



Features and Benefits of your Rate Buster* and Fee Buster X & ZIP Home Loan

*Mortgage of the Year 2005, 2006 & 2007 as voted by
Your Mortgage Magazine



- STANDARD VARIABLE RATE.** Rate Buster is a standard variable rate loan which has previously been awarded best home loan by Your Mortgage Magazine 3 years in a row. The rate you have been quoted is a standard variable interest rate it is NOT an INTRODUCTORY or HONEYMOON rate. Fee Buster although at a higher rate there are minimal set up fees with this product and is another option within the Rate Buster range of products.
- Unlike many lenders with the Rate & Fee Buster loans you have **NO** ongoing monthly or annual account keeping fees.
- For your convenience 24 hours a day all our Rate Buster products have **INTERNET** and **TELEPHONE** access.
- Need cash, look no more, Rate Busters offers you **ATM ACCESS** Australia wide from any ATM.
- Rate Busters offers real flexibility when it comes to paying off your loan. Repayments can be made by **SALARY CREDIT** or by **DIRECT DEBIT ORDER**, weekly, fortnightly or monthly to your savings or banking account (Note "weekly" is monthly amount divided by 4 and "fortnightly" is monthly amount divided by 2. For example if monthly repayment is \$752.00, weekly is \$188.00 and fortnightly is \$376.00). Interest only payments must be made monthly only.
- PORTABLE LOAN.** Looking to move house, don't worry and take your loan with you. Your loan is portable and security substitution is allowed provided the settlements occur on the same day.
- LOANS CAN BE SPLIT.** Design your loan the way you want it, with Rate Busters split loan feature your loan can be split into 10 different portions or products and if completed at settlement, no additional fee will apply. For splitting of loans after settlement, our fee is only \$100.
- 100% REDRAW OFFSET ACCOUNT.** One of the main reasons Rate Busters was awarded best home loan of the year for 2 years was not only are our interest rates one of the best in the country, but unlike many other low rates it is one of the very few products that have the option of a 100% Redraw Offset Account attached.

THIS MEANS, used correctly you could save \$000's over the term of your loan

- It is a **fully transactional** account.
- Your **entire income** (salaries, rents, and monies) can be paid directly into your **100% Redraw Offset Account** instead of making extra payments into your home loan.
- You retain **immediate** access to your funds.

- Your living expenses can be withdrawn from this account, BUT it can be advantageous to pay as many of your day-to-day living expenses and purchases as possible with a credit card with an interest free period and then pay your credit card off in full by the due date.
- In this way by **leaving your salary in your account for as long as possible**, you reduce the net debit balance that interest is calculated on.
- Note: for REDRAWS of \$5000 and higher, request needs to be directed in writing to Rate Busters. For security reasons, the telephone or internet cannot be used.

EXAMPLE OF A REDRAW OFFSET ACCOUNT

- Your home loan balance on a particular day is **\$250,000**. Your Redraw offset Account on that same day is **\$0**, therefore you pay interest for that day on **\$ 250,000**.
- You then deposit **\$50,000** into your Redraw offset Account and therefore you only pay interest for that day on the net balance of **\$ 200,000**.

FEE FREE BENEFITS

- **Unlimited FREE** Internet, Phone, EFTPOS, BPay, Direct Debit and Cheque transactions
- **Five (5) FREE** ATM Transactions per month (Unlimited FREE for ZIP option) via Westpac, St George / Bank SA or CueCard ATM's.
- Up to 10 multiple splits **FREE** at time of loan application.
- No monthly or annual on-going fees.
- Unlimited Visa purchases (providing credit is selected).
- Up to 4 limit adjustments per annum **FREE** (on LINE OF CREDIT)

QUICK REFERENCE TO OTHER FEES AND CHARGES

- Counter Deposits (Westpac) \$ 2.00
- Deposit Book /Cheque Book (1st one **FREE**) \$ 5.00
- Loan splits/consolidation after settlement \$100.00
- Fix an interest rate after settlement \$260.00
- Excess ATM Transactions (Westpac, StGeorge/Bank SA or CueCard ATM's) \$ 1.50
- ATM transactions other than at Westpac, StGeorge/Bank SA or CueCard ATM's \$ that amount charged by the other ATM
- Allowance to cover sundry Solicitor Costs (disbursements), say \$350.00
- If there is more than one security property (or single property is worth more than \$750,000 or located in a non metro area), borrower is a company or trust or guarantee/s required, additional costs apply. Please ring the Help Desk for a quote.
- Future loan increases, allow approx. \$600.00 + Application Fee (if applicable), & Mortgage Insurance Premium (applicable where increase is less than \$50,000 regardless of lending ratio or where total lending ratio is greater than 80% or total loan amount \geq \$600,000, minimum premium say \$440)

OVER THE COUNTER TRANSACTIONS at any Westpac Branch (using pre-encoded deposit book only).

BILLER PAYMENTS from your redraw off set or line of credit account. Please note, there is a \$5,000 daily limit.

CONSTRUCTION LOAN is available. Please note the following:

- Once off Progress Payment Administration Fee payable of \$120 at settlement
- Progress inspections required at each progressive drawdown, at minimum cost of \$110 (total of \$660 for standard 6 progress draws, with this collected at initial settlement)
- No other loan splits, nor fixed rates, nor offset, nor use of redraw available during the construction period.
- Must be under a fixed price building contract with a registered builder.
- Repayments are interest only during the construction period.

IMPORTANT FACTS REGARDING A FIXED RATE LOAN ACCOUNT (FIXED RATE OPTION)

It is important that you read the following terms and conditions before making your decision to proceed with or convert to a Fixed Rate product:

- The fixed interest rate is only determined on the day of settlement, or day that conversion actually occurs. To guarantee the fixed rate consider paying a Rate Lock fee (refer separate Rate Lock Fee authorisation form for full terms and conditions).
- Whilst the loan is subject to a fixed rate of interest, you may from time to time make payments in excess of your normal monthly repayment without penalty providing additional payments do not exceed \$10,000 per annum (based on fixed rate anniversary).
- However, if you wish to terminate the fixed rate period prior to the expiry date you may incur break costs.
- The loan may be provided on a fixed rate basis (the interest rate is not variable) and if the principal sum or any part of it in excess of \$10,000 is repaid prior to the expiry of the fixed rate period for any reason (including demand for repayments after default), you must pay to the Lender any applicable break costs.
- Where a fixed rate applies, even if interest rates fall, the interest rate on the loan will not change during the fixed rate period. In deciding to borrow on a fixed rate basis, you should rely on your own view as to the future movement of interest rates.
- If interest rates fall during the fixed period and the loan is repaid, break costs could be substantial. The amount of break costs payable by you is the amount determined by the Lender as being its cost and loss as a result of the principal sum of any part of it being repaid early. The Lenders calculation of this amount is final and binding on you. In calculating this amount, reference need not be had to an average cost of money (because different parts of money may be allocated to different purposes).
- At the end of the fixed rate period your loan will automatically revert to the variable rate applicable at the time.

Handy tips once your loan has settled

SETTLEMENT LETTER

A settlement letter will be posted to you detailing:

- Loan amount
- Repayment amount and frequency
- Customer numbers

together with instructions on arranging internet and phone banking, should be received by you within 3-4 working days after settlement.

VISA/DEBIT CARDS, CHEQUE & DEPOSIT BOOK/S

Where you have a redraw offset or line of credit account, your Visa/debit cards will arrive within 10 working days. The same applies for your deposit and cheque book.

FUND TRANSFERS TO REDRAW OFFSET ACCOUNT

When transferring funds from an external bank account into your redraw offset account, you must use the external bank's internet or telephone banking system.

- REDRAWS** – For security reasons there is a transaction limit of \$5,000 for the internet. A greater amount can be arranged, however, request needs to be directed in writing (via fax) to Rate Busters.

☑ **SETTING UP A REDRAW OFFSET ACCOUNT**

All variable rate loans are set up with a redraw account – two accounts are created:

1. The **L Account** (the loan account)
2. The **S Account** (the redraw account)

The **S Account** is a sub-account of the loan account and is **not** a separate facility. It is a **transactional** account and the Visa/debit card is attached to the *S Account*

With **Salary Crediting (or Salary Sacrifice)**, your salary is preferably deposited into the **S Account** (you can request salary credit/sacrifice to the L account direct, but only where the salary credit exceeds the minimum monthly repayment. Where it doesn't, the standard minimum monthly payment will be drawn)

For loan payments, the minimum payment is made as a direct debit from the **S Account** and paid to the **L Account** but only on a monthly basis. This allows additional funds to be accessible for redraw at anytime. You also need to make sure you leave sufficient salary credits in the S Account to cover the monthly loan payment, when due.

EXAMPLE: Salary & all other income \$ 3,000

- \$3000 deposit into **S (Redraw) Account**.
- Loan payment of \$1200 is deducted by Direct Debit and paid into the **L (Loan) Account**
- The balance remaining in **S (Redraw) Account** is \$1800 which is available for further redraws at any time.

☑ **MAKING YOUR LOAN PAYMENTS BY DIRECT DEBIT**

- **For Minimum Monthly Payment**, the Direct Debit request will be set up against your external account for regular debit – funds are then credited directly to the loan account.
- **For a Fixed Monthly Amount including voluntary extra payment** – this is set up exactly the same as salary crediting. Funds are deposited into the **S (Redraw) Account** and the minimum payment is taken as an internal direct debit from the **S (Redraw) Account** to pay the **L (Loan) Account** (please note that whilst the direct debit may be set up to credit the **S (Redraw) Account** weekly or fortnightly, the internal direct debit from the S account to the L account, only occurs monthly). This allows additional funds to remain in the **S (Redraw) Account** and for funds to remain accessible for redraw at anytime.

NOTE: additional voluntary funds can be credited directly to the loan account but only by special request – it is preferred that voluntary repayments are made to the S (Redraw) account.

☑ **NEED TO MAINTAIN A DEBIT BALANCE**

- Currently the lenders system necessitates that the loan balance must be in debit and not in credit or at a \$0 balance (minimum debit balance \$0.01) for the loan account to be accessible via phone, internet, direct debit, cheque, ATM etc.
- Should loan account go in credit or to a \$0 balance the account will be "frozen" and not accessible. To unlock the account, written request to Rate Busters is necessary to arrange transfer of sufficient funds to another account (either a linked loan account or pre-nominated account). This will take 24 – 48 hours.

Other facts

With one of the lowest rate, fully featured variable rate home loans in Australia and ability to move the loan to a new property if you have sold your current one (portable loan) why would you ever want to leave! If for some reason your circumstances change and you need to reduce or discharge your loan in the first 5 years, the following Deferred Establishment Fee would apply:

Where more than 50% of the loan balance is repaid or for Line of Credit where permanent reduction > 50% is sought or where the loan is repaid in part or in full and the security discharged in the first 5 years, a **DEF** is payable as follows:

- Years 1 to 3 – 1.2% (of original loan amount)
- Year 4 – 0.8% (of original loan amount)
- Year 5 – 0.6% (of original loan amount)

In addition, if the loan is repaid in full and the mortgage security discharged in the first five years, an Early Termination Charge of \$550 also applies to all loans. The Lenders Discharge Administration Fee of \$300.00 and Solicitors Legal Fee of \$297.00 also apply.

Further, if the loan is repaid in full and the mortgage security discharged in the first three years and where the lender has paid the Lenders Mortgage Insurance premium (loans ≤ \$600,000 or lending ratio ≤ 80%) they may charge you a proportion of that cost.

Note: a full list of costs, terms and conditions are detailed in the Loan Offer Documents.

I/We confirm we have been provided with a copy of this document (5 pages)

Signed
Borrower 1.....

Signed
Borrower 2.....

NAME _____
DATE / /

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Disclaimer: The information contained in this leaflet has been provided for information purposes only to help clarify the features of the Ratebusters Rate Buster, Fee Buster and Rate Buster LoDoc X & ZIP home loans only. It should be noted that the lender reserves the right to amend interest rates, fees and/or terms and conditions at anytime. The above comments regarding the Redraw Offset account provide an example of how it can be used, – Ratebusters are not recommending any particular strategy nor are we intending to provide advice on the benefits or otherwise. This information is current at 12th September 2009.