

Home Loan – Simple Rework Form



Bankwest, a division of Commonwealth Bank of Australia
ABN 48 123 123 124 AFSL/Australian credit licence 234945



Responsible Lending means that Bankwest and the Lender must make reasonable inquiries about the customer's requirements, objectives and financial situation. We must then take reasonable steps to ensure that any changes to the initial application do not lead to a credit contract that is classified as 'unsuitable' for the customer.

Bankwest requires you to complete this form for all home loan rework applications relating to: changes in loan product, adding new loan products or offset accounts, change in repayment type, and change of loan purpose to refinance. Note: This form can not be used if the loan structure or security ownership or percentage is changing.

Section 1

Lender / Broker Name	<input type="text"/>	<input type="checkbox"/> Bankwest	<input type="checkbox"/> Broker
Customer Name	<input type="text"/>	LendNet #	<input type="text"/>
Summary of change	<input type="text"/>		

Are there any conflicts between any of the loan features requested by the customer ☐ Yes ☐ No

If yes, having discussed these conflicts and the priorities of the applicant(s) please provide details in the box below:

Do the applicant(s) have any other requirements and objectives, not already stated which may affect whether this loan is suitable including whether there are any particular personal circumstances of the applicant(s) not documented in any previous responses that are relevant to the loan features that have been requested. ☐ Yes ☐ No

If yes, please provide details in the box below:

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

Section 2 - Reason for Rework

Explain any change of existing products or addition of new products including Fixed or Variable products and offset accounts; changes to the loan purpose including investment or owner occupier; changes to interest repayments Principle & Interest or Interest Only; refinance or debt consolidation details and reasons.

1. Repayment type

☐ Fixed

Reason(s) for selection of Fixed:

- ☐ Avoid risk of increasing variable interest rate during the fixed interest period
- ☐ Make budgeting easier
- ☐ Other (please provide details)

Comments / details

☐ Variable

Reason(s) for selection Variable:

- ☐ To take advantage of potential future decreases in interest rate
- ☐ Flexibility with respect to repayments, redraw and/or early repayment of loan
- ☐ Other (please provide details)

Comments / details

Section 2 – Reason for Rework (continued)

2. Interest type

☐ **Interest only**

Reason(s) for selection of Interest only:

- ☐ 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 (based on financial advice), including:
 - Release funds for investment purpose (e.g. shares, investment property, super contributions).
 - Priority is paying off non-deductable debts (this loan is for investment purposes)
 - Plan to convert to an investment property in future
- ☐ Other (please provide details)

Comments / details

☐ **Principal and interest**

Reason(s) for selection Principal and interest:

- ☐ Minimise interest paid over the life of the loan
- ☐ Lower deposit required
- ☐ Higher lending limit
- ☐ Build up equity from the start
- ☐ Other (please provide details)

Comments / details

3. Offset

☐ **Yes** ☐ **No** ☐ **Indifferent**

If yes, reason(s) for selection:

- ☐ Allows paying off loan sooner
- ☐ Allows access to funds
- ☐ For taxation purposes (based on financial or tax advice)
- ☐ Other (please provide details)

Comments / details

4. Refinance or debt consolidation

☐ **Yes** ☐ **No**

If yes, reason(s) for selection:

- ☐ Reduced repayment
- ☐ Increased total loan amount
- ☐ Low interest rates
- ☐ Close to end of current loan term
- ☐ Wants to reduce number of lenders / consolidate debts
- ☐ Dissatisfied with other financial institution
- ☐ Greater flexibility / extra or specific loan features under new loan
- ☐ Other (please provide details)

Comments / details

Exit fee applies? ☐ Yes ☐ No Estimated Exit Fee Amount \$

Is Exit Fee amount greater than 10% of loan ☐ Yes ☐ No

If yes, has the customer been advised and still wants to proceed? ☐ Yes ☐ No

Variable

A variable rate loan is a housing loan where the interest rate varies to reflect market conditions. The interest rate will normally vary with changes to the base rate of the Reserve Bank and reflects changing costs on the credit markets. You will pay less if the interest rate falls and pay more if interest rates rise as repayments will vary accordingly.

Fixed

This is a housing loan where the annual percentage rate (interest rate) is fixed over a set period. Repayments will be fixed for the fixed interest rate period. You will be restricted in your ability to make surplus repayments or extra lump sum payments.

If variable interest rates fall you will not have your rate reduced and so will not enjoy the lower borrowing costs available to customers paying variable rates. Your rate stays the same for the fixed period.

You may have to pay an excess repayment fee if you make excess repayments that exceed the minimum repayments required during the fixed interest rate period.

You may not have the ability to redraw or fully utilise an offset account to reduce interest. There is the possibility of expensive break costs if, during the fixed interest rate period applicant(s):

- Repay loan in full;
- Switch to another product of loan type;
- Make additional repayments;
- Sell the property; or
- Seek further funds.

Your rate may change between the time of application and the time of drawdown if you have elected not to cap the rate as part of the application.

Principal and Interest

Loans with principal and interest (P&I) repayments are designed to be paid off over the selected loan term. P&I repayments are generally calculated on a monthly basis over the term of the loan and incorporate an amount of principal that in effect repays the loan principal over the loan term and the amount of interest based on the home loan interest rate and balance.

Interest Only

Interest only loans have an initial period where repayments do not reduce the principal of the loan then change to a final period of Principal and Interest (P&I) repayments. Interest only loans have the following characteristics:

- Not repaying the loan principal will result in higher P&I repayments, after the Interest Only (IO) period, compared to a full term P&I loan
- Higher interest rates than P&I
- More expensive over the loan life compared to a P&I loan
- Lower potential for equity building during the IO period as the principal is not reducing
- Potential tax consideration if it's an investment loan (you should seek your own professional financial advice specific to your individual needs)

Offset

There is an offset information sheet available at: https://www.bankwest.com.au/content/dam/bankwest/documents/legal-library/PDS_20140715-100203.pdf

Refinance & Debt Consolidation

I have discussed that if it increases the term of the loan, this may cause the applicant(s) to pay more interest and mean the applicant(s) equity in the property builds up at a slower rate. Each applicant appears to understand and wants to proceed. 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 debt after consolidating existing debts. The applicant(s) appears to understand and wants to proceed.

Confirmation by broker or on behalf of the bank

By submitting this form, I confirm that it represents the conversation(s) that I have had with the customer, that I have explained the products and changes to the customer and they have indicated that they want to proceed.

The applicant(s) appears to understand and wants to proceed. ☐ Yes ☐ No