

GMCU Capacity to Service (CTS) Calculator

Broker User Guide

This guide complements the current Broker Credit Underwriting Procedure. Always apply the latest policy and verification standards. By using the CTS calculator, you confirm all data you enter is accurate, current and supported by evidence.

1. Getting started

- Broker CTS is located in the Broker Portal.
- It supports up to 2 households. If there are two borrowers from separate households, set them up as Applicant 1 and Applicant 3.

2. Core application fields (Capacity to Service sheet)

Yellow fields	What to enter
Prepared by	The person submitting the application.
Purpose	A clear explanation of what the loan is for (e.g. purchase, refinance, construction, home improvement).
Date	The date the loan application was reviewed for submission.
Business (Company or Trust)	Identify if required and enter Y/N.
Rental income used	Identify if required and enter Y/N.

3. Recommendations and responsible lending

You may recommend a loan for Formal Approval or Conditional Approval. By recommending a loan, you confirm that:

- All information in the calculator is correct and verified in line with the Credit Underwriting Procedure.
- Responsible lending obligations are met, including alignment with the borrower's needs and objectives.
- A positive servicing surplus alone is not sufficient. Borrowers must be able to meet all obligations and living expenses without hardship.

4. GMCU commitments (Capacity to Service sheet)

- Enter all existing and proposed GMCU facilities.
- For Company and Trust lending, enter GMCU business commitments in the Business Worksheet tab.
- **Ongoing interest rate:** enter the applicable ongoing rate for the loan (non-introductory or fixed period rate).

Interest-only (IO) handling

Where the facility has an IO period, the Principal and Interest (P&I) repayment is calculated over the residual term. For example:

- 30-year term with 3 years IO: P&I over 27 years.
- 30-year term with 12 months IO (construction): P&I over 29 years.

5. External commitments

- Enter the contractual payments required for each external liability.
- For IO loans, enter the remaining P&I term (in months) under Frequency of repayments, so servicing is assessed on the residual P&I term.
- Credit cards and store cards: repayments are based on the limit.
- Personal loans, leases and hire purchase agreements: repayments are based on the fixed repayment.
- HECS commitments are loaded as a repayment, with the outstanding debt amount recorded as 0.

6. Personal income (gross)

Include all verified income sources and types per applicant, following the Credit Underwriting Procedure. The calculator applies sensitisation to less stable income sources as per the Income Types utilisation rules.

- Sole traders and individual partnerships: use the taxable income from the Notice of Assessment. Add-backs for depreciation and interest (see Credit Underwriting Procedure) are allowed and should be entered in the Non-taxable Income section.
- Trust distribution income: use the lower of 100% of the current tax return year or 120% of the previous financial year.
- Do not submit loans where 50% or more of income comes from one or a combination of Centrelink income, Government benefits or Child Support.
- The Non-taxable Income section should include items such as salary sacrifice, child support and non-taxable pensions.

7. Rental income (Rental Worksheet)

For each property, enter the address, ownership share, frequency and amount. The model applies haircuts and expenses to derive sensitised net rent by applicant and household.

Investment property expenses should be recorded in this sheet so they correctly offset gross rent.

8. Business Worksheet (Company and Trust income and commitments)

Use this tab for Company and Trust analysis and to record business commitments.

- **Income to use:** 100% of Adjusted Net Profit After Tax (current year) or 120% of the previous financial year, as applicable.
- **Dividends:** if paid by the company, deduct from the entity and add back amounts actually received by borrowers per their personal tax returns.
- Where directors or shareholders are 100% owners (or adult beneficiaries of a trust), demonstrate servicing on a combined entity and individual basis.

Permissible add-backs (examples)

- **Depreciation:** add back up to 100%, capped at 30% of assessable business income. Classify as non-taxable income.
- **Voluntary superannuation contributions** (above the statutory minimum): may be added back where discretionary and able to be ceased (confirm with borrowers).

9. Living expenses (Capacity to Service sheet)

There are three classifications:

- **General living expenses:** benchmarked to HEM and verified via account analysis before recommendation.
- **Other living expenses:** itemise individually (e.g. personal insurances, private education costs, child maintenance for non-dependent children, owner-occupied strata or body corporate, other recurring items).
- **Property expenses (non-primary residence):** all costs for investment properties, non-income properties, vacant land and holiday homes. Investment property expenses must be recorded in the Rental Worksheet.

Property expenses should include council rates, utilities, body corporate or strata fees, insurance, statutory fees and property taxes.

Partnered single borrowers

Under the Credit Underwriting Procedure, a reduction to General living expenses may apply (maximum 50%) where specific conditions are met and verified.

10. Summary and decision metrics

The Summary section consolidates income (gross and net), liabilities, stressed repayments, living expenses, surplus and Debt-to-Income (DTI). Use it to assess the overall position against policy and approval thresholds.

11. Funding table and Mortgage Costing

Use the Funding Table to reconcile the source and use of funds. For home lending, complete Mortgage Costing (fees and government charges) to ensure total funds required are accurate.

12. Step-by-step data entry checklist

1. Select the appropriate calculator version and confirm household setup (Applicants 1 and 3 where there are two separate households).
2. Complete Prepared by, Purpose and Date.
3. Identify if the Rental or Business Worksheets are required.
4. Load all GMCU commitments (existing and proposed) and enter the ongoing interest rate. For IO periods, ensure the residual P&I term is reflected.
5. Enter external commitments using minimum contractual repayments. For IO loans, enter remaining P&I months under Frequency.
6. Enter Personal Income (gross) per applicant. Include only verified sources and apply trust distribution and variable income rules.
7. Complete the Rental Worksheet (rent, ownership, expenses) for any investment properties.

8. Complete the Business Worksheet where Company or Trust income applies, including add-backs and business commitments.
9. Enter Living Expenses: General (verified, HEM benchmark applied), Other (itemised) and Property (as applicable).
10. Review the Summary: surplus, stressed repayments and DTI. Validate against responsible lending and needs and objectives.
11. Select a Conditional or Formal Approval recommendation only if all verification and policy requirements are satisfied.

13. Practical examples

Example A: Interest-only home loan

30-year term with 3 years IO means servicing P&I over 27 years. For any IO external debt, set remaining P&I months under Frequency so the residual term is captured.

Example B: Trust distribution income

Include the lower of 100% of the current year or 120% of the prior year distribution. Validate against tax returns and statements.

Example C: Business owner add-backs

Add back depreciation (capped at 30% of assessable income) as non-taxable. Consider voluntary super add-backs only if discretionary and able to be ceased. Adjust for dividends actually paid to borrowers.

14. Final pre-recommendation checks

- ✓ All information is complete, accurate and verified (evidence on file).
- ✓ Responsible lending, borrower needs and objectives, and no-hardship outcome are satisfied.
- ✓ Residual P&I terms are correctly applied for all IO loans.
- ✓ Living expenses are verified and reasonable. HEM benchmark is met or exceeded with justification.
- ✓ DTI and surplus are acceptable per policy. Any exceptions are documented with mitigants.