

# Serviceability Prediction Calculator

<http://www.investmentpropertycalculator.com.au>

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## Next Property Assumptions

Purchase Price	\$350,000
Down Payment Required	\$70,000
Loan Amount	\$280,000
Loan Term (in Years)	30
Interest Rate (%)	7%
Interest Rate Buffer (%)	2.00%
Monthly Repayment	\$1,862.85
Monthly Repayment (with Buffer)	\$2,252.94
Expected Weekly Rental Income	\$303.00
Expected Rented Weeks	50
Expected Monthly Rental Income	\$1,262.50
Year to Buy	2032

## How To Use

Enter a value in all the YELLOW cells. Press "F9" key if figures do not change after you change anything.

## Monthly Income

Investor 1 After Tax Income	\$10,135.81
Investor 2 After Tax Income	\$8,468.50
Existing Monthly Rental Income	\$74,163.50
Expected Monthly Rental Income	\$1,262.50
Maximum Percentage of Income Available	100.00%
Total Monthly Net Income	\$78,945.11

## Living Expenses

Number of Adults	2
Adults Annual Expense	\$41,879
Number of Dependents	1
Dependents Annual Expense	\$10,179
Annual Expense	<input checked="" type="checkbox"/> Use Default \$52,058
Monthly Expense	\$4,338.17

## Available Monthly Income

\$74,606.94

## Outgoings

Existing Home Loans	\$36,958.17
Existing Property Expenses	\$16,019.36
Monthly Car Loan Repayment	\$0.00
Credit Limit of Non Lender Credit Cards	\$5,000.00
Credit Limit of Lender Credit Cards	\$10,000.00
Other Monthly Payment	\$0.00

## Monthly Commitments

\$55,780.47

## Serviceability Ratio

Must be  $\geq$  1.10

Available Monthly Income / Monthly Commitments	1.34
Maximum Amount You can Borrow	\$2,619,000.00

## Conclusion

You can afford this property and you can borrow more than enough to purchase this property!

## Borrowing Power Calculator Assumptions

The Borrowing Power Calculator calculates the maximum amount of home loan you can borrow based on the income and expenses entered. Default values are provided as examples.

### Expense Details and Default Values

a) *Default annual expense* - borrower assumed to have core level of annual expense, depending on whether single or joint and the number of dependants, currently (as of financial year 2014) as below and it is assumed to increase yearly on an average inflation rates of 3.0%.

Single	\$16,921
Joint	\$24,600

b) *Default extra annual expenses for dependants* - currently (as of financial year 2014) set at \$5,979 per dependant and it is assumed to increase yearly on an average inflation rates of 3.0%.

Each Dependent	\$5,979
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c) *Maximum percentage of income available* - percentage of income available for paying expenses and servicing proposed borrowing, default currently set at 100%.

### Loan Details

a) *Interest rate buffer* - calculator uses a higher interest rate (the rate entered by user plus the interest rate buffer) when determining maximum amount that can be borrowed. This allows for affordability of possible rate increases under the loan. Current version of the calculator uses an interest rate buffer of 1.5%.

b) *Rounding rules for amount of loan* - the calculator rounds the maximum loan amount down to the lower \$1,000. For example, if the amount is \$250,123, it will be shown as \$250,000. Note that the amount of loan is calculated using the interest rate entered, plus any interest rate buffer, and then the resulting loan amount is rounded as required.

c) *Interest rate for loan repayment* - monthly repayment is calculated in respect of the rounded loan amount and using interest rate entered, not including any interest rate buffer.

### Length of Month

All months are assumed to be of equal length. In reality, many loans accrue on a daily basis leading to a varying number of days' interest dependent on the number of days in the particular month.

### Number of Weeks & Fortnights in a Year

One year is assumed to contain exactly 52 weeks or 26 fortnights. This implicitly assumes that a year has 364 days rather than the actual 365 or 366.