

Interest Prepaid FAQs

Important

Interest Prepaid is available only on Thinktank Private Loans and Residual Stock Loans, which are non-NCCP, business-purpose loans. This feature is more complex than standard repayments and may not suit every borrower. Please speak with your broker or adviser if you require guidance.

1. What is Interest Prepaid and how does it work?

Interest Prepaid allows you to use available equity to prepay up to 12 months of interest on your loan. We calculate the interest for the selected period and place those funds in a separate internal facility linked to your loan.

Each month, a portion of the prepaid funds is applied to cover your interest charges.

You will be able to see the prepaid interest facility balance, however you cannot access, transfer, or withdraw these funds as they are reserved solely for future interest payments.

2. Which loans are eligible?

Interest Prepaid is available only for Thinktank Private Loans and Residual Stock Loans.

3. Is the interest rate fixed or variable if I select Interest Prepaid?

The interest rate is variable. These loans typically require flexibility for early payout, so a fixed rate, which may attract break costs, is not offered.

4. Can I have an Offset or Redraw Facility?

No. The prepaid interest sits in a separate internal facility earmarked for interest charges. As it is not an accessible account, offset and redraw facilities are not available.

5. What happens if interest rates go up or down?

- If rates fall: Your monthly interest decreases. Any unused prepaid interest at payout is applied to reduce the loan principal.
- If rates rise: Your monthly interest increases, which may cause the prepaid amount to be used up sooner than planned. When this occurs, we will begin direct debiting interest from your nominated account unless the prepaid amount is topped up.

Example (illustrative only):

You prepay 12 months of interest. After four months, interest rates rise. The prepaid amount may then only last 10 months instead of 12. From month 11, direct debits for interest resume.

6. Can I make an early repayment?

Yes. You can make lump-sum repayments to reduce your loan principal. However, as there is no offset or redraw facility with this structure, you will not be able to withdraw these funds later.

If you have surplus funds and wish to reduce your loan balance, we can process this for you. Please contact us.

7. Can I payout the loan and discharge early?

Yes. You may payout the loan at any time, and there are no early repayment penalties.

Any unused prepaid interest is applied to the loan balance in your payout calculation. Standard discharge fees and government charges still apply.

8. What happens when the Interest Prepaid term ends?

If you have prepaid interest for the entire loan term and wish to payout the loan, please contact Thinktank for a payout figure. If you prefer alternative arrangements, please contact your broker.

If your loan term is longer than the Interest Prepaid term, direct debit repayments for interest will commence automatically. No action is required unless you wish to update your nominated account. If you do not wish to make interest repayments and require alternative arrangements, please contact your broker.

9. Can I get an Offset or Redraw Facility if I choose Interest Prepaid?

No. An Interest Prepaid loan does not include an Offset or Redraw Facility. You may reduce your loan principal, but you will not be able to withdraw those funds later.

10. Is prepaid interest tax deductible straight away?

Thinktank does not provide tax advice. Tax outcomes depend on your individual circumstances. Please consult a qualified tax adviser.

Interest Capitalised FAQs

Important

Interest capitalisation is available only on Thinktank Private Loans and Residual Stock Loans for business or investment purposes. Capitalising interest increases your loan balance over time. Ensure this structure aligns with your objectives before proceeding. If you are unsure, please speak with your broker or adviser.

1. What is Interest Capitalisation and how does it work?

With Interest Capitalisation, your monthly interest is added to your loan balance instead of being direct debited, for up to 12 months.

Your approved capitalisation amount, which is the total interest approved to be added to your loan, is shown in your offer letter.

You will see the capitalised interest accumulating in your loan statements or online view. This increases your total loan balance and reduces equity, assuming no change in property value.

2. Which loans are eligible?

Interest Capitalisation is available only for Thinktank Private Loans and Residual Stock Loans.

3. Is the interest rate fixed or variable if I select Interest Capitalisation?

The interest rate is variable. These loans typically require flexibility for early payout, so a fixed rate, which may attract break costs, is not offered.

4. How does capitalising interest affect my equity?

Each month's interest is added to your loan, which means:

- your loan balance increases,
- your equity reduces, assuming the property value remains unchanged and
- interest in future months is calculated on the higher loan balance.

5. Can I have an Offset or Redraw Facility with Interest Capitalisation?

Yes. You may choose either an Offset or a Redraw Facility, but not both.

6. What happens if interest rates go up or down?

- If rates fall: Monthly interest decreases.
- If rates rise: Your approved capitalisation amount may be used up sooner than expected. Once fully exhausted, direct debits will commence.

Example (illustrative only):

You are approved to capitalise 12 months of interest. Rates rise during month five. The capitalised amount may then only last 10 months. From month 11, interest is direct debited.

7. Can I make an early repayment?

Yes. You can make additional repayments via your Offset or Redraw Facility.

8. Can I payout the loan and discharge early?

Yes. You may payout early with no early repayment penalties. Standard discharge fees and government charges still apply.

9. What happens once the Interest Capitalisation term ends?

If you have chosen Interest Capitalisation for the entire loan term and wish to payout the loan, please contact Thinktank for a payout figure. If you prefer alternative arrangements, please contact your broker.

If your loan term is longer than the Interest Capitalisation term, direct debit repayments for interest will commence automatically. No action is required unless you wish to update your nominated account. If you prefer not to make interest repayments and require alternative arrangements, please contact your broker.

10. Why do you need my nominated bank account if I have interest capitalisation?

We require your nominated account so we can:

- resume direct debits once the capitalisation term ends, or
- commence direct debits earlier if your approved capitalisation limit is used up, for example following an interest rate increase.

11. When is capitalised interest tax deductible?

Thinktank does not provide tax advice. Tax outcomes depend on your individual circumstances. Please consult a qualified tax adviser.