

This document is best read together with the **Southern Cross Credit Union Account & Access Facilities Conditions of Use, Loan Interest Rate Schedule and Target Market Determinations**.

## Application & Ongoing Fees

These are the standard fees applicable to our Business Loan products.

Fee	Business Loan	Overdraft	Business Vehicle Loan
Establishment Fee	\$699 or 0.25% <sup>1</sup>	\$699 or 0.25% <sup>1</sup>	\$375
Annual Fee	NA	\$250	NA
Monthly Fee	NA	NA	\$8

<sup>1</sup>Minimum of \$699 or 0.25% of your Loan Limit. The greater of the two is applicable.

## Other Fees

These fees may or may not be charged dependent on the circumstance of the loan.

Fee	Business Loan	Overdraft	Business Vehicle Loan
<b>Property Valuation <sup>1</sup> (per property)</b>	\$300	\$300	NA
<b>Progress Valuation Fee (construction loans)</b>	\$450	NA	NA
<b>Legal Fee</b>	\$430	\$430	NA
<b>Legal Fee (Trust Deed Review)</b>	\$132	\$132	\$132
<b>Security Variation (per security)</b>	\$150 <sup>3</sup>	\$150 <sup>3</sup>	\$150 <sup>3</sup>
<b>Guarantor Security Variation<sup>2</sup> (per security)</b>	\$300 <sup>3</sup>	\$300 <sup>3</sup>	NA
<b>Loan Variation</b>	\$150	\$150	\$150
<b>Product Switch</b>	\$300	NA	NA
<b>Redraw (Online/In Branch)</b>	\$0/25	NA	NA
<b>Security Guarantee <sup>2</sup></b>	\$200	\$200	\$200
<b>Direct Debit Dishonour Fee</b>	\$15	\$15	\$15
<b>Discharge Fee (per security)</b>	\$150 <sup>3</sup>	\$150 <sup>3</sup>	NA
<b>Deposit Bond Handling Fee</b>	\$110	NA	NA
<b>Discharge of Mortgage Registration Fee</b>	Subject to State Government Requirements		
<b>Mortgage Security Registration Fee</b>	Subject to State Government Requirements		
<b>Break Cost Fee (fixed rate loans)</b>	Refer to table below		
<b>Mortgage Stamp Duty</b>	Subject to State Government Requirements		

<sup>1</sup> Valuation fee varies dependent on type and complexity of property. Minimum fee shown. <sup>2</sup> Per guarantor. Applicable to all Security types <sup>3</sup> Plus SCCU solicitor fees, PEXA fees and relevant government charges.

## Credit Union Guarantee

Fee	Credit Union Guarantee
<b>Establishment Fee</b>	\$80 or 0.50% <sup>4</sup>
<b>Facility Fee</b>	0.75% <sup>5</sup>

<sup>4</sup> Minimum of \$80 or 0.50% of guaranteed amount. The greater of the two is applicable. <sup>5</sup> 0.75% of guaranteed amount charged six monthly in advance.

## What do these Fees Mean?

<b>Annual Fee</b>	An annual fee paid to administer your overdraft facility.
<b>Break Cost Fee</b>	<p>May be payable if you repay your loan early or if you make an additional repayment, during any period in which your interest rate is fixed.</p> <p>Break Cost Fee is calculated and charged as indicated below:</p> <p>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. The BCF is based on the difference between the <b>Fixed Rate</b>, i.e. the interest rate for your fixed interest rate contract, and our <b>Reinvestment Rate</b>, which is the interest rate that we can reasonably expect to earn on any amount that is repaid early.</p> <p>The BCF reflects the cost incurred by us if the <b>Reinvestment Rate</b> is less than the <b>Fixed Rate</b> at the date of repayment.</p> <p>The minimum BCF is zero. We will not pay a refund for any advantage gained if the <b>Reinvestment Rate</b> exceeds the <b>Fixed Rate</b>.</p> <p><b>Repayments not subject to Break Cost Fee</b></p> <p>We 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.</p> <p><b>Calculation of BCF</b></p> <p>The BCF will be calculated using the following steps:</p> <ol style="list-style-type: none"> <li>1. The proportion of your loan balance that is being repaid subject to BCF will be calculated as:</li> </ol> <p><b>Proportion = (Repayment – Tolerance) / Balance.</b></p> <ol style="list-style-type: none"> <li>2. The interest that would be lost to us if you fully repay your current loan balance will be calculated as:</li> </ol> <p><b>Amount (1) = Balance x Years x (Fixed Rate – Reinvestment Rate).</b></p> <ol style="list-style-type: none"> <li>3. An interest offset based on your expected future loan instalments will be calculated as:</li> </ol> <p><b>Amount (2) = Instalment x N x (Fixed Rate – Reinvestment Rate) x Years / 2.</b></p> <ol style="list-style-type: none"> <li>4. Your BCF will be calculated as:</li> </ol> <p><b>Proportion x [ Amount (1) – Amount (2)].</b></p> <p>The BCF cannot be less than zero.</p> <p><b>Definitions:</b></p> <p><b>Balance</b> is your total loan balance outstanding after any regular scheduled repayments, but before your additional repayment.</p> <p><b>Fixed Rate</b> is the fixed interest rate (% p.a.) applicable to your loan contract.</p> <p><b>Instalment</b> is the regular loan instalment you have been paying each week, fortnight, or month, at the date of repayment.</p> <p><b>N</b> 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.</p> <p><b>Reinvestment Rate</b> is the interest rate (% p.a.) that we can reasonably expect to earn on any amount that is repaid early. This rate will be determined as our interest rate at the date of repayment for a fixed interest rate loan with a term</p>

equal to **Years**, or the nearest term less than **Years** for which we offer fixed interest rate contracts. If there is no such fixed interest rate, then **Reinvestment Rate** will be taken as our standard variable interest rate at the date of repayment.

**Example**

If at the date of repayment, we offer fixed interest rate contracts for terms of one, two, three or five years, then Reinvestment Rate will be based on the value of **Years** as follows:

**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.

**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.

<b>Years (remaining in fixed interest rate period)</b>	<b>Reinvestment Rate</b>
Less than 1 year	Standard Variable Rate
1 year or more, but less than 2 years	1 year fixed interest rate
2 years or more, but less than 3 years	2 year fixed interest rate
3 years or more, but less than 5 years	3 year fixed interest rate
5 years or more	5 year fixed interest rate

**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 member takes out a loan of \$200,000 with a fixed interest rate period of three years, and a fixed interest rate of 9.30% p.a. The member's interest-only repayments are \$1,550 per month.

After one year, when the loan balance outstanding is still \$200,000, the member makes an additional repayment of \$50,000. 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 the time of repayment, our 2-year fixed interest rate is 8.50% p.a., then the **Reinvestment Rate** will be taken as 8.50% p.a. The member's BCF will be based on the difference between the **Fixed Rate** of 9.30% p.a. and the **Reinvestment Rate** of 8.50% p.a.

1. The proportion of the loan balance that is being repaid subject to BCF is calculated as:

**(Repayment – Tolerance) / Balance**

where Repayment = \$50,000, Tolerance = \$10,000, and Balance = \$200,000,  $= (\$50,000 - \$10,000) / \$200,000 = 20.00\%$ .

2. The interest that would be lost to us if the member fully repaid their current loan balance is calculated as:

**Balance x Years x (Fixed Rate – Reinvestment Rate)**

$= \$200,000 \times 2.00 \times (9.30\% - 8.50\%) = \$3,200.00$ .

3. The interest offset based on the member's expected future loan instalments is calculated as:

**Instalment x N x (Fixed Rate – Reinvestment Rate) x Years/2**

$= \$1,550 \times 24 \times (9.30\% - 8.50\%) \times 2.00 / 2$

$= \$297.60$

4. The member's BCF is calculated as:

**Proportion (1) x [ Amount (2) – Amount (3) ]**

$= 20.00\% \times [\$3,200.00 - \$297.60]$

$= \$580.48$

<b>Deposit Bond Handling Fee</b>	A Deposit Bond is a financial guarantee used as a substitute for the cash deposit required when signing the contract to purchase property. The Deposit Bond can be issued for any amount up to 10% of the agreed purchase price. At settlement, the Purchaser must then pay 100% of the agreed Contract price.
<b>Direct Debit Dishonour Fee</b>	Charged if your direct debit payment is dishonoured due to insufficient funds.
<b>Discharge Fee</b>	Sometimes called a termination fee, this is charged when you pay out your loan. It covers SCCU costs associated with releasing your title. Fee payable per security to be discharged.
<b>Discharge of Mortgage Registration Fee</b>	Payable to the relevant government land registry when a discharge of mortgage is to be registered.
<b>Establishment Fee</b>	A one-off upfront fee for setting up your loan, overdraft or guarantee.
<b>Facility Fee</b>	A fee paid to administer your guarantee facility.
<b>Guarantor Security Variation</b>	Modifying existing guarantor security on a loan including changes to security details and removing guarantors from the loan.
<b>Legal Fee</b>	A one-off fee required to document and settle your loan.
<b>Legal Fee (Trust Deed Review)</b>	A trust deed is reviewed if a trust entity is the borrower or guarantor of the loan.
<b>Mortgage Security Registration Fee</b>	Payable to the relevant government land registry for registration of a mortgage.
<b>Mortgage Stamp Duty</b>	Stamp Duty is a tax levied by Australian States and Territories on property purchases.
<b>Product Switch</b>	Variations to your loan including changing product, fixing your interest rates or switching between interest only and principal and interest repayments, will incur a product switch fee.
<b>Progress Valuation Fee</b>	Applicable on construction loans when progressive payments are made to your builder.
<b>Property Valuation</b>	If using a property as security for the loan, we need to confirm what the property is worth. This fee covers the cost of valuing your property which can vary depending on type and complexity of the property.
<b>Recontracting Fee</b>	Any amendments made to the loan after the loan contract has been created but before it has been funded will incur a fee.
<b>Redraw</b>	Charged if you access advance payment on your loan in-branch.
<b>Security Guarantee</b>	If you require or elect to have a guarantor for your loan, this fee is charged to cover the additional administration costs.
<b>Security Variation</b>	When there is a variation made to the security used for an existing loan agreement. Fee payable per security.
<b>Loan Variation</b>	When there is a variation made to an existing loan agreement. For example, remaining loan term, altering repayments or family name change.