



Risk / Benefit Statement – Fixed Interest Rate loans:

Fixed Rate Loans:

While there may be benefits to having a Fixed Interest Rate on your loan for a period of time [e.g. you know what your interest rate is going to be for the fixed rate period and your loan repayments will not be subject to variations], there are also other factors that need to be considered.

Factors to be considered – Risks:

- Interest rates on fixed rate loans may be higher than variable rate loans at the time of the loan.
- Break Costs (or Early Repayment Adjustment costs) may apply if you break the fixed rate period early should you need to due to changed circumstances. These Break Costs can be significant.
- You may be restricted on the amount of additional repayments you are able to make to the loan before incurring Early Repayment Adjustment costs.
- Repayment redraw may not be available during the Fixed Rate period.
- Offset Accounts may not be fully (100%) offset.
- You would not be able to take advantage of reductions in interest rates if rates fall.
- The Fixed Rate does not apply until the loan is drawn down. This means if rates rise between when you applied for the loan and the loan settles, you may end up with a higher rate than you expected. This can be overcome by 'Rate Locking' your loan at application (fees apply).
- Loan increases are not available. You would need to take out a separate loan should you require additional funds.

NB: This may not be an exhaustive list and can be discussed further with us.

Refer to the Lender's loan offer documentation prior to signing to ensure you are aware of any Lender specific requirements.

Factors to be considered – Benefits:

- The interest rate is fixed for a defined period of time, giving protection against possible interest rate increases.
- Because of the Fixed Interest Rate, you have peace of mind in knowing what your repayments are going to be for the duration of the fixed rate period.
- An Offset Account may be available as a full or partial offset against the interest on the loan. This may help avoid Early Repayment Adjustment costs if you have additional funds available.
- At the end of the Fixed Rate period you generally have the ability to switch to a variable rate or to fix the rate for another fixed rate period (Lender conditions apply).
- Portability of loan - depending on the Lender, the loan may be 'Portable' from one property to another. This means should you sell a property and buy another, you do not necessarily have to repay the loan and incur Early Repayment Adjustment costs. Speak to your broker.
- Rate Locking guarantees the fixed rate against rate rises prior to settlement. Fees apply.
- May be a good option in a rising or uncertain interest rate market.
- Split loan - part fixed / part variable - may be a good 'best of both worlds' option.

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