

Changes to Resimac's fees

From 1 December 2021, we are reducing and removing some of our fees. We are also updating our General Terms regarding our prepayment fees (break costs).

Fee Type	Current Fees	Revised Fees
Application fee	\$475	\$399
Settlement fee	\$475	\$199
Re-documentation fee	\$475	\$250
Break cost (+ \$150 Administration Fee)	Fixed Rate Break cost – Actual Cost+ \$150	Fixed Rate Break cost – Actual Cost
Discharge fee	\$475	\$250
Variation Fee	\$475	\$420
Security Substitution	\$495	\$420
Arrears management fee	\$30	Removed
Direct Debit dishonour fee - \$30	\$30	Removed
Insurance company demand	\$30	Removed
Rates notification/demand	\$30	Removed
Interim Statement fee	\$5.50	Removed
Redraw fee	\$30	Removed

Updates to Fixed Rate Break Costs

We are pleased to advise that going forward Resimac will no longer charge a \$150.00 administration fee as part of your Fixed Rate Break costs.

We have also updated our documents and provide below the calculation that we use in providing this information. The calculation has not changed however in improving our customers experiences we have provided this information as well as a scenario example so that you can better understand your lending with us,

Fixed Rate Break Cost Calculation

We calculate the break cost by estimating the loss we may incur if you prepay part of all of your fixed rate interest loan. We may only charge a break cost fee based on a reasonable estimate of our loss.

The following is an explanation of how our break costs are calculated.

General Terms

"Explanation of break costs method

16.3 The break costs method is the means by which we calculate the break costs.

The break costs are the present day value (at the time that you break) of the amount (if any) by which:

(a) the interest charges we would have received under the loan or portion of it under the fixed rate option (that is, using the fixed rate applying at the time of the break) for that part of the fixed rate period remaining after the break.

exceed

(b) the interest charges which would accrue on that amount for the same period using the fixed rate which would apply if you started under the fixed rate option on the day of the break for a fixed rate period equal to the part of the actual fixed rate period remaining after the break.

If the amount under **(b)** exceeds the amount under **(a)**, then no break costs are payable by you.

If the loan is split, the calculation of break costs, using the break costs method, is done for each portion under a fixed rate option which you are taken to have broken. Break costs are equal to the total of each amount so calculated.

Assumptions used in the calculation

- 16.4** In calculating (a) and (b) in 16.3 we assume:
- (a)** the part of the fixed rate period remaining after the break is rounded down to the nearest month (regardless of whether loan repayment frequency is monthly, fortnightly or weekly); and
 - (b)** if the part of the fixed rate period remaining after the break does not equal any fixed rate period we are then offering, we set the fixed rate for (b) in good faith; and
 - (c)** the initial amount on which the interest charges accrue equals the amount repaid early (if the break arises because you repay early) or the total amount owing, or, if the loan is split, the applicable sub-account total amount owing (if the break arises for any other reason); and
 - (d)** we assume that all repayments would have been paid as scheduled (if the loan repayment frequency is monthly). If the repayment frequency is fortnightly or weekly, we assume that you would have paid a monthly repayment every month beginning one month after the date of the break and assuming that each month has $365 \div 12$ days.

A worked example is as below.

Worked example of the break costs method to calculate break costs

You elect to fix the interest rate for a loan or portion on 11 March 2019 for a fixed rate period of 2 years (the fixed rate period therefore ends 11 March 2021). The fixed rate for two years is 3.89% pa.

On 18 August 2020, you break the fixed rate period by paying the full principal balance of \$100,000 early.

Step 1 The new fixed delivery rate on the day of the break is 3.24% pa for the remaining rounded down term of 7 months.

Step 2 We calculate the monthly break cost amount:
 $\$100,000 \times (3.89\% - 3.24\%) \times 1/12 = \54.51

Step 3 We calculate the present value of the remaining months: $(1 - (1 / ((1 + ((3.24\% - 2\%) / 12))^7))) / ((3.24\% - 2\%) / 12) = 6.6735$

Step 4 We multiply the monthly break cost amount by the present day value of the remaining months to give break costs of \$363.77

What do you need to do?

You do not need to do anything. If you have any questions about any of the fees changes then please contact Resimac on **0800 384 858**.