Qudos Bank

Home loan product switch

Office use only
Primary Member Number

Joint Member Number

Date / /

Personal details

Primary Member

Title

Full name

Member number

Contact number

Email

Secondary Member

Title

Full name

Member number

Contact number

Email

Account details

Account you'd like to switch

Amount to be switched

☐ All

Split amount* $

*If you wish to split your loan, please indicate the amount you wish to put on a new loan product here.

Product details

Which purpose is this loan used for?

◯ Owner Occupied ◯ Investment

Select the product you'd like to switch to

◯ Fixed Rate Home Loan with a Fixed Rate Term of: (1-5 years)
◯ Low Cost Home Loan
◯ Qantas Points Home Loan (QFF Member no.)
◯ No Frills Home Loan

Product details (cont.)

Repayment Type

◯ Principal & Interest

◯ Interest Only with an Interest Only Term of: ______ (1-5 years)

If **'Interest Only'** selected, please record why you would like interest only repayment (interest only repayments for owner occupied loans are subject to approval)

______

Declaration

I/We understand that the interest rate may be higher than my current interest rate.

Where I/we have selected a Fixed Rate loan, I/we acknowledge that break costs may apply if the loan is repaid before the fixed rate period expires and that redraw is not available during the fixed rate period.

I/we have read to information on Break costs contained below.

Where I/we have selected Qantas Points, I/we acknowledge that I/we have read and agreed to the Qantas Points Rewards Terms and Conditions, available on our website, qudosbank.com.au (as applicable).

Primary member		**Joint member (if applicable)**	
Name		Name	
Signed		Signed	
Date	/ /	Date	/ /

Disclosure

If you have selected a Fixed Rate Home Loan, please read the following disclosure

Offset Facility

Please note that fixed rate loans do not have an offset facility.

Break Cost Fee (BCF)

Break costs are payable if, during a fixed rate period:

- the whole of the loan to which a fixed rate applies is repaid; in this case, this fee is payable on the date of that repayment, or
- any part of the loan to which a fixed rate applies is repaid ahead of the scheduled repayments; if the total amount repaid ahead of the scheduled repayments in any 12 month period does not exceed $10,000, break costs do not apply, or
- the whole or part of your fixed rate loan is changed by agreement to another type of annual percentage rate.

Break costs are payable on fixed rate loans even if repayment is because of a demand by us after default.

Break Cost Fee (BCF) (cont.)

A Break Cost Fee ("BCF") may be payable if you repay your loan, or if you make an additional repayment, during any period in which your loan interest rate is fixed.

When you take out a fixed rate loan, we incur funding costs based on our **Cost of Funds**, which we base on the interbank lending rate known as the **Wholesale Market Swap Rate**.

If you repay your loan, or make an additional early repayment, our **Reinvestment Rate** will be based on the **Wholesale Market Swap Rate** at the time of the repayment.

The BCF reflects the cost incurred by QUDOS BANK if the **Reinvestment Rate** is less than our **Cost of Funds**.

The minimum BCF is zero. QUDOS BANK will not pay a refund for any advantage gained if the **Reinvestment Rate** exceeds the **Cost of Funds**.

Repayments not subject to Break Cost Fee

QUDOS BANK will waive the BCF if your total additional repayments during any year (starting from the anniversary of your fixed interest rate period) do not exceed $10,000.

If your additional repayments exceed $10,000 in any year, the BCF will apply only to the repayments in excess of $10,000.

Calculation of BCF

The BCF will be calculated using the following steps:

1. The proportion of your loan balance that is being repaid subject to BCF will be calculated as:
   (Repayment – Tolerance) / Balance.
2. QUDOS BANK's interest loss if you fully repaid your current loan balance will be calculated as:
   Balance x Years x (Cost of Funds – Reinvestment Rate).
3. An interest offset based on your expected future loan instalments will be calculated as:
   Instalment x N x (Cost of Funds – Reinvestment Rate) x Years / 2.
4. Your BCF will be calculated as:
   Proportion (1) x [Amount (2) – Amount (3)].

The BCF cannot be less than zero.

Example

A borrower makes an early repayment on 1 July 2012, when there are 18 months remaining on a fixed interest rate period. AFMA rates are available as at 29 June 2012, and these include:

1 year Interest Rate Swap Mid-rate	5.10% p.a.
2 year Interest Rate Swap Mid-rate	5.30% p.a.

For this early repayment, QUDOS BANK's **Reinvestment Rate** will be taken as the **Wholesale Market Swap** Rate at 29 June 2012 for an 18 month term, which by interpolation is 5.20% p.a.

Years is the number of years remaining in your fixed interest rate term, at the date of repayment. **Years** is calculated as **N**/52 if you are making weekly repayments, **N**/26 for fortnightly repayments, or **N**/12 for monthly repayments.

Example	The following example is provided to illustrate how a BCF is calculated using the above steps. Any BCF payable under your contract will depend on the loan details specific to the contract. A QUDOS BANK member takes out a loan of $240,000 with a fixed interest rate period of three years, and a fixed interest rate of 8.0% p.a. The member's interest-only repayments are $1,600 per month. After one year, when the loan balance outstanding is still $240,000, the member makes an additional repayment of $70,000. The member has made no previous additional repayments. When the repayment is made, there are 24 whole months remaining on the fixed interest rate period, so N is 24 months and Years is 24 / 12 = 2.00. If at loan commencement, the **Wholesale Market Swap Rate** for a 3 year term was 6.20% p.a., and at the time of repayment, the **Wholesale Market Swap Rate** for a 2 year term is 5.30% p.a., then the member's BCF will based on the difference between the **Cost of Funds** of 6.20% p.a. and the **Reinvestment Rate** of 5.30% p.a. The BCF will be calculated as follows: 1. The proportion of the loan balance that is being repaid subject to
What are fixed rate break costs?	When a lender agrees to lend money to a customer for a fixed period at a fixed rate, the lender may enter into finance arrangements to enable it to do so, which may consist of the lender borrowing money on similar terms. If the fixed rate loan is repaid before the end of the fixed rate period, the lender may still be obliged to pay the agreed rate for the balance of the period to its own lender or may incur other costs with respect to its finance arrangements. This may result in a cost to the lender (commonly known as break costs). Lenders normally pass on this cost to borrowers.
Example	A lender may borrow money for three years at a fixed rate of 8% per annum. The lender lends this money to you, also for three years, at say 9% per annum. During the three years, you decide to repay the loan early or switch to a variable rate. The lender incurs a cost in varying or cancelling the finance arrangements it has made. This is an example only to assist your understanding of break costs. The Lender may use various funding techniques but the underlying principle holds true. Break costs may be payable even if there is no matching borrowing by the Lender. **WARNING: If the fixed rate loan or any part of it is terminated early break costs could be substantial particularly if market interest rates have reduced during your fixed rate period. Ask us for an estimate of break costs before you arrange to repay a fixed rate loan early.**

Disclosure (cont.)

Definitions

Balance is your total loan balance outstanding after any regular scheduled repayments, but before your additional repayment.

Cost of Funds is the **Wholesale Market Swap Rate** at the commencement of your fixed interest rate period, for a term equal to your fixed interest rate period.

Instalment is the regular loan instalment you have been paying each week, fortnight, or month, at the date of repayment.

N is the number of whole instalment periods (weeks, fortnights or months depending on your instalment frequency) remaining in your fixed interest rate term, at the date of repayment.

Reinvestment Rate is the **Wholesale Market Swap Rate** at the date of your early repayment, for a term equal to your remaining fixed interest rate period.

Repayment is the additional repayment that you are making, i.e. in addition to your regular loan repayment instalments.

Tolerance is the additional amount that you can repay without a BCF applying. Within any one year (starting from the anniversary of your fixed interest rate period) you can make additional repayments up to $10,000 without a BCF applying.

Wholesale Market Swap Rate (% p.a.) is the Bank Bill Swap Mid-Rate or the Interest Rate Swap Mid-Rate published by AFMA (or similar published rates) for the date on or most immediately prior to the relevant calculation date, interpolated to the relevant number of whole months.

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