an asterisk \* are mandatory
- If any mandatory fields are not completed, an error message will appear and the incomplete fields will be highlighted.

The screenshot shows two panels. The left panel contains an error message: "Please review your entries and fill out the mandatory fields." with a "close" link. Below the message, it says "Revise the fields with red key outline" and shows a red rectangular box. The right panel shows two input fields: "Loan amount\*" with a red outline and a question mark icon, and "Loan term (in months)\*" with a question mark icon and the value "360".

#### 2.1.1 Open and Close

- Certain sections of the online serviceability calculator can be opened and closed as required
  - To reveal sections, simply click the 'Open' button to the right of the bar
  - To collapse sections, simply click the 'Close' button to the right of the bar
  - Data entered will be retained when you close and reopen sections.

The screenshot shows the serviceability calculator interface. It has a blue header "Loan details" and a blue header "Applicant details". Under "Loan details", there are input fields for "Loan amount\*" (510000), "Security value\*" (600000), "Loan term (in months)\*" (360), "Actual rate\*" (1), "Repayment type" (Principal and interest), and "Interest-only period (in years)" (0). Under "Applicant details", there are input fields for "Number of individuals (maximum 6)" (2) and "Number of companies (maximum 1)" (Select). At the bottom, there are two rows for applicants: "Applicant 1 \*" and "Applicant 2 \*", each with a "-Open" button circled in red.

### 2.2 Calculate

- Once the required data has been entered into the serviceability calculator, click 'Calculate', located at the bottom of the calculator.

The screenshot shows two buttons: "Calculate" and "Restart". The "Calculate" button is circled in red.

## 2.3 Servicing results screen

- Once the user has clicked 'Calculate' they will be taken to the results screen
- The results screen provides users with a summary of the serviceability calculation results
- The results include:
  - Applicant summary
  - Genworth serviceability calculation results – based on the Genworth Assessment Rate.
  - Actual rate serviceability calculation results – based on the Actual Interest Rate of the loan.
- Based on the data entered, the following will be calculated:
  - Net Disposable Income (NDI)
  - Genworth NDI ratio (Net Disposable Income to commitments)
  - DTI ratio (Debt to Income)
  - Maximum loan amount.

Reference ID:

### Applicant summary

|                                |                                |
|--------------------------------|--------------------------------|
| Loan amount: \$510,000.00      | Total commitments: \$62,421.11 |
| Loan term (in months): 360     | HEM living costs: \$27,396.72  |
| Total net income: \$110,703.00 |                                |

### Genworth serviceability calculation

|  |   |
|--|---|
| Genworth NDI ratio: 1.33:1<br><i>NDI ratio must be at least 1.00:1</i> | DTI ratio: 6.0<br><i>Refer to Genworth Underwriting Standards and Guidelines for DTI requirements</i> |
| Net disposable income: \$83,306.00                                     | Assessment rate: 5.25%  |
| Maximum loan amount: \$825,179.00                                      | Monthly repayment: \$2,816.24   |

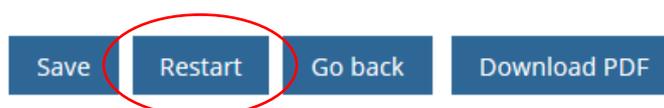
### Actual rate serviceability calculation

|                                     |                               |
|-------------------------------------|-------------------------------|
| NDI ratio: 1.72:1                   | Actual interest rate: 1.00%   |
| Maximum loan amount: \$1,416,700.00 | Monthly repayment: \$1,640.36 |

[Save](#) [Restart](#) [Go back](#) [Download PDF](#)

## 2.4 Restarting the serviceability calculator

- To clear all data and start a new calculation, click on the 'Restart' button located at the bottom of the calculator
- **Note:** For each new calculation, please restart the serviceability calculator. This will clear all previous data and ensure calculations are accurate.



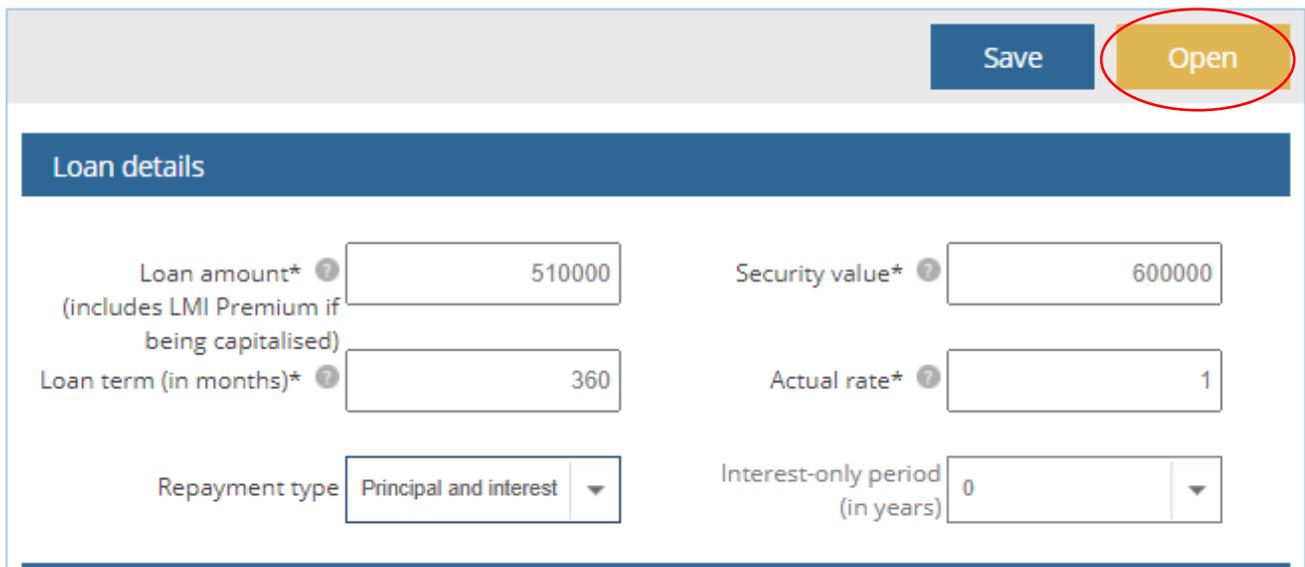
## 2.5 Saving a serviceability calculation

- To save a calculation that is in progress, simply click the 'Save' button
- Saving a new calculation will prompt the user to enter a file name that can be used to retrieve the calculation at a later time
- Users are also able to overwrite previously saved forms
- Clicking 'Save' at the results screen saves all the data entered from the form.



## 2.6 Opening previously saved calculation

- To open a previously saved calculation, click the 'Open' button located at the top and bottom of the calculator



The screenshot shows the calculator's main interface. At the top right, there are two buttons: 'Save' and 'Open'. The 'Open' button is highlighted in yellow and circled in red. Below the buttons is a section titled 'Loan details' with several input fields:

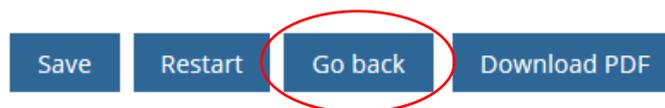
|   |   |                                 |                                     |
|---|---|---------------------------------|-------------------------------------|
| Loan amount*<br>(includes LMI Premium if being capitalised) | <input type="text" value="510000"/>                 | Security value*                 | <input type="text" value="600000"/> |
| Loan term (in months)*                                      | <input type="text" value="360"/>                    | Actual rate*                    | <input type="text" value="1"/>      |
| Repayment type  | <input type="text" value="Principal and interest"/> | Interest-only period (in years) | <input type="text" value="0"/>      |

- This will open a box with all previously saved calculations. Select the saved file and click 'Open'.



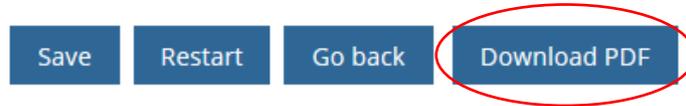
## 2.7 Editing a serviceability calculation

- If a user needs to make amendments to a calculation that is in progress, click the 'Go back' button located at the bottom of the calculator
- This will take the user back to the initial screen where they can amend the data that has been entered.



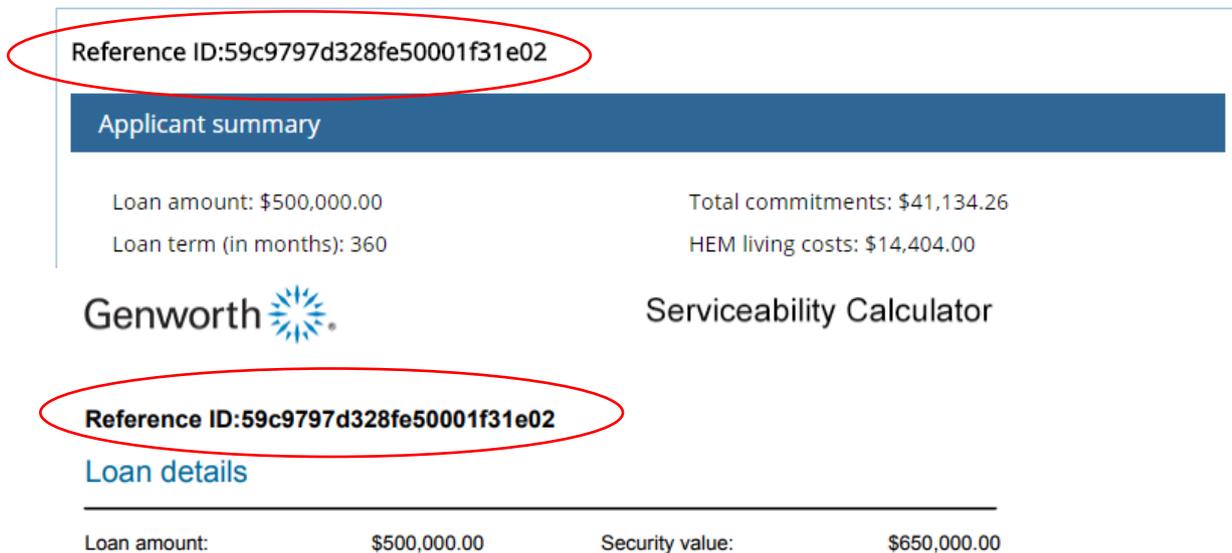
## 2.8 Download the results as a PDF

- To download the full serviceability calculation results, click on the 'Download PDF' button located at the bottom of the calculator on the results screen
- The PDF can be saved as a standard PDF
- The PDF will then need to be sent to Genworth along with all necessary documentation required for the LMI proposal.



## 2.9 Reference ID

- The Reference ID is generated after the user has clicked 'Calculate'. It can be found on the top left of the simple results screen and on the PDF
- When speaking to a Genworth representative, the Reference ID may be required to assist in identifying your serviceability calculation.



**Reference ID:59c9797d328fe50001f31e02**

**Applicant summary**

|                            |                                |
|----------------------------|--------------------------------|
| Loan amount: \$500,000.00  | Total commitments: \$41,134.26 |
| Loan term (in months): 360 | HEM living costs: \$14,404.00  |

**Genworth**  **Serviceability Calculator**

**Reference ID:59c9797d328fe50001f31e02**

**Loan details**

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|              |              |                 |              |
|--------------|--------------|-----------------|--------------|
| Loan amount: | \$500,000.00 | Security value: | \$650,000.00 |
|--------------|--------------|-----------------|--------------|

### 3 Input field explanations and tips

| Field name                            | Explanation   |
|---------------------------------------|---|
| Actual annual living costs            | <ul style="list-style-type: none"> <li>Under NCCP guidelines, it is the responsibility of all lenders to accurately record the actual living expenses of all borrowers, and these are to be provided to Genworth for comparison to the HEM living expenses, with the higher of the two used in the calculation of Net Disposable Income (NDI)</li> </ul>  |
| Actual interest rate                  | <ul style="list-style-type: none"> <li>The actual interest rate of the loan application. If multiple rates are applicable due to product splits, the higher should be used for servicing purposes.</li> </ul>   |
| Applicant name                        | <ul style="list-style-type: none"> <li>Name of applicant for identification purposes only</li> </ul>  |
| Buffer Rate                           | <ul style="list-style-type: none"> <li>Rate set by APRA as the minimum buffer applied to the actual borrowing rate for serviceability purposes.</li> </ul>  |
| Commitments                           | <ul style="list-style-type: none"> <li>Supports up to eight commitments from all applicants, including any other mortgage repayments: <ul style="list-style-type: none"> <li>Select the commitment type</li> <li>Enter the commitment repayment amount – any joint commitments must be entered at 100%</li> <li>Select the frequency of the commitment</li> <li>Enter the limit or scheduled balance, plus redraw</li> </ul> </li> </ul>                              |
| Company applicant                     | <ul style="list-style-type: none"> <li>If the primary applicant is a company, select one (1) from the number of companies dropdown list. You are still required to fill out all borrower(s) and/or guarantor(s) information</li> </ul>  |
| DTI                                   | <ul style="list-style-type: none"> <li>The Genworth DTI is calculated as the total of all credit facilities divided by the total gross income</li> <li>This calculation excludes depreciation and any interest add backs from investment loans (negative gearing) due to these being tax benefits.</li> </ul>   |
| Genworth Assessment Rate              | <ul style="list-style-type: none"> <li>This is the higher of the Genworth Floor Rate or the actual borrowing interest rate plus a buffer of 3.00%</li> </ul>  |
| Genworth Floor Rate                   | <ul style="list-style-type: none"> <li>This is the minimum rate Genworth will assess serviceability of a proposal.</li> </ul>   |
| Interest-only period (in years)       | <ul style="list-style-type: none"> <li>For loans with an interest-only period, you must select the number of years from the dropdown list</li> <li>The calculator will automatically adjust the repayments over a P &amp; I period of the full loan term minus the interest-only period, ie full loan term 30 years (360 months) and an interest-only period of 5 years (60 months), the P &amp; I repayment will be calculated over 25 years (300 months)</li> </ul> |
| Joint with applicant                  | <ul style="list-style-type: none"> <li>Only required when the marital status of the applicant is 'Couple'</li> <li>This is used to establish the relationship between the applicants in the loan application and assign living costs</li> <li>Please ensure you enter the correct applicant number to be linked as this will impact both the living costs and the NDI ratio</li> </ul>  |
| Limit/scheduled balance (plus redraw) | <ul style="list-style-type: none"> <li>Borrowers existing approved loan limit (line of credit) or current loan balance plus any available redraw</li> <li>The calculator will use the higher of the declared repayment or the 30-year repayment based on the limit (including redraw)</li> <li>This field is compulsory for 'other mortgages' only</li> </ul>   |
| Loan amount                           | <ul style="list-style-type: none"> <li>The amount of the loan being applied for in whole dollars only</li> <li>This is used for calculating the proposed monthly loan repayments at both Genworth's Assessment Rate and the lenders actual interest rate</li> <li>If you have previously arranged with Genworth to capitalise the premium and stamp duty, please ensure the loan amount entered includes all of the amounts to be capitalised</li> </ul>              |
| Loan term (in months)                 | <ul style="list-style-type: none"> <li>Maximum loan term for Standard LMI and HomeBuyer Plus products is 480 months (40 years)</li> <li>Maximum loan term for all other LMI products is 360 months (30 years)</li> </ul>  |
| LVR (Loan to Value Ratio)             | Calculated by dividing the loan amount by the lesser of the purchase price or the security valuation amount   |
| Marital status                        | <ul style="list-style-type: none"> <li>Current marital status of applicant(s): <ul style="list-style-type: none"> <li>Single</li> </ul> </li> </ul>   |

|   |  |
|---|--|
|   | <ul style="list-style-type: none"> <li>– Couple: includes married or defacto where both parties are applying for the loan</li> <li>– Sole borrower: includes married or defacto but only one party is applying for the loan</li> </ul>   |
| Maximum loan amount                       | <ul style="list-style-type: none"> <li>• The maximum loan amount borrow/s can afford based on both Genworth's Assessment Rate and the lenders actual interest rate and taking into account all 'other' commitments.</li> </ul>   |
| Net Disposable Income (NDI)               | <ul style="list-style-type: none"> <li>• The net amount of income a borrower has available after payment of tax, existing commitments and family living expenses</li> </ul>  |
| NDI ratio                                 | <ul style="list-style-type: none"> <li>• The Genworth NDI ratio must be at least 1.00:1, which means the net disposable income (after tax and assessed living costs) must be at least equal to total fixed commitments</li> </ul>  |
| Non-taxable income calculation            | <ul style="list-style-type: none"> <li>• The total annual amount of regular income that is not tax payable</li> </ul>  |
| Number of dependents                      | <ul style="list-style-type: none"> <li>• The number of dependents related to the applicant</li> <li>• For couples, the total number of dependents must be entered under both applicants</li> </ul>   |
| PAYG                                      | <ul style="list-style-type: none"> <li>• Select the base income type – gross is before tax and net is after tax</li> <li>• Enter the amount of base income as per income documents</li> <li>• Select the pay frequency of the base income as per income documents</li> </ul>   |
| Rental income calculation                 | <ul style="list-style-type: none"> <li>• Select rental type.</li> <li>• Enter one final rental figure after the Lender's methodology (any haircuts or shading) has been applied</li> <li>• Select frequency</li> <li>• Enter ownership percentage of rental property</li> <li>• Amount of investment loan: <ul style="list-style-type: none"> <li>– Current or proposed mortgage limit/scheduled balance (plus redraw) of related residential investment loan</li> <li>– Genworth will calculate the total residential investment loan interest to be added back to after-tax income, based on the total of investment loans held or to be held by the borrower</li> </ul> </li> </ul> |
| Monthly Repayment (on proposed loan)      | <ul style="list-style-type: none"> <li>• The calculated monthly repayment based on the loan amount and both Genworth's assessment rate and the lenders actual interest rate – added onto total commitments</li> </ul>  |
| Repayment type                            | <ul style="list-style-type: none"> <li>• This is the repayment type at the time of origination. If you select a repayment type of principal and interest, there is no requirement to enter an interest-only period</li> </ul>  |
| Residential postcode/suburb               | <ul style="list-style-type: none"> <li>• Enter the postcode or suburb of the applicant's residential address</li> <li>• Select the corresponding postcode/suburb from the drop down list</li> </ul>  |
| Security value                            | <ul style="list-style-type: none"> <li>• Value of the property on application, either the purchase price, estimated value or valuation amount</li> </ul>   |
| Self-employed / sole trader / partnership | <ul style="list-style-type: none"> <li>• Applicable to applicants who are self-employed, sole traders or partnerships only: <ul style="list-style-type: none"> <li>– Net Profit Before Tax (NPBT) to be calculated in line with the Lender's policy. Only the final figure to be included.</li> <li>– Interest earned as per lenders methodology</li> <li>– Other add backs as per lenders methodology</li> <li>– Depreciation as per lenders methodology</li> </ul> </li> </ul>   |
| Taxable business income                   | <ul style="list-style-type: none"> <li>• The gross acceptable business income from tax returns and/or business (non-company) profit and loss statements</li> </ul>   |
| Total credit card limits                  | <ul style="list-style-type: none"> <li>• Used for automatic calculation of possible maximum monthly repayment at 3.8% of the credit limit</li> </ul>   |
| Variable income calculation               | <ul style="list-style-type: none"> <li>• One final figure is to be entered. The lender is to apply their variable income methodology (any haircuts or shading) and enter the final figure</li> </ul>   |