

Principal Increase Loan Application submission guide

Existing clients can apply for a principal increase on their loan facility, which can be for either an increase on a current limit (refer 3.1.2) or creating a new loan split/account (refer 3.1.1). This guide outlines the steps to follow to successfully lodge a principal increase application on Apply Online.

Eligibility Checklist: Please use this checklist to determine whether your client is eligible for a principal increase.

- You must be the same broker who originated the existing loan we're increasing
- You must be from the same aggregator and broker firm that originated the existing loan we are increasing
- Your client's loan must have a BSB of 182-182
- Your client's loan must not be cross collateralised with another loan facility
- Your client's loan must not be under a company OR trust
- Your client's minimum top up amount must be \$25,000
- Your client's loan must not be for construction or renovation where progress drawdowns are required
- Your client must not be either currently or at the time of the original settlement, considered an expat

If you've answered no to one of the above eligibility requirements, you'll need to proceed with an internal refinance application, please contact your BDM to discuss further.

Need Help?

- To support you through the process, helpful information will be presented in blue information boxes (like this one).
- There are also general FAQs on all queries for Principal Increases located on page 7 & 8.

1. Application tab

- 1.1 Application: Select 'Principal Increase' under 'Application type'
- 1.2 Broker: Ensure broker details such as Accreditation ID are entered correctly
- 1.3 Comments and loan objectives: This is your loan summary/coversheet where you enter your customer's loan objectives, exceptions, and mitigants.

Application

Application
Application type

Principal Increase

Multi-part application
Is this a multi-part application?

YesNo

Required.

Broker
Accreditation ID

12345

Verify

Company NameCompany ABNCompany licence number

Broker Company

TitleFirst nameLast name

MissJaneCitizen

Mobile numberPhone numberFax numberEmail

04001231230391234567jane.citizen@brokercompany.com

Address
1 SHELLEY STREET SYDNEY NSW 2000

Legal representation
Will the applicant(s) be representing themselves?

YesNo

Originator comments
Comments and loan objectives
Requirements and objectives of loan are [...]

© NextGen.Net Pty Ltd. All rights reserved. ApplyOnline® is a registered trademark of NextGen.Net Pty Ltd.

2

Principal Increase Loan Application submission guide

2. Loans tab

You'll select the loan amount and declare the primary loan purpose in this section.

Loan splits

\$50,000 Basic Home Loan

Primary purpose
Non-Residential Investment

ABS purpose
247 - Other personal investment (including shares and purchase of land for investment)
in other

Cash out amount
\$50,000.00

Estimated settlement date
dd/mm/yyyy

Base amount
\$50,000.00

LMI premium
\$0

LMI payment method
Loan Account

Total loan amount
\$50,000.00

- 2.1 ABS purpose: Search by entering the purpose code or name or switch to **manual purpose finder** as required. Select appropriate ABS code and then 'Save Changes'.

ABS purpose

All > Other

247 - Other personal investment (including shares and purchase of land for investment)

249 - Other personal loan not for housing

349 - Other - all purpose (eg. maintenance and repairs and other improvements that don't involve building work)

i Switch to [ABS purpose lookup](#)

For example: If your client is seeking a \$50,000 loan increase to purchase shares, please select 'Non-residential investment' as the primary purpose and 'ABS-247' as the ABS purpose.

Important note: The declared loan purpose under section 2.1. will not change the original loan purpose of the client's existing facility. However, if your client requests a new sub-account, then the selected purpose in section 2.1. will be the selected loan purpose. Sub-account creation will be explained in step 4 (Tab Four: Security).

2.2 Loans splits: Please enter total increase loan amount.

Product

Basic Home Loan
in Variable

Interest rate (pa)
5.40%

Total loan term
30 Yrs

Repayment type
Principal & Interest

Is interest tax deductible?

Nominated borrowers

All applicants

Ownership will be automatically allocated to all applicants at submission time. Allocations below are *indicative* based on current applicants.

| | | |
|----------------------------|-------------------------------|------|
| Primary applicants | Mack Lone (Primary applicant) | 50% |
| | Mackie Lone | 50% |
| Total ownership allocation | | 100% |

Done

Features and discounts

| Type | Description | Actions |
|--|-------------|---------|
| Transaction Account (includes MasterCard Debit Card) | | |

+ Feature

+ Loan split

2.3 Interest rate: Please enter the current interest rate on your client's loan account, which is located in your broker's portal. Please note that this rate is carried forward into your client's new loan request.

2.4 Repayment type and interest only term: Please select the current repayment type on your client's loan, and specifying the remaining interest only term if applicable.

Important note: If your client wants to create a new sub-account, the product selection needs to be the same as the original loan application.

For example: Original application = Offset home loan; then PI application = Offset home loan.

Please also note that new offset account creation with a principal increase sub-account is currently not available. This is handled as a post settlement servicing/maintenance request.

3. Securities tab

Enter in details of the security property that is currently against your client's existing loans that we will be performing the principal increase on.

15 Kings DALE WATSON ACT 2602

Type of security

Type

Registered Mortgage

Transaction type

Owns

Is primary security?

Yes

No

Ownership

All applicants

Auto-allocation

Location

Is for pre-approval?

Yes

No

Address

15 Kings DALE WATSON ACT 2602

Property Details

Status

Established

Property primary purpose

Owner Occupied

Holding

Sole

Zoning

Residential

Property type

Fully Detached House

Off the plan?

Yes

No

Will own 3 units in complex?

Yes

No

Will own 25% of complex?

Yes

No

Property value

Estimated value

\$1,050,000.00

Basis of estimate

Applicant Estimate

Title details

Title type

Title

+ Title identifier

Contact for access

Contact

Mack Lone

- 3.1 Existing mortgages: Click on '+ Existing Mortgage' and enter your client's existing Macquarie loan account details.

Existing mortgages

+ Existing mortgage

© NextGen.Net Pty Ltd. All rights reserved. ApplyOnline® is a registered trademark of NextGen.Net Pty Ltd.

Important note: BSB must be 182-182 to be eligible for a principal increase. BSB-183-711 or BSB 183-712 are not eligible for principal increase and an internal refinance application will need to be lodged. Please also ensure that the correct account number for your client's loans are entered accurately to avoid any resubmissions for any corrections.

Important note: You only need to enter ONE ACCOUNT from the existing facility. For a separate subaccount (option 1), this will be an existing loan account. For an increase to an existing sub-account (option 2), please enter this account only.

3.1.1) Option 1: If principal increase is to create a **SEPARATE** sub-account, select **No** for 'Is principal increasing?'

Existing mortgage

Priority

First

Is principal increasing?

Yes

No

Ownership

All applicants

Auto-allocation

Creditor

Macquarie

Repayment type

Principal and interest

Repayment amount

\$2,000.00

Frequency

Monthly

Current interest rate

2.99%

Is interest tax deductible?

Yes

No

Current balance

\$390,000.00

Limit

\$390,000.00

Account name

BSB

182182

Account number

12345678

Loan term expiry date

01 Dec 2050

Estimated years remaining

27

Estimated months remaining

2

Is clearing from this loan?

Yes

No

3.1.2) Option 2: If principal increase is linked to an existing mortgage split and a new sub-account is **NOT** to be created, select **Yes** for 'Is principal increasing?'

Priority

First

Is principal increasing?

Yes

No

Ownership

All applicants

Auto-allocation

Creditor

Macquarie

Repayment type

Principal and interest

Repayment amount

\$2,000.00

Frequency

Monthly

Current interest rate

2.99%

Is interest tax deductible?

Yes

No

Current balance

\$390,000.00

Limit

\$390,000.00

Account name

BSB

182182

Account number

12345678

Loan term expiry date

01 Dec 2050

Estimated years remaining

27

Estimated months remaining

2

Is clearing from this loan?

Yes

No

Important note: Please note that if your client wishes to apply for a principal increase, which is larger than their existing variable loan split limit then a new sub-account must be created. For example, if the existing variable loan split limit is \$500,000 and your client wants to do a \$200,000 top up, your client can increase the existing split if preferred. If the existing variable split limit is \$500,000 and you want to do a top up for \$700,000, then a new sub-account must be created.

FAQ's

Product Selection & Limitations

Q. How do I know if I should lodge a principal increase application or a cross collateral application?

- A.** A cross collateral loan requires at least one new security to be added to your client's portfolio. If an existing client is looking to leverage their available equity on their properties secured against a Macquarie loan facility to purchase a new property, they're eligible to apply for a cross collateral loan. If your client is looking to only release equity (cash out) from their existing properties secured against a Macquarie loan facility, they're not eligible for a cross collateral loan and must lodge a principal increase application.

Q. How do I know if I should be lodging a principal increase application or an internal refinance application?

- A.** There are two primary reasons why an existing client would require an internal refinance rather than a principal increase:
1. BSB numbers: If your client has BSB 183-711 or BSB 183-712 then an internal refinance will be required. If they have BSB 182-182, they will be eligible to apply for a principal increase.
 2. Broker must be from the same aggregator and firm: The broker or broker firm, and aggregator that is lodging the principal increase must match the original application for the existing loan held with Macquarie Bank. If the broker or broker firm, and aggregator don't match then an internal refinance application will be required.

Q. How do I know if I should lodge a principal increase application or a construction loan?

- A.** The key factor in differentiating a principal increase to a construction loan is whether Macquarie Bank is required to rely on an 'As-is' or an 'As-if' valuation of the security.

An 'As-is' valuation is the market value of the property as of the effective date of the appraisal without considering any added value from the proposed construction that Macquarie Bank will be funding.

Therefore, if we're to rely on an 'As-Is' valuation for an existing Macquarie Bank client, a principal increase (or an internal refinance) is required to be lodged. Macquarie Bank does not control these funds for construction but there are specific LVR parameters and credit policy items that need to be met for eligibility

An 'As-if' valuation is the market value of the property with consideration of the added value from the proposed construction that Macquarie Bank will be funding. Therefore, if an existing customer is seeking to complete the construction of a new dwelling, knockdown rebuild, or additional dwelling/structural renovations, then a construction loan will need to be lodged to request an internal refinance of the existing security as well as funds to complete construction. Macquarie Bank will use the builder's progress payment schedule to control the funding for construction.

Q. What are the LVR limitations?

- A.** The final LVR including the increase must be less than or equal to 80%.

Loan Term, Amount, and Repayment

Q. Can we change the loan term on the sub account?

A. No. The new sub-account will be on the same remaining term as the existing facility.

Q. What is the minimum principal increase amount I need to apply for?

A. The minimum amount is \$25,000

Q. Does the new sub account loan amount need to be lower than existing loan splits limits?

A. No, the new sub account loan amount can exceed the limit of the other splits.

Q. Can the new sub account have Principal & Interest repayment even when the existing loan splits are Interest only?

A. Yes, the new sub account can be on P&I repayments.

Q. Can the new sub account be on a different rate type to the existing splits?

A. Yes, the new sub account can either be fixed or variable.

Q. Can I apply for more than one split for my principal increase?

A. Yes, multiple sub accounts can be applied for.

Account & Fees

Q. Can I complete a principal increase on a loan that is in construction phase?

A. No, you cannot complete a principal increase on a loan that is in construction phase.

Q. Can I open and link a new offset account to the new sub account as part of my application?

A. New offset account creation with a PI sub account is not available. This is handled as a post settlement servicing/maintenance request.

Q. What are the fees to do a principal increase?

A. A principal increase is considered a variation to the home loan. There may be fees associated with variations to the home loan depending on the number completed within a 12 month period.