

Needs and Objectives Interview Guide

This guide should be completed by the Broker or Relationship Manager (RM), for a Business Bank loan submission that is regulated by the *National Consumer Credit Protection Act* (NCCP).

This document is to ensure that key product features and risks are explained to the applicant(s). For each loan we need to understand how each feature has been considered by the applicant(s):

- important: the feature is a high priority for the applicant(s)
- not important: the feature is not a high priority for the applicant(s)

	Applicant 1	Applicant 2	
Full Name			
Loan Details	Loan purpose	Loan amount (\$)	Product
	Broker or Relationship Manager's Full Name		Date

Loan purpose and consolidated debt

If the applicant is financing/refinancing products that may not hold their value for the term of the loan, please discuss:

- The goods being financed/refinanced may not hold their value for as long as the remaining term of the loan and so the applicant(s) may be paying for those goods beyond their useful lifespan and value. Additionally, the applicant(s) may not be in a position to finance the replacement of those goods if the term exceeds the lifespan of the original goods.
- The applicant(s) may end up paying more interest compared to taking the loan over a shorter term more in line with the useful life of the goods.
- The option of a separate loan with a shorter term for the part of the loan required for the purpose of the goods.

If the applicant is consolidating debt, please discuss the following:

- The applicant(s) may end up paying more interest, particularly if the applicant(s) incurs further credit card, personal loan or car loan debt after consolidating existing debts.

Broker/RM Declaration

The applicant(s) appear to understand and wants to proceed

Not applicable

Rate Type

What rate type is the applicant(s) seeking?

Variable rate, please go to [Variable rate section](#)

Fixed rate, please go to [Fixed rate section](#)

Note: If the applicant wants to have a portion of their debt fixed and another variable, they will need two facilities as all accounts in same facility must be on the same rate type. Please complete a second form if the applicant wants a fixed rate loan and a variable rate loan.

Variable rate

Please discuss the following points if the applicant(s) wants a variable rate, and capture their requirements and objectives below.

Interest charged and repayments will change to reflect interest rate movements.

The risk:

- interest rate and repayment amount may increase while the loan is on a variable rate.

Requirements & Objectives

Important Not important

Why is a variable rate important to the applicant(s)?

To take advantage of potential future decreases in the interest rate

Flexibility with respect to repayment, redraw and/or early repayment of loan

Other (provide details below)

Broker/RM Declaration

I have ensured each applicant has understood the risks outlined above

Fixed rate

Please discuss the following points if the applicant(s) wants a fixed rate, and capture their requirements and objectives below.

Rate is fixed for a specified term giving certainty of interest charges and repayments for that term.

The risk:

- Rate is fixed at a point in time and applicant(s) will not benefit from subsequent market interest rate reduction(s) during the fixed rate period.
- Rate may change between the time of approval and the time of drawdown.
- Limited or no ability to make additional repayments when the interest rate is fixed.
- No ability to redraw during the fixed rate period.
- Substantial break costs may be payable if the applicant(s) make additional repayments, repay the loan in full, switch to another product or repayment type, sell the property or seek further funds.

Requirements & Objectives

Important Not important

Why is a fixed rate important to the applicant(s)?

Certainty of repayments

Make budgeting easier

Other (provide details below)

Broker/RM Declaration

I have ensured each applicant has understood the risks outlined above

Redraw

Please discuss the following points with the applicant(s) and capture their requirements and objectives

Allows applicant(s) to access repayments that they made additional to their required minimum repayments.

The risk:

- may be at Macquarie's discretion.
- may not be available in conjunction with a fixed interest rate.

Requirements & Objectives

Important Not important

Why is having a redraw account important to the applicant(s)?

Flexibility to access prepaid funds if needed

Other (provide details below)

Broker/RM Declaration

I have ensured each applicant has understood the risks outlined above

Repayments

Interest Only

If the application includes an interest only repayment type, please discuss the following points with the applicant(s) and capture their requirements and objectives

Allows smaller payments during the interest only period enabling:

- Higher cash on hand for other purposes.
- Flexibility to manage cashflow.
- Smaller initial payments on investment home loans may serve a tax purpose (no tax advice is being given).

The risk:

- Higher interest rates may apply to interest only loans.
- Interest only payments will not reduce the loan principal.
- Not repaying loan principal will result in the applicant paying more interest over the loan term.
- If your interest only period is not for the full term of your loan, principal and interest repayments will be required, and these will be higher than they would have been if the loan had principal and interest repayments throughout the loan term.
- If your interest only period is for the full term of your loan, you will be required to pay the outstanding loan principal in one payment at the end of the loan term.
- The amount of equity that is built-up in the property securing the loan will be less with an interest only loan.

Requirements & Objectives

Important Not important

Why are interest only repayments important to the applicant(s)?

Accommodate temporary reduction in income (e.g. parental leave, changing circumstances).

Accommodate anticipated non-recurring expense item (e.g. education, renovation/construction, furniture).

Variable and unpredictable income.

Recommendation provided by an independent financial advisor / accountant.

Taxation or accounting reasons (no tax advice is being given), including:

- release funds for investment purposes (e.g. shares, investment property, super contributions);
- priority is paying off non-deductable debts (this loan is for investment purposes); or
- plan to convert to an investment property in future.

Other

Broker/RM Declaration

I have ensured each applicant has understood the risks outlined above

Other

Requirements & Objectives

Please ask the applicant(s) if there is additional information about their requirements and objectives and complete the section below

Do the applicant(s) have any other requirements and objectives not already stated which may affect whether the loan is suitable, including whether there are any particular personal circumstances of the applicant(s) not documented in any previous responses in this interview guide that are relevant to the loan features that have been identified as 'Important'?

Yes No

Details (if yes)

Product selection

Please give a concise narrative summary of the applicant(s)'s requirements and objectives and why the particular type of loan product was chosen to meet those requirements and objectives.

Product selection needs to take place having regard to the outcome of the requirements and objectives' enquiries set out above

Design and distribution obligations attestation

Please confirm the following:

- I have reviewed the Target Market Determination (TMD) for the product/s and explained the features and benefits listed to the client.
- The client is in the target market for the product/s.

Yes No