

Principal Increase Loan Application Submission Guide

Existing client 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 are increasing, and
- 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 collateralized 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

If you have answered no to one of the above eligibility requirements, you will 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. Summary tab

- 1.1. Application: Select 'Principal Increase' under 'Submission Type'
- 1.2. Referrer: Ensure broker number is entered in correctly and click 'Verify'
- 1.3. Comments and loan objectives: This is your loan summary/coversheet where you enter your customer's loan objectives, exceptions, and mitigants.

Application Summary

Application ID: 200081423

Loan: [Owner Occupied \\$0](#)

Applicants: Type: Applicant

Security: [\(no address entered\)](#) Property Type:

Lender

Lender ID's

Application Number:

Submission ID:

Application

Submission Type:

Multi-Part Application

Is this a multi-part application?

Referrer

Broker Number:

Company Name:

Company Licence Number:

Contact Name:

Email:

Address Type:

Unit No: Level: Building:

Street Address:

Suburb: State: Postcode:

Country:

Phone Number:

Fax Number:

Mobile Number:

Legal Representation

Will the applicant(s) be representing themselves?:

Accountant

Accountant:

Comments and Loan Objectives ❌

What are each applicants requirements and objectives?


2. Loan details tab


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

Loan Detail 1: Owner Occupied \$0 of 1 [New](#)

Loan Purpose

Primary Purpose:

ABS Purpose: 



Settlement Date: 

| | |
|---|--------------------|
| Total Loan Amount: | \$50,000.00 |
| Deposits and Contributions: | \$0.00 |
| LESS Fees Included in Loan Amount: | \$0.00 |
| Purpose Amount: | <u>\$50,000.00</u> |

Deposits and Contributions

| Type | Description | Loan | Amount |
|--|-------------|------|--------|
| Add New Deposit / Contribution | | | |


Features and Discounts

| Feature | Comment: | Assigned To |
|---|----------------------|---|
| <input type="text" value="Offset Account (includes Master Card Det"/> | <input type="text"/> |  |
| <input type="text" value="Offset Package (includes Credit Card"/> | <input type="text"/> |  |
| Add New Feature | | |

2.1. ABS purpose: Select the magnifying glass next to 'ABS purpose' where a pop-up screen will appear. Select appropriate ABS code and then 'Save Changes'.

Loan Purpose Selector

Search for the most relevant loan purpose or select from the list below



- Purchasing Existing Real Estate +
- Construction of Real Estate +
- Purchase of Non Real Estate Goods +
- Refinancing / Debt Consolidation +
- Other -

247 - Other personal investment not for housing (including shares)

249 - Other personal loan not for housing

349 - Maintenance and repairs and other improvements that don't involve building work

Loan Purpose selected: 247 - Other personal investment not for housing (including shares) (Other)

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. Loan products: Please enter total increase loan amount.

Loan Products

| | | |
|---------------------------------|---|---|
| Increase Amount: | <input type="text" value="\$50,000"/> | <i>Including financed fees</i> |
| LMI Premium: (if applicable) | <input type="text" value="0"/> | To be added to Loan Amount ▼ |
| Total Increase Amount: | <input type="text" value="\$50,000.00"/> | |
| Product: | <input type="text" value="Offset Home Loan (Offset Account (includes Master Card Debit Card),"/> 🔍 | |
| Interest Rate: | <input type="text" value="3.99"/> % pa | |
| Repayment Type: | <input type="text" value="Principal & Interest"/> ▼ | Interest Only Term: <input type="text"/> Years |
| Interest Tax Deductible? | <input type="checkbox"/> | |
| Nominated Borrowers: | <input type="text" value="All Applicants"/> 📄 | Cash Out Amount: <input type="text" value="\$50,000"/> |

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 account (principal and interest or interest only), as well as specifying the remaining interest only term (if applicable).

2.5. Product: Select the magnifying glass – this will trigger the "Product Selector". For both basic and offset home loans, available product features will pre-populate in blue on the right-hand side and will be pre-selected. Please untick any necessary features here then save changes.

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. Security 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.

Security 1: Registered Mortgage of 1 [New](#)

Security Information

Type: 1st Registered Mortgage Ownership: All Applicants
 Transaction: Purchasing
 Primary Security:

Property Details

Status: Holding:
 Zoning: Residential Property Type:
 Property Primary Purpose: Owner Occupied
 Will Own 3 Units In Complex:
 Will Own 25% Of Complex:
 Off The Plan:
 Building Area: m²

Property Value

Current Value: Estimated Value:
 Contract Price: Contract Date:
 Estimated Basis:
 Transfer of Land Amount:
 Licensed Real Estate Agent Contract:

Location

Pre-Approval:
 Address: [Edit](#) [New](#)

Title

Title Type: Title: Torrens

| Title Identification Type | Value |
|------------------------------------|-------|
| Add New Identifier | |

Contact for Access

Loan Party
 Other
 Company Name: Phone:
 Contact Name: Fax:
 Contact Type: Mobile:

Property Expenses

| Type | Details | Ownership | Frequency | Value |
|------------------------------|--|----------------|-----------|----------------------|
| O/Occ Strata, Body Corporate | O/Occ Strata, Body Corporate, Land Tax | All Applicants | Monthly | <input type="text"/> |

3.1. Existing mortgages: Select; 'Add New Existing Mortgage' and enter your client’s existing Macquarie loan account details.

Existing Mortgage(s)

[Add New Existing Mortgage](#)

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 sub-account (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, leave 'Principal Loan Increase' unticked.

Existing Mortgage(s) ✖

| | |
|--|--|
| Priority: <input type="text" value="First"/> | Ownership: <input type="text" value="All Applicants"/> |
| Creditor: <input type="text" value="Macquarie"/> | Limit: <input type="text" value=""/> ✖ |
| Account Name: <input type="text" value="John Smith"/> | Current Balance: <input type="text" value=""/> ✖ |
| BSB: <input type="text" value="182182"/> | Principal Loan Increase: <input type="checkbox"/> |
| Account No: <input type="text" value="123456789"/> | Interest Tax Deductible? <input type="checkbox"/> |
| Clearing from this loan? <input type="checkbox"/> | Repayments: <input type="text" value="\$2,000.00"/> <input type="text" value="Monthly"/> |
| Repayment Type: <input type="text" value="Interest Only"/> | Repayment Type: <input type="text" value="Interest Only"/> |
| Current Interest Rate: <input type="text" value="2.99%"/> | Loan Term Expiry Date: <input type="text" value="12 Oct 2051"/> |
| I/O Expiry Date: <input type="text" value="12 Oct 2026"/> | Loan Term Remaining: <input type="text" value="30"/> <input type="text" value="0"/> Yrs/Mths |
| I/O Term Remaining: <input type="text" value="5"/> <input type="text" value="0"/> Yrs/Mths | |

Note: Don't click here to add an existing mortgage

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, tick 'Principal Loan Increase'.

Existing Mortgage(s) ✖

| | |
|--|--|
| Priority: <input type="text" value="First"/> | Ownership: <input type="text" value="All Applicants"/> |
| Creditor: <input type="text" value="Macquarie"/> | Limit: <input type="text" value=""/> ✖ |
| Account Name: <input type="text" value="John Smith"/> | Current Balance: <input type="text" value=""/> ✖ |
| BSB: <input type="text" value="182182"/> | Principal Loan Increase: <input checked="" type="checkbox"/> |
| Account No: <input type="text" value="123456789"/> | Interest Tax Deductible? <input type="checkbox"/> |
| Clearing from this loan? <input type="checkbox"/> | Repayments: <input type="text" value="\$2,000.00"/> <input type="text" value="Monthly"/> |
| Repayment Type: <input type="text" value="Interest Only"/> | Repayment Type: <input type="text" value="Interest Only"/> |
| Current Interest Rate: <input type="text" value="2.99%"/> | Loan Term Expiry Date: <input type="text" value="12 Oct 2051"/> |
| I/O Expiry Date: <input type="text" value="12 Oct 2026"/> | Loan Term Remaining: <input type="text" value="30"/> <input type="text" value="0"/> Yrs/Mths |
| I/O Term Remaining: <input type="text" value="5"/> <input type="text" value="0"/> Yrs/Mths | |

Note: Don't click here to add an existing mortgage

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 are 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.