

# Lending schedule of fees

13 DECEMBER 2018

## ESTABLISHMENT FEES

### Personal finance

An establishment fee applies to all credit facilities and includes the cost of processing the application and the preparation of CUA loan documentation.

### Mortgage loans

(includes line of credit and secured overdrafts)

#### New mortgage loan

Top up mortgage loan **\$600**

Split loan fee **\$450**

**\$300 (per loan)**

(additional splits over and above 2 loans incur one additional fee

e.g Loan 1 \$300, Loan 2 \$300, Loan 3 \$600)

### Personal loans

Personal loans secured **\$175**

Personal loans unsecured **\$175**

Unsecured overdrafts **\$175**

## OVERDRAFT SERVICE FEE

Everyday overdraft service fee **\$9 per month**

Just In Case overdraft service fee **\$5 per month**

## COMMERCIAL FINANCE

As a guide, an establishment fee of 0.25% of the total loan amount will apply, subject to a minimum fee of: **\$1000**

In some instances, where loan applications are complex, an application fee may be required before a loan is considered. In these instances, we will advise the borrower of the applicable fee prior to commencement of the application.

If valuation fees are applicable they will be charged in addition to any establishment fee and advised at the time of application.

**Applications for commercial bridging loans are subject to the following fees:**

**Application fee** **\$350**

Payable at time of making the application and non-refundable

**Establishment fee** **\$400**

Payable at time of settlement of the bridging loan

## SECURITIES ADMINISTRATION FEE (SAF)

A securities administration fee applies to all secured credit facilities. The securities administration fee represents the average cost based on typical charges incurred in settling loans, including:

- Progressive drawdowns
- Bank cheque fee
- Agent fee
- Land title search
- Credit reference fee
- PPSR searches
- PPSR charges

### Mortgage loans/overdraft

If security offered is already held by CUA **\$95**

If any security offered is new to CUA **\$175**

### Personal loans

If any security offered is new to CUA **\$90**

### Account information fee

**\$20**

Fee applies to the following requests:

- An annual audit certification on a CUA account
- A copy of a cheque or Visa voucher
- Personal information, traces, document copies (other than those specified above) and/or information pertaining to an account

Where further investigation is required an additional hourly rate of \$20 per hour will apply. An estimate of the costs involved will be provided prior to the work being undertaken.

### Discharge fee

**\$500**

If you pay out the loan partially or in full where a discharge of security is required, or you request a discharge of a security, a discharge fee is payable (per release or transaction).

### Production fee

**\$100**

If you request a title held by CUA to be produced to a relevant state's land titles office for any purpose, a production fee is payable.

### Re-documentation fee

**\$200**

Where a borrower requests, and CUA agrees, to a restructure of a loan between approval and funding and that change requires amended documentation to be prepared, a fee will be payable.

## EARLY PAYOUT FEE (EPF)

### Not ascertainable

When you enter into a fixed rate loan contract, you are effectively locking in the loan interest rate offered to you for an agreed period of time (e.g. 5 years). If you decide to switch or payout your fixed rate loan before the end of your agreed period, you are effectively breaking that fixed rate loan agreement, an EPF that could cost you thousands of dollars may apply.

An EPF is not a penalty, it is not a fee revenue and CUA does not make a profit from it. If we lose money as a result of you breaking your fixed rate loan agreement, we charge an EPF using a reasonable cost-recovery calculation to recoup our loss.

Your fixed rate loan agreement is a contract and under the general principle of contract law, if you break a contract and the other party to that contract suffers a loss, you need to compensate that party for that loss.

We recommend that before you decide to break your fixed rate loan agreement, you should obtain an EPF "quotation" from CUA and then seek independent financial and/or legal advice. It is also important to note that the financial markets are unpredictable and interest rates can change daily, therefore, an EPF quotation is valid only for the day it was quoted.

### Calculation of EPF

The Financial Ombudsman Service (FOS) has assessed the methodology to fairly and reasonably estimate break costs on fixed rate loans and released a fact sheet titled 'Breaking a Fixed Rate Loan' on their website. CUA's EPF calculation (outlined below) reflects this fair and reasonable methodology supported by FOS.

When you take out a fixed rate loan, you are effectively locking in your interest rate (i.e. your funding costs) for an agreed period of time. CUA as a financial intermediary borrow funds from savers and investors in the economy and on lend to you (borrower). As you have fixed your funding costs for an agreed period of time, we will also seek to fix our funding costs for similar period of time to protect CUA against future interest rate movements.

If you decide to break your fixed rate loan agreement, we also need to unwind our fixed rate funding. In order for us to reasonably calculate whether or not we have made a loss, we compare the movement in the wholesale market swap rates (swap rates) between two points in time (i.e. point 1 is the swap rate for the agreed fixed rate period when you take out your fixed rate loan and point 2 is the swap rate for the remaining term of the fixed rate period when you break your fixed rate loan).

On the day you break your fixed rate loan early, if the swap rate for the remaining term of the fixed rate period is less than the swap rate applied at the start of your fixed rate period, we will make a loss and we will charge you an EPF.

The wholesale market swap rates are published daily in the Australian Financial Review under the heading "Swap Rates: Quarterly in arrears" and they are the most transparent fixed rate cost of funds that can be used to approximate our EPF calculation.

### Formula

The formula for determining our EPF is as follows:

$$EPF = \frac{a}{r} \times [1 - (1+r)^{-n}] + R(1+r)^{-n} - P$$

where:

a = Minimum repayment amount per payment period paid by the borrower (the agreed repayment).

$$r = \frac{i}{f}$$

i = Wholesale market swap rate applicable to the investment of funds by us at the date of early payout or switch for the remaining term of the fixed rate period.

f = Number of agreed repayments per year.

n = Number of payment periods remaining in the fixed rate period if the loan was to run to maturity.

P = Principal outstanding at the date of early payout or switch.

R = Residual principal at the end of the fixed rate term assuming that the agreed repayments are made when due, where the wholesale market swap rate applicable to calculate R is equal to the agreed fixed rate period at the origination of the fixed rate loan.

Below is a working example of the above explanation.

### Partial EPF

The following formula sets out the method by which the break cost is calculated where, during a fixed rate period, any part of the loan to which a fixed rate applies, is repaid ahead of or in addition to the scheduled repayments.

$$EPF_p = \frac{A}{P_1} \times EPF$$

Where:

EPF<sub>p</sub> = partial break cost payable on early repayment during fixed rate periods

A = the amount of the repayment that was made ahead of or in addition to the scheduled repayments

P<sub>1</sub> = the scheduled balance of the account which is subject to the repayment as at the date interest charges are next to be debited.

EPF = the amount calculated in accordance with the above formula.

### Working Example

For example, you borrowed \$150,000 from CUA on 1 July 2011 fixed for 5 years at an interest rate of 7% over a 25 years loan term, and you chose to pay principal and interest on a monthly basis. The swap rate for 5 years fixed term was 6% (i.e. our funding costs for Point 1 of the two points in time mentioned earlier).

On 1 July 2014, after 3 years into your 5 years fixed rate loan, you decide to payout your loan in full but your loan still has 2 years remaining. Accordingly we refer to the swap rate for 2 years fixed term on the day of loan payout and it was 4.5% (i.e. Point 2 of the two points in time).

The money you paid back to us on 1 July 2014 estimated around \$137,800 (i.e. principal outstanding) has market value of only 4.5% for the remaining 2 years, however, we are still required to pay the 6% funding costs for that same 2 years. Therefore, we are effectively losing 1.5% from the money you paid back to us for the remaining 2 years of the 5 years fixed term (i.e. 6% - 4.5% = 1.5%).

The full calculation using the disclosed formula above is technical and complex. We use an automated calculation model that conforms to the methodology assessed by FOS.

For the purpose of this working example, we will simplify the calculation based on the underlying principles of the disclosed formula.

- The loan amount being paid out is: \$137,800
- The movement in the swap rates between Point 1 and Point 2 is:  
6% - 4.5% = 1.5%
- The remaining fixed rate term of the loan: 2 years
- The simplified calculation to reasonably estimate whether or not we have made a loss for the remaining 2 years (future value) is: \$137,800 x 1.5% x 2 = \$4,134.00
- Using the present value formula, the \$4,134.00 is then discounted back to present day value, therefore: EPF = \$3,821.50

### Variation fee

**\$300**

A variation fee is payable if you request any changes to the Credit Contract or Security - for example:

- Re-arrange and/or substitute a security on a mortgage
- Consent to any dealings in relation to property
- Switch from one interest rate product to another, at the request of the borrower

Re-arrange and/or substitute a security on a personal loan **\$100**

Switch from one personal loan product to another personal loan product **\$120**

### Telegraphic transfer fee within Australia

**\$20**

Local telegraphic transfer to an account at a financial institution within Australia

## THIRD PARTY COSTS

Often there are other costs associated with your credit facility charged by third parties. Third party costs incurred by CUA will be debited to your account.

### Valuation fee

**Not ascertainable**

The establishment fee for non Rate Breaker home loans covers the cost of one valuation. A valuation fee may be payable in the future if CUA considers it necessary to revalue the property at any time. The amount of the fee will be subject to the CUA panel valuers scale of fees current at that time.

### Government fees and charges

**Not ascertainable**

Government fees and charges relating to stamp duty and registration are payable on an event causing a change or variation to the transaction and/or security being taken in the applicable state or territory. The amount of the fee will be subject to the relevant government scale of fees current at that time.

### Solicitors costs

**Not ascertainable**

Solicitors costs are payable where they are engaged to prepare documents or provide advice relating to your matter on CUA's behalf.

*All fees are current as at date of issue, unless stated otherwise. CUA accepts no responsibility for changes made to those fees imposed by third parties.*