

# Fixed Rate Home Loan fact sheet.



## With our Fixed Rate Home Loan, you can lock in your interest rate for a fixed period of time.

A Fixed Rate Home Loan is a good option if you want to know exactly what your repayments will be – giving you confidence to budget accurately and plan ahead with certainty.

It may not be right for you if:

- You want your rate and repayments to vary with variable rate movements (up and down); or
- Within the fixed rate term you think you might sell your property, make large repayments, top up your loan or switch to a variable rate.

If this happens you may have to pay an Administrative Fee and Early Repayment Adjustment (ERA).

## Things to know upfront

<b>Loan amount</b>	Minimum \$10,000. No maximum.
<b>Fixed terms</b>	1 to 5 years fixed terms.
<b>Loan term</b>	1-30 years.
<b>Additional repayments</b>	You can make additional repayments of up to \$10,000 for each year of your loan, without incurring additional charges. Excluding Interest in advance periods. See the 'Additional repayments' section in this fact sheet for more details.
<b>Repayment redraw</b>	Not available during the fixed rate period.
<b>Who can borrow</b>	Individuals, non-trading Companies and/or Family/Unit/Hybrid Trusts.
<b>Interest offset</b>	No offset available.
<b>Acceptable security</b>	Generally, a registered first mortgage over residential property.

## Loan purposes

What you can use the loan for	What you can't use the loan for
<ul style="list-style-type: none"><li>• Owner occupied or investment property purchase</li><li>• Refinance</li><li>• Land loans</li><li>• Personal needs</li><li>• Personal investments.</li></ul>	<ul style="list-style-type: none"><li>• Business purposes</li><li>• Bridging loan</li><li>• Construction</li><li>• Off the plan purchases.</li></ul>

## Interest rate

### The interest rate depends on

- The length of the fixed rate period
- Whether your loan is for owner occupied or investment purposes; and
- Whether you make principal and interest or interest only repayments.

### During a fixed rate period

- When you fix your loan, the interest rate that applies will depend on your chosen repayment type, as there are different rates for Principal and Interest repayments and Interest Only payments.
- If you have a Fixed Rate Investment loan with Interest Only payments, you'll have the option to pay your interest in advance. If you choose this option, there will only be one fixed interest rate, being the interest only rate less a 0.20% p.a. discount.

- The interest rates will be fixed from the date your loan is first funded or when you switch to a fixed rate and will apply for the fixed rate period.

### At the end of a fixed rate period

- The rate will revert to the Standard Variable Rate applicable to your loan type and repayment type at that time, less any package discount. This may be a higher interest rate and may result in an increase in your repayments at that time.
- You have the option of re-fixing your loan by switching to another Fixed Rate loan.

For current interest rates visit

[commbank.com.au/personal/home-loans/comparison-table](http://commbank.com.au/personal/home-loans/comparison-table)



## Rate lock

If the fixed interest rate changes between the disclosure date on your loan contract and the loan funding date, the applicable fixed interest rate on your loan will be the rate at the date of your loan funding – which could be a higher (or lower) rate.

If you request we can rate lock your fixed interest rates prior to the loan being funded, for a non-refundable fee. If we agree, we'll lock your fixed interest rates for 90 days from the date we process your rate lock request and the interest rates on your loan won't change for your elected fixed rate period. You can ask us to break the rate lock (for example, if rates go down) and revert to the rates available on the funding date.



## Repayment types & frequency

There is more than one way to pay back your home loan.

<p><b>Principal and Interest</b></p>	<ul style="list-style-type: none"> <li>• Required repayments can be structured <b>weekly, fortnightly</b> or <b>monthly</b>.</li> <li>• Principal and Interest repayments cover interest accrued and contribute to reducing the loan balance (the principal amount you borrowed).</li> </ul> <p><b>TIP:</b> One of the benefits of selecting principal and interest repayments from the beginning of the loan term is that the amount of interest payable will be lower over the life of the loan. That's because interest is calculated on the outstanding balance of your home loan. So each time you pay the minimum repayment you're chipping away at the principal loan amount as well as the interest.</p>
<p><b>Interest Only and Interest Only in advance</b></p>	<p><b>Interest only</b></p> <ul style="list-style-type: none"> <li>• Required payments can only be <b>Monthly</b>.</li> <li>• You are only required to pay interest during an Interest Only period. This means your required payments over the Interest Only period will be lower than if you were also repaying the principal (the amount you borrowed).</li> <li>• At the end of an Interest Only period your repayments will increase to cover the Principal and Interest amounts over the remaining term.</li> <li>• The Principal and Interest repayments will generally be higher after an Interest Only period than they otherwise would have been as you will not have repaid any of the principal amount you borrowed, and the principal needs to be repaid over a shorter period of time.</li> <li>• The total interest you pay over the loan term will generally be higher if you have an Interest Only period.</li> <li>• The maximum total Interest Only period is:             <ul style="list-style-type: none"> <li>• <b>5 years</b> over the life of the loan for an <b>owner occupied</b> home loan.</li> <li>• <b>10 years</b> in total maximum of 5 years (at any one time) for an <b>investment</b> home loan.</li> </ul> </li> <li>• Interest Only payments are not available within the last 5 years of the contracted loan term.</li> </ul> <p><b>TIP:</b> Remember, that the principal amount will remain the same and your outstanding loan balance won't reduce during the Interest Only period – unless you choose to make additional repayments.</p> <p><b>Interest Only in advance</b> (available on Fixed Rate Investment Home Loans only)</p> <ul style="list-style-type: none"> <li>• Repayments are made <b>annually</b>.</li> <li>• They cover the interest for the year ahead and do not reduce the loan balance.</li> </ul> <p>Interest in Advance is considered interest only. The Interest in Advance period must equal the fixed rate and interest only periods. Interest can only be pre-paid one year at a time in advance. An Administrative Fee and Early Repayment Adjustment applies for breaking an Interest In Advance period.</p>



## Additional repayments

Except during an Interest in Advance period, you can make additional repayments of up to \$10,000 in each year of your fixed rate loan without incurring an Administrative Fee and an Early Repayment Adjustment (ERA). We count a year as 12 months from the date you commence your fixed rate period and every 12 months after that.

If additional repayments exceed \$10,000 in a fixed term year you may have to pay an Administrative Fee and an Early Repayment Adjustment. The ERA:

- Can be significant (many thousands of dollars).
- Is calculated based on the remaining fixed term, outstanding loan balance and changes to wholesale market interest rates.



## Redraw

Redraw is not available during a fixed rate period. However, if you do make additional repayments during a fixed rate period, or had available redraw when you entered your fixed rate period, the redraw feature will become available at the expiry of the fixed rate. The amount available is adjusted so that at the end of your agreed loan term, both your loan balance and the available redraw will be zero.

## Top up

Through a top up you can borrow an additional \$10,000 or more – subject to equity held in your property and our approval. However it's important to know that a top up would break your fixed rate contract and Administrative Fee and an Early Repayment Adjustment (ERA) may apply. Please contact us to discuss this. Top ups on Interest in Advance loans are only permitted when moving into an Interest in Advance loan. They are not permitted during the Interest in Advance period.

**With any top up it's important to ensure you can manage the financial impacts because:**

- Increasing your loan will increase the interest charged and will generally increase your repayments. Please ensure this is suitable for your current and future needs.
- Where a top up is used to fund a purchase (such as a vehicle or a holiday), the time over which the amount is repaid could be significantly longer than the life of the purchase.

## Switching and splitting your loan

**Switching** is a change to one or more aspects of your loan, for example switching from a variable rate to a fixed rate or switching from Interest Only to Principal and Interest repayments.

**Splitting** is when you convert one loan into two or more loan accounts, generally with different loan types, repayment types or interest rates.

An Administrative Fee and Early Repayment Adjustment (ERA) may be payable if you switch during the fixed rate period (this could cost you many thousands of dollars).

An ERA will not apply if your switch is a change to your repayment type only (except for Interest in Advance).

## Wealth package

Enjoy interest rate discounts and no establishment fees for eligible home loans, and no annual fees for eligible credit cards. To receive these benefits you must qualify for the Wealth Package and have an initial package lending balance of at least \$150,000 when you apply for a package.

For more information about Wealth Package benefits and eligible loan types visit [commbank.com.au/wealthpackage](http://commbank.com.au/wealthpackage)

## Lenders' mortgage insurance/low deposit premium

Lenders' Mortgage Insurance (LMI) or Low Deposit Premium (LDP) may apply where there is an increased risk associated with a home loan. The circumstances of your loan determine whether a loan will incur LMI or LDP. They are a one-off costs added to the total loan amount and are not a fee for the establishment of a loan.


**LMI** is a one-off insurance premium that protects us (not you) against the potential loss we may incur if you are unable to repay your loan. We don't keep the LMI premium – it's passed on to the insurer.

**LDP** is a one-off bank fee designed to reflect the risk associated with a low deposit loan. If we ask you to pay LDP we won't ask you to pay LMI.

The **LMI** and **LDP** premium is non refundable.

## We're here to help

 If you have any questions visit [commbank.com.au/homeloans](http://commbank.com.au/homeloans), call us on **13 2224** (8am - 8pm 7 days a week) or visit us in branch.

 You can also book an appointment to speak with one of our Home Lending Specialists at [commbank.com.au/appointment](http://commbank.com.au/appointment) or contact your Broker.

### Things you should know

This fact sheet doesn't consider your individual objectives, financial situation or needs. Before basing any decisions on this information please:

- Consider its appropriateness to your circumstances.
- Consider obtaining professional advice specific to your needs, including financial, taxation and legal advice.

Loan applications are subject to credit approval and any loan offer includes full terms and conditions. Fees and charges apply – see our fees and charges brochure. This fact sheet is subject to change without notice.

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