

SIMPLE+

For Non-Complex Business Lending up to \$3M

February 2024

St.George acknowledges the traditional owners as the custodians of this land, recognising their connection to land, waters and community. We pay our respects to Australia's First Peoples, and to their elders past and present.



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We're making things faster, simpler and easier for business customers

- Access Business Lending up to \$3M¹ for new to bank and existing customers
- Brokers can assess serviceability with confidence using the SIMPLE+ Serviceability Tool
- Up to \$500K overdraft or business loan with no requirement for property as security²
- Simplified assessment criteria for residential and commercial property investors ineligible for Lease Doc³
- Caters to borrowing structures with up to 4 business entities and 4 households
- Extended LVRs available against residential and commercial security in line with policy, even for property investment⁴
- Customers with tax arrears under a formal payment arrangement are eligible

SIMPLE+ eligibility criteria

Helping your customers apply for business lending products is easier under SIMPLE+.

Eligibility Criteria ²	
Maximum lending amount	Business lending up to \$3M ¹
Business trading history	≥12 months trading history and no losses for past 12 months (Post adjustments)
Borrowing structure	4 business entities and guarantors from up to 4 households
Products	Business Loan and Business Overdraft
Credit history	Clear credit bureau report
Tax position	Tax liabilities either up to date or under a formal payment arrangement
Security	Secured by one or a combination of the following: <ul style="list-style-type: none"> • Non-specialised commercial property or standard residential property • Cash, acceptable equipment finance assets or acceptable guarantees • General Security Agreement (GSA) where applicable

Things you should know: Credit criteria, terms & conditions, fees & charges apply. This information does not take your personal objectives, circumstances or needs into account. Consider its appropriateness to these factors before acting on it. 1. Certain products have maximum limits less than \$3M, please confirm these with your BDM. 2. Refer to your Senior BDM or Relationship Manager to discuss the suitability of SIMPLE+. Excludes consumer lending, construction lending, sector policy & specialised lending. 3. Only specific Property finance – Investment lending scenarios are allowed under SIMPLE+. All other Property Finance Sector lending (including Lease Doc) are excluded 4. Where the customer's income is predominately self-employed.

What documents are required?

Documents required

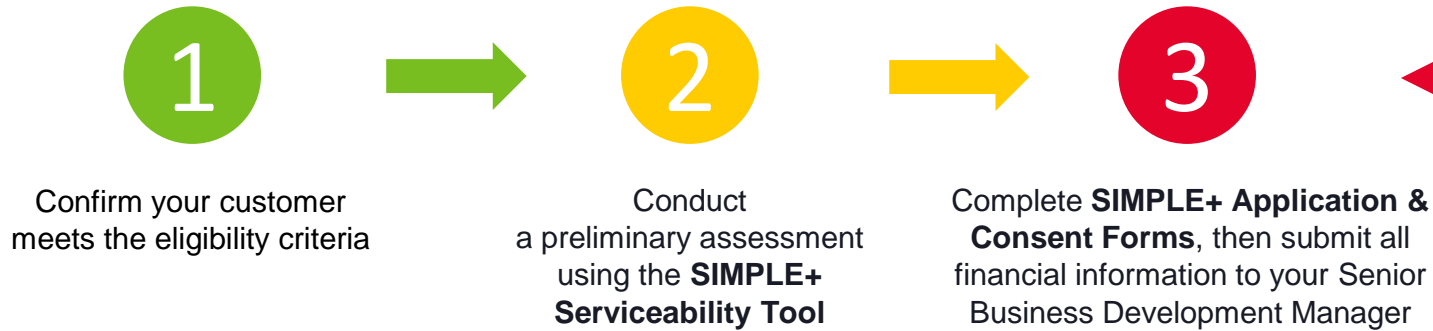
- Signed **SIMPLE+ Application Form**
- Signed **Business Finance Consent Form**
- Latest annual accountant prepared financial statements or most recent business tax return
- 1 year tax return for self-employed, including Notice of Assessment
- 12 months' business ATO statements
- Signed copy of lease agreement(s)*

Additional documents (where applicable)

- Rental income statement if not in tax return
- Payslips for PAYG income
- Trust deed
- Contract of sale
- ATO payment plan
- For refinances, 3 months' bank statements for all loans being refinanced
- For new to bank customers, 3 months' business transaction statements and identification documents required
- The latest accountant prepared financials or latest tax return for the property investment entity (where available)*
- External accountant's letter confirming loan purpose is reimbursement of director / inter-company loans on the balance sheet or personal funds used to purchase the commercial property *

* For Property Investment transactions only

How do I apply?



SIMPLE+ Assessment Tool Reset

Eligibility & Details

Category	Requirement
Customer	Existing or new to Bank customers with total business borrowings ≤\$3m
	Borrowing structure up to 4 households & 4 business entities
	In business ≥ 12 months and no losses for past 12 months
	Clear bureau report and tax liabilities up to date or under a formal payment arrangement
	Non-complex products only
Security	Secured by residential or non-specialised commercial property, cash, or meets EF policy, noting GSA required where LV shortfall ≥ \$100k
	Acceptable guarantees include director, spousal or corporate guarantee subject to commercial benefit
Servicing	DSC ≥ 1.0x with no ICR requirement and below serviceability summary not showing as "Incomplete"
	DSC ≥ 1.2x when the LLVR > 100% AND Lending Value (LV) shortfall is > \$100k

Borrowing Structure: 1 Business entity 2 business entities (non-complex)

[Generate PDF Shortcut \(placeholder\)](#)

Serviceability summary

	Surplus	DSC
Business	\$ 8,186 Surplus	1.08x
Overall	\$ 28,506 Surplus	1.28x

Business ICR (reporting purposes only): 1.05

Business Financials

Were 2 years P&L provided? No Yes

Once the credit assessment is completed, if approved, your customer will receive a letter of offer for the finance.

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SIMPLE+ SERVICEABILITY TOOL

How-to guide

SIMPLE+ Serviceability Tool

Eligibility criteria and borrowing structure

When first opening the **SIMPLE+ Serviceability Tool** the landing page named 'Worksheet' will provide an overview of the eligibility criteria for SIMPLE+.

This provides you an opportunity to ensure the application meets the SIMPLE+ requirements before continuing.

Only the **blue cells** are for inputs.

You will also be prompted to confirm whether the application is for:

1. Property investment purposes; and
2. Where the predominant earnings/profit before tax is from the property investment activity or a trading business.

If your transaction is a trading business ANZSIC then skip to ['Incomplete' Status and Business ICR](#)

SIMPLE+ Serviceability Tool

Is this a Start Up loan? No Yes

Eligibility & Details

Category	Requirement
Customer	Existing or new to Bank customers with total business borrowings ≤\$3m
	Borrowing structure up to 4 households & 4 business entities
	In business ≥ 12 months and no losses for past 12 months
	Clear bureau report and tax liabilities up to date or under a formal payment arrangement
	Non-complex products only
Security	Secured by residential or non-specialised commercial property, cash, or meets EF policy, noting GSA required where LV shortfall ≥ \$100K
	Acceptable guarantees include director, spousal or corporate guarantee subject to commercial benefit
Servicing	DSC ≥ 1.0x with no ICR requirement and below serviceability summary not showing as "Incomplete"
	DSC ≥ 1.2x when the LLVR > 100% AND Lending Value (LV) shortfall is > \$100k

Property Investment Assessment

Is this a property investment transaction (answer no if the property is being purchased for a related operating entity to occupy)? No Yes

Is this a trading business or Property Finance ANZSIC i.e. if the predominant source of earnings/profit before tax that contributes to loan repayment is from non-property activities of a business then apply the trading business ANZSIC Trading Business ANZSIC Property Finance ANZSIC

SIMPLE+ Serviceability Tool

Property Investment Assessment

The **Property Investment Assessment** section of the SIMPLE+ servicing tool will prompt you to enter the property details that derive the ICR.

Where the standalone property ICR falls short of the current benchmark, the tool will display the required surplus from the group assessment to meet the ICR requirement.

In this example:

- The standalone property ICR is 0.71x and in order to meet the 1.5x ICR benchmark;
- A \$27,500 surplus must be available from the group assessment

The group assessment does not include the proposed property investment debt or income and incorporates all other income, expenses and commitments i.e. **do not include** the subject property's net rental income in the **Business Financials** EBITDA section of the tool as this will double count the income.

Property Investment Assessment

Is this a property investment transaction (answer no if the property is being purchased for a related operating entity to occupy)?	<input type="radio"/> No <input checked="" type="radio"/> Yes
Is this a trading business or Property Finance ANZSIC i.e. if the predominant source of earnings/profit before tax that contributes to loan repayment is from non-property activities of a business then apply the trading business ANZSIC	<input checked="" type="radio"/> Trading Business ANZSIC <input type="radio"/> Property Finance ANZSIC

Address	1232 Test St, Sydney
Asset Type	Non-specialised commercial
Are financials available / held?	<input checked="" type="radio"/> No <input type="radio"/> Yes
Rental Income	\$ 50,000.00
Outgoings payable by owner	\$ 25,000.00
Outgoings allowance based on asset type	0.00%
CAPEX Allowance	
Other adjustments e.g. lease up or incentive period	
Loan Amount	\$ 500,000.00
Actual Rate + Line Fee	6.5%

Cash Flow Available For Debt Service (CAFDS)	\$ 25,000.00
Assessed interest expense	\$ 35,000.00
Standalone property ICR	0.71
ICR benchmark applicable	<input checked="" type="radio"/> 1.50 <input type="radio"/> 1.25
Group surplus required to meet ICR benchmark	\$ 27,500.00
Property surplus available for distribution whilst maintaining ICR benchmark	N/A no property surplus available

Property Investment Assessment:	Complete
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SIMPLE+ Serviceability Tool

'Incomplete' status and business ICR

Serviceability summary

The serviceability summary ratio will indicate whether the assessment is finalised, otherwise it will reflect as 'Incomplete'.

This section will also contain the surplus, Debt Service Cover (DSC) and dynamically expand to include up to 4 households with their respective metrics. Although SIMPLE+ has no Interest Cover Ratio (ICR) requirement, ICR is provided for reporting purposes.

Serviceability summary

	Surplus	DSC
Business	\$ -	Incomplete
Overall	\$ -	Incomplete

Business ICR (reporting purposes only)	

SIMPLE+ Serviceability Tool

Business Financials: Selecting 'no' to 2 years P&L financials

The Business Financials section of the SIMPLE+ servicing tool will prompt you to:

1. Select the number of entities and confirm whether 2 years profit and loss (**P&L**) was provided in the latest year financials (refer to the following page where the answer is yes)
2. Type in the business **borrower's** name
3. Select from the drop down the relevant **entity** type (sole trader, partnership, company, trust)
4. Select whether the business is an **operating entity** or an **asset/property holding entity**
5. Enter the financial inputs to generate **EBITDA** ensuring to remove any distributions received by the entity whose source and sustainability is unknown
6. Where any non-recurring income/expense is input, a text box will prompt you to enter **additional information** and cannot be left blank or else it will show as incomplete
7. As you complete the blue fields you will see the EBITDA, Taxable Income, Estimated Tax and EBITDA - Tax fields auto-populate based on your inputs to determine the **Income available to service debt**.

Business Financials

1 No. Business Entities 1

1 Were 2 years P&L included in latest year financials? No Yes

2 Business Entity Name

3 Entity type

4 Business Type

5

Current year (whole numbers)	
Total Revenue	\$ 1,000,000
Profit before tax	\$ 100,000
Dividend/distribution income (-)	
Interest (+)	\$ 15,000
Depreciation (+)	\$ 25,000
Non-recurring income (-)	\$ 10,000
Non-recurring expense (+)	

Company

ABC Pty Ltd

Company

Operating entity or its shareholder Asset holding entity or its shareholder

Partnership / Unit Trust
Trust
Sole Trader

6 Non-recurring input Description

Complete

6 Non-recurring income/expense description:

Enter text here

7

Current year	
Surplus Distributions	\$ -
Taxable Distributions	\$ -
EBITDA	\$ 130,000
Taxable Income	\$ 105,000
Estimated tax	\$ 26,250
EBITDA - Tax	\$ 103,750
Income available to service debt	\$ 103,750

SIMPLE+ Serviceability Tool

Business Financials: Selecting 'yes' to 2 years P&L financials

The prior year EBITDA inputs will appear **if you confirm that 2 years profit and loss was provided.**

After entering the prior year EBITDA there are 2 possible outcomes:

1. The tool determines that there was a substantial improvement in revenue or adjusted EBITDA.
2. There is not a substantial improvement and latest year EBITDA is adopted with no further commentary required

When there is a significant improvement in revenue or EBITDA, a text box and question will appear prompting you to provide justifying commentary regarding why the latest year EBITDA should be adopted.

You will also have the option to average using the Yes/No radio buttons.

Business Financials

Were 2 years P&L included in latest year financials? No Yes

Business Entity Name	ABC Pty Ltd	
Entity type	Company	
Business Type	<input checked="" type="radio"/> Operating entity or its shareholder	<input type="radio"/> Asset holding entity or its shareholder
	<i>Previous year</i> <i>(whole numbers)</i>	<i>Current year</i> <i>(whole numbers)</i>
Total Revenue	\$ 700,000	\$ 1,000,000
Profit before tax	\$ 50,000	\$ 100,000
Dividend/distribution income (-)		
Interest (+)		\$ 15,000
Depreciation (+)		\$ 25,000
Non-recurring income (-)		\$ 10,000
Non-recurring expense (+)		

Volatility Test not passed as there is a significant improvement in EBITDA or revenue, comment why latest year should be adopted:

Prior year incorporates COVID-19 impacts and the business has normalised in the latest year

Override latest financials and take average? No Yes

Overall

Complete

SIMPLE+ Serviceability Tool

Completing business liabilities / commitments

Once your EBITDA inputs are finalised you are then able to load the business liabilities/commitments for all existing and proposed facilities.

An **ATO payment arrangement** can be captured separately by selecting the “Yes” which will expand an additional table where you need to confirm the monthly amount and total balance owing.

With the example here the payment instalments differ over the payment period. You will need to calculate an **average monthly payment** over the total payment term. To do this:

1. Determine the **no. of months** the payment plan is setup over.
2. Use the **Plan total inc estimated GIC** and divide this by the no. of months: $\$402,000 / 12 \text{ months} = \$33,500$
3. Enter this into the Monthly Amount

Business Liabilities - existing and proposed

Are there any ATO arrangements in place No Yes

Arrangement	Entity	Monthly Amount	Total Amount Owing	Annual
ATO Payment Arrangemnt	test	\$ 33,500	402000	\$ 402,000
				\$ -

Payment plans

Activity statement 001

Date generated 20/05/2020
Amount \$402,000.00 DR
Payment method Other payment options
Payment frequency Monthly
Plan total, including estimated GIC \$402,000.00
Creation date 31/03/2020

Instalment schedule

Due date	Status	Amount
28/04/2020	Amount to pay	\$5,000.00
28/05/2020	Amount to pay	\$5,000.00
29/06/2020	Amount to pay	\$5,000.00
28/07/2020	Amount to pay	\$5,000.00
28/08/2020	Amount to pay	\$5,000.00
28/09/2020	Amount to pay	\$5,000.00
28/10/2020	Amount to pay	\$62,000.00
30/11/2020	Amount to pay	\$62,000.00
29/12/2020	Amount to pay	\$62,000.00
29/01/2021	Amount to pay	\$62,000.00

SIMPLE+ Serviceability Tool

Completing business liabilities / commitments

For all other **Business Liabilities** and **Commitments** you can select up to 15 business facilities from the drop down.

For the business debt schedule, depending upon the **Facility Type** entered, the appropriate fields according to facility type will be unlocked/locked.

The **SAR%** (Serviceability Assessment Rate) column has been configured to automatically apply.

The tool will also flag if a facility is incomplete, noting the overall ratios will still show as incomplete if this is not resolved.

Business Liabilities/Commitments - existing and proposed

No. facilities

Facility	Entity	Facility Type	Structure	Limit	Act Rate + Line Fee %	Serviceability Term (Months)	Actual \$ PM	SAR %	Interest	Principal	Repayment (pa)
WBC business loan (increase)	ABC Pty Ltd	Business Loan	P & I	\$ 250,000	6.50%	300		8.00%	\$ 19,882	\$ 3,273	\$ 23,154
New overdraft	ABC Pty Ltd	Overdraft	IO	\$ 50,000	12.96%			14.46%	\$ 7,230	\$ -	\$ 7,230
EF	ABC Pty Ltd	Equipment Finance	P & I	\$ 10,000	5.00%	60	\$ 250	5.00%	\$ 442	\$ 2,558	\$ 3,000
External Credit Card	ABC Pty Ltd	Credit Card (Corporate)	IO					36.00%	\$ -	\$ -	\$ -
				\$ 310,000					\$ 27,554	\$ 5,831	\$ 33,384

Incomplete

SIMPLE+ Serviceability Tool

Completing business distributions

Once business income and debts are finalised you will be able to select the **number of households** in the application (maximum of 4).

If required, you will be able to transfer surplus from the business to shareholders by selecting the “**Fully distribute Surplus / Shortfall**” box under the relevant entity.

Personal

No. Households	2
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	<i>ABC Pty Ltd</i>	<i>Business Entity 2</i>	<i>Business Entity 3</i>	<i>Business Entity 4</i>	<i>Total</i>
Income available after debt service	\$ 98,976.38	\$ 10,000	\$ -	\$ -	\$ 108,976
Business income distribution	\$ 10,000	\$ 10,000			\$ 20,000
Fully Distribute Surplus / Shortfall	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Owner / Shareholder	%	%	%	%	Distribution \$
Business Entity 2	100%				\$ 10,000
Person 1a		50%			\$ 5,000
Person 1b		50%			\$ 5,000
	100%	100%	0%	0%	

SIMPLE+ Serviceability Tool

Completing personal income / expenses and liabilities / commitments

The **Personal income and expense** section of the SIMPLE+ servicing tool will prompt you to enter:

1. The individual's names
2. Postcode, relationship status and number of dependents which will inform the Household Expenditure Measure (HEM) calculation
3. Any relevant income, noting the business distributions are already reflected
4. The customers' HEM comparable and non-comparable expenses as per the SIMPLE+ Application Form
5. Below the Personal income and expense section you will also be able to capture each individual's **liabilities/commitments**.

Finally once each **Household's** income, expenses and liabilities are completed, the **Household's surplus** or **shortfall** will display.

Personal income and expense

	Household 1	
	Person 1a	Person 1b
Name	test person 1	test person 2
Postcode	2000	
Relationship status	Married	
No. Dependents	2	
Salary / wages (annual)	\$ 50,000	\$ 65,000
Rental Income (annual)	\$ 20,000	\$ 20,000
Dividends / distributions from bus	\$ 10,000	\$ 10,000
Personal income	\$ 78,000	\$ 93,000
Taxable income	\$ 78,000	\$ 93,000
Estimated tax	\$ 17,377	\$ 22,552
HEM comparable expenses (monthly)	\$ 2,500	\$ 2,500
HEM (monthly)	\$ 4,594	
Non-comparable expenses (monthly)	500	250
Rental Expenses (monthly)	\$ -	
Total Assessed Expense (monthly)	\$ 5,750	
Income available to service debt	\$ 62,072	
Total Debt Repayments	\$ 57,987	
Household Surplus / (Shortfall)	\$ 4,085	Surplus

5 Personal liabilities/commitments - existing and proposed

No. facilities

Facility	Household	Facility Type	Structure	Limit	Act Rate + Line Fee %	Serviceability Term (Months)	Actual \$ PM	SAR %	Interest	Principal	Repayment (pa)
Home loan	Household 1	Consumer Mortgage	P & I	\$ 750,000	3.00%	300		6.00%	\$ 44,637	\$ 13,350	\$ 57,987
				\$ 750,000					\$ 44,637	\$ 13,350	\$ 57,987

SIMPLE+ Serviceability Tool

Serviceability summary

Once all sections are completed, when you navigate back to the top of the tool you will see the **Serviceability summary** is now completed.

Borrowing Structure	<input checked="" type="radio"/> 1 Business entity
	<input type="radio"/> 2 business entities (opco/propco)

Generate PDF Shortcut

Serviceability summary

	Surplus		DSC
Business	\$ 55,804	Surplus	2.35x
Household 1	\$ 4,085	Surplus	1.07x
Overall	\$ 59,888	Surplus	1.60x

Business ICR
(reporting purposes only)

2.18

Let's talk SIMPLE+



Contact your Senior Business Development Manager or Business Banker to discuss.



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