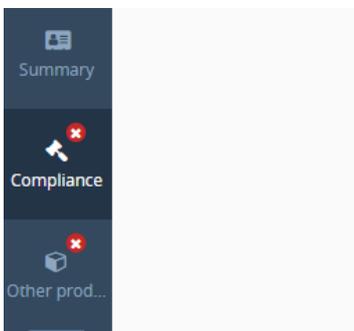


# Needs and Objectives Interview Guide

NextGen's 'Compliance' tab within ApplyOnline is designed to capture the additional conversation points surrounding the applicant(s) needs and objectives. Before submitting a home loan application, all information in this tab must be completed for each applicant.



The 'Compliance tab' for all Macquarie home loan applications will require you to capture and declare **Anticipated changes**, in line with other lender submissions.

## Compliance

### Requirements & objectives

#### Mack Lone

#### Anticipated changes

Do you foresee any changes to your income or expenses that will decrease your ability to meet your obligations under a loan contract in the reasonable foreseeable future (e.g. pending retirement, return to study, family circumstances)?

Yes  No

| Type                          | Period | Actions   |
|-------------------------------|--------|---|
| Anticipated large expenditure |        |   |

[+ Change](#)

**Retirement planning:** You'll need to confirm the applicant(s) plan(s) to retire and if the applicant(s) will reach their retirement age during the term of the loan.

Note: There is system validation to determine if planned retirement will occur based on D.O.B, age of planned retirement and loan term. If the applicant(s) plan to retire, you'll be required to outline how the applicant(s) plan(s) to repay the loan post retirement.

For Macquarie if you select 'Repayment of loan prior to retirement' this means you'll need to reduce the loan term.

### Retirement planning

At what age is the applicant/guarantor planning to retire?

Will the applicant/guarantor reach their planned retirement age during the term of the loan?

 Yes  No

How would the applicant/guarantor propose to repay the loan?

- Repayment of loan prior to retirement
- Downsizing of home
- Sale of assets
- Recurring income from superannuation
- Superannuation lump sum following retirement
- Income from other investments
- Savings
- Co-applicant's income
- Other

**Applicant Declared Purpose:** Where the application is a refinance, the reasons will still appear for you to select on the 'Loans' tab. You'll not be asked to complete it again in the Compliance tab, however it is expected that all relevant information supporting a refinance reason is still included in submission notes. This commentary should be included in the product selection section of the Compliance tab.

#### Loan splits

**\$400,000 Offset Home Loan**

Primary purpose

ABS purpose

|                  |   |
|------------------|---|
| Located in       | All<br>> Refinancing / Debt Consolidation |
| ABS purpose code | ABS-133                                   |

Cash out amount

Refinance reason

Estimated settlement date

| Base amount                               | LMI premium                   | LMI payment method            | Total loan amount                         |
|---|-------------------------------|-------------------------------|---|
| <input type="text" value="\$400,000.00"/> | <input type="text" value=""/> | <input type="text" value=""/> | <input type="text" value="\$400,000.00"/> |

However you're still required to declare in the 'Compliance' tab that you have read through and explained the risks to the applicant(s) and that they understand these by selecting the tick box. You'll also need to declare if as part of the refinance application, if any existing credit card limits will be reduced or cancelled and declare you've discussed the associated risks.

#### Applicant declared purpose

##### Risks

- I have discussed that 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, I have discussed that 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.
- I have discussed with the applicant(s) that they 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.
- I have discussed with the applicant the option of a separate loan with a shorter term for the part of the loan required for the purpose of the goods.

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

Will existing credit card limits be reduced or cancelled?

Yes  No

Details

CBA card limit of \$5k to be cancelled

##### Risks

- I have discussed with the applicant(s) that they 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.

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

**Rate type:** The rate type selected in the 'Loan Details' tab will be highlighted along with a description and reasons why that rate type is important to the applicant(s). You're required to declare that you've read through and explained the risks to the applicant(s) and that they understand these by selecting the tick box.

### Rate type

Which product rate type is most important to the applicant(s)?

Fixed Variable **Fixed and variable**

#### Fixed and variable rate

The applicant(s) may want a loan split between fixed and variable portions

- Fixed rate portion
  - Rate is fixed for a specified term giving certainty of interest and repayments for the fixed rate portion
- Variable rate portion
  - Interest charged and repayments will change to reflect interest rate movements for the variable rate portion

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

- Limiting risk of increasing variable interest to obtain some benefit from potential future decreases in the interest rate
- Retaining a degree of flexibility in relation to increased payments, redraws and/or early repayment of part of the loan
- Make budgeting easier than if the entire loan were variable
- Other

#### Risks

- Applicant(s) will not obtain the full benefit of rate decreases and will still have some exposure to the risk of rate increases
- Applicant(s) will generally not be able to change the ratio of the fixed and variable portions
- Applicant(s) will be required to make separate repayments for each portion
- Fixed rate may change between the time of approval and the time of drawdown if rate guarantee has not been obtained
- Limited or no flexibility in relation to the fixed rate portion concerning making additional repayments, redraws and offset account during the fixed rate period
- Possibility of expensive break costs if, during the fixed interest rate period applicant(s):
  - Repay loan in full;
  - Switch to another product or loan type;
  - Make additional repayments;
  - Sell the property; or
  - Seek further funds

I have ensured each applicant has understood the risks outlined above

Note: There is system validation to determine if the rate type aligns to the details in the 'Loans' tab. If the selection doesn't align, a validation message will advise you to revisit the 'Loans' tab as illustrated below.

### Rate type

Which product rate type is most important to the applicant(s)?

Fixed Variable **Fixed and variable**

Differs from loans tab.

**Repayment type:** The repayment type selected in the 'Loan Details' tab will display (e.g. principal and interest). You'll need to confirm the repayment type description with the applicant(s), confirm with the applicants(s) that the repayment type is still important and when prompted the reason(s) why the selected rate type is important.

Note: There is system validation in place to ensure the selections in the 'Loan' tab are valid. If not, you'll be advised to revisit the 'Loan Details' tab.

#### Repayment type

##### Principal and interest

- Repayments cover loan principal and interest so that the loan is paid in full by the end of the loan term
- Applicant(s) could pay less interest over the life of the loan as compared with a loan which features a period of interest only repayments
- Interest rates on principal and interest repayments are generally lower than interest only

How important is principal and interest to the applicant(s)?

Important  Not important

Why is principal and interest important to the applicant(s)?

- Minimise interest paid over life of loan
- Higher lending limit
- Lower deposit required
- Build up equity from the start
- Other

##### Interest only

- Allows smaller repayments during the interest only period enabling:
  - Higher cash on hand for other purposes
  - Flexibility to manage cash flow
  - Smaller initial payments on investment home loans may serve a tax purpose

How important is interest only to the applicant(s)?

Important  Not important

##### Risks

- 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
- After the end of the interest only period, 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
- The amount of equity that is built-up in the property securing the loan will be less with an interest only loan

I have ensured that each applicant understands the above risks

Total loan term    Repayment type

30 Yrs    Interest Only

Interest only term

3 Yrs

IO selection basis

- Maximise cash flow
- Temporary reduction in income
- Large non-recurring expenses
- Variable Income

Reason for variable income...

- Create funds for investment purposes
- Principle reductions in an offset facility
- Taxation, financial or accounting reasons
- Plan to convert to investment property
- Other

**Product features:** The product feature(s) related to the home loan product selected in the 'Loans' tab will be displayed. You'll need to complete the importance of the feature to the applicant(s) along with the reasons why it's important and associated risks. You're required to declare that you have read through and explained the risks to the applicant(s) and that they understand these by selecting the tick box.

Note: The offset account will only appear if you've selected the offset home loan in the 'Loans' tab.

### Product features

#### Offset account

- Allows applicant(s) to link a savings account in their name to a loan account to reduce amount of interest payable under loan
- Will only be of benefit where the applicant expects to have sufficient funds in the offset account so that the interest savings on the loan will exceed additional costs related to the offset account

How important is having an offset account to the applicant(s)?

Important  Not important

Why is having an offset account important to the applicant(s)?

- Allows paying off loan sooner
- Allows access to funds
- For tax purposes (no tax advice is being given)
- Other

#### Risks

- Feature may not be available when the loan is on a fixed rate
- May only be a partial interest rate offset
- Fees may apply
- Explain any different risks applicable to specific lender products, including a higher interest rate on the loan

I have ensured each applicant has understood the risks outlined above

When you select a variable basic or offset home loan, you'll be required to complete the details for redraw.

### Redraw feature

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

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

Important  Not important

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

- Flexibility to access prepaid funds if needed
- Other

#### Risks

- Lender may charge fees for each redraw
- Each redraw may be subject to the lender's discretion

I have ensured each applicant has understood the risks outlined above

**Other information:** You'll need to state if there are any other requirements and objectives not already stated and if 'Yes', provide the details.

#### Other

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

Required.

**Product selection:** You'll need to provide a concise narrative summary of the applicant(s) requirements and objectives and how the chosen loan product meets their needs.

#### Product selection

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

Required.

**Submission of the Needs and Objectives Interview Guide:** Once all information is completed, validated and you submit or resubmit the application:

- APP & PIA numbers: ApplyOnline will generate a Needs and Objectives Interview Guide and it will be automatically upload it to the supporting documents in ApplyOnline ready for submission.
- WIN numbers: You're required to use the print forms section on ApplyOnline and select the Needs and Objectives Interview Guide and email this to mortgageapplications@macquarie.com for review as part of the application assessment by our credit team.

DRAFT
Actions

Submit to lender  
Submit application data

Unlock and edit data  
Change submitted application data for resubmission.

Revert to previous version  
Revert to the previous version of ApplyOnline

Print

Save  
  
Manual Status Change  
  
Send to HelpDesk

Clone
Send to HelpDesk

Print
Print to PDF

Select a document pack then select documents to print.

#### Document Packs

Show All Documents

#### ApplyOnline Documents

Application Record  
Record of ApplyOnline Application Data

Application Summary  
Summary of ApplyOnline Application Data

#### Lender Documents

Macquarie Branded Application Record

E-Lodgement Support Form  
Macquarie E-Lodgement Support Form

Home Loan Identification Form  
Form to manually complete AML and VOI identification

Gift and loan declaration form  
To be completed if the applicant is receiving a gift or loan

**Macquarie Needs and Objectives Interview Guide**  
Summary of Responsible Lending Data

#### Disclaimer

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