

Global Limit

Key features:

- Maximum LVR 97%
- Maximum loan amount \$1.5 million (minimum loan amount \$50,000)
- Up to 99 accounts
- At least two accounts must be at the Variable Rate
- LMI only payable by borrower were the LVR exceeds 80%
- Available on LoDoc loans
- Term Loan and Line of Credit mixing is allowed
- Interest can be capitalised for Line of Credit Accounts
- Fixed Rates available (1 to 5 years) as either Principal and Interest or Interest Only – No capitalisation allowed on Fixed Rate Accounts
- Principal and Interest accounts allows – No capitalisation allowed
- Fee \$10 per Line of Credit account per month
- Annual Fee Option available (no monthly fee on Line of Credit accounts)

What does the Global Limit Product Feature offer borrowers?

Where the borrower selects to have two or more accounts forming a “Global Facility” each account must be Interest Only, (either as Term loans, Line of Credits or a mix of both) the account limits are notional, any available funds can be drawn from any variable rate account. On application the Mortgage Manager advises the Sub Limit, this is the expected final limit of the account after the Interest Only term expires. This Sub Limit amount is used to calculate ongoing Principal and Interest repayments. The Sub Limit is not a formal limit and post settlement places not restrictions on the balance of the account.

Example: Loan Total Maximum Amount of Credit \$250,000

Details	Global Limit	Global Facility		Account 3
		Account 1	Account 2	
Limits	\$100,000	\$100,000	\$100,000	\$150,000
Sub Limit		\$50,000	\$50,000	\$150,000
Type		Line of Credit	IO 10 Years	P&I
Capitalisation		Yes	No	No
Redraw		Yes	Yes	Yes
Purpose		Unregulated	Regulated	Regulated
Fee Account		All Fees		

Borrowers must make payments on Principal and Interest repayments where applicable, repayments must also be made on Term loans that are Interest Only, Line of Credits can capitalise so long as the combined balances of the Global Limit accounts does not exceed the Global Limit.

What is the target market for this product?

The Global Limit product is ideally suited to borrower’s who intend to repay domestic lending quickly, but require the flexibility of being able to:

- Redraw amounts for business purposes;
- Mix fixed and variable account for business and domestic purposes;
- Mix Term Loan and Line of Credit account types;
- Up to 99 accounts for tax effective planning.

Redraw

Borrowers can direct redraw to the appropriate account for tax purposes. That means borrowers can build up redraw in accounts within the Global Limit that are regulated (predominately for domestic purposes) and redraw them to the unregulated (business) account.

Example: Loan Total Maximum Amount of Credit \$250,000

Details	Global Limit	Global Facility		Account 3
		Account 1	Account 2	
Limits	\$100,000	\$100,000	\$100,000	\$150,000
Sub Limit		\$50,000	\$50,000	\$150,000
Type		Line of Credit	IO 10 Years	P&I
Capitalisation		Yes	No	No
Redraw		Yes	Yes	Yes
Purpose		Unregulated	Regulated	Regulated
Fee Account		All Fees		
Balance			\$20,000	\$10,000
Redraw	\$70,000			Nil

In this example the borrower has \$70,000 of available redraw for within the "Global Limit". They wish to redraw \$60,000 to purchase shares (for tax purposes this must happen on account 1). Post the redraw the accounts are as follows:

Details	Global Limit	Global Facility		Account 3
		Account 1	Account 2	
Limits	\$100,000	\$100,000	\$100,000	\$150,000
Sub Limit		\$50,000	\$50,000	\$150,000
Type		Line of Credit	IO 10 Years	P&I
Capitalisation		Yes	No	No
Redraw		Yes	Yes	Yes
Purpose		Unregulated	Regulated	Regulated
Fee Account		All Fees		
Balance			\$85,000	\$10,000
Redraw	\$10,000			Nil

Notes:

1. Account 1 now exceeds the original settlement Sub Limit. There is no issue with this as the maximum Limit for the Global Limit is \$100,000.
2. While the ongoing Principal and Interest repayments would now have varied the borrower is not required to take any action.