











# Broker Interview Guide

(for NCCP Regulated Lending Only)

Feature	Important	Reason	Not important	Don't Want
<p>Interest Only</p> <p>Allows smaller payments during the interest only period enabling:</p> <ul style="list-style-type: none"> <li>Higher cash on hand for other purposes.</li> <li>Flexibility to manage cash flow.</li> <li>Smaller initial payments on investment home loans may serve the purpose of the applicant sought tax advice?</li> </ul> <p>Ensure each applicant understands each of the following risks:</p> <ul style="list-style-type: none"> <li>Higher interest rates may apply to interest only loans.</li> <li>Interest only payments will not reduce the loan principal.</li> <li>Not repaying loan principal will result in the applicant paying more interest over the loan term.</li> <li>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.</li> <li>The amount of equity that is built-up in the property securing the loan will be less with an interest only loan.</li> </ul>	<p>If feature is marked Important, confirm that each of the risks listed in Features have been explained to the applicant(s):</p> <p>AND</p> <p>indicate the preferred duration of the interest only period:</p> <ul style="list-style-type: none"> <li>1 year</li> <li>2 years</li> <li>3 years</li> <li>4 years</li> <li>5 years</li> </ul>	<p>Where interest only is important, why is this?</p> <ul style="list-style-type: none"> <li>Accommodate temporary reduction in income (e.g. parental leave, changing circumstances)</li> <li>Accommodate anticipated non-recurring expense item (e.g. education, renovation/construction, furniture).</li> <li>Variable and unpredictable income.</li> <li>Recommendation provided by an independent financial advisor/accountant.</li> <li>Taxation or accounting reasons (no tax advice is being given), including:                             <ul style="list-style-type: none"> <li>Release funds for investment purposes (e.g. shares, investment property, super contributions)</li> <li>Priority is paying off non-deductable debts (this loan is for investment purposes)</li> <li>Plan to convert to an investment property in future</li> </ul> </li> <li>Other.</li> </ul> <p>Details for Other :</p>		



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<p><b>4.3 Product Type</b></p> <p><b>Redraw</b></p> <p>Allows applicant(s) to access extra repayments that they made over and above the required minimum repayments.</p> <p><i>Ensure each applicant understands each of the following risks:</i></p> <ul style="list-style-type: none"> <li>• Each redraw may be subject to the lender’s discretion.</li> </ul>	<p>If feature is marked ‘Important’, confirm that each of the risks listed in ‘Features’ have been explained to the applicant(s):</p>	<p>Where having a redraw feature is important, why is this?</p> <p>Flexibility to access prepaid funds if needed.</p> <p>Other.</p> <p>Details for “Other”:</p>		

## 4.4 Conflicts between loan features

### 4.3.1 Are there any conflicts between any of the loan features marked ‘Important’ in section 4. Loan Features

Yes      No

If Yes:

### 4.3.2 Explain the conflicts to the applicant(s) and ask them to consider the priority of the loan features they identify as ‘Important’ so that the conflict can beresolved. Once this is done, set out those priorities and reasons for those priorities below.

## 4.5 Other

### 4.5.1 Do the applicant(s) have any other requirements and objectives not already stated which may affect whether the loan, for which they propose to apply, 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’?



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## 4.6 Acknowledgement by Broker

I acknowledge that I have asked all the above questions and notified the applicant(s) of the risks associated with their selected loan features, including the risks identified above.

Broker Full name

Signature (Broker)

Date:            /            /