



**Important Information
about your line of
credit account**

Important Information

Thank you for choosing a line of credit account. To ensure you understand how your line of credit works and how to get the best out of your loan, please review the following important information:

Contents

	Page
Your line of credit	3
Repayments	3
Your first repayment	4
How your repayment is calculated	4
When your repayment is due	4
Making your repayments	4
Interest rate changes	4
Your annual line fee	4
Transacting on your account	4
How you can transact	5
Converting to Principal and Interest	5
Your monthly statement	5
A guide to your statement - simple and easy	6

You may wish to keep this information handy for future reference. If we can be of further assistance, please don't hesitate to contact us. We're more than happy to help.

Your line of credit

Congratulations on choosing an interest only line of credit for your financing needs.

Your line of credit account provides you with a set credit limit for 10 years. You have control over how much you use and when you use it. And you don't have to use the limit all at once, as you can draw the loan down as the need arises - the choice is yours. At the end of 10 years you will need to make principal and interest repayments in order to repay the loan.

This fully transactional account gives you access to available funds 24 hours a day, 7 days a week and you only pay interest on what you have used.

Repayments

Your monthly statement will detail what your 'minimum payment due' is for each month and the due date you must pay it by.

The amount due will vary each month depending on the balance of your account each day, the interest rate on your account, the number of days in the month, and the amount of any fees accrued. See **How your repayment is calculated** for more information.

If your loan balance is greater than your credit limit, your account will be overlimit. If you have not made your previous month's repayment, it will be overdue. Overdue and overlimit amounts will be clearly shown on the statement and are due immediately.

See **A guide to your statement - simple and easy** for where to find these details.

Principal & Interest

Limit reduces monthly for entire loan term.

Payment is not required if the loan's available limit is greater than the base principal and interest payment.

Interest-Only

The Line of Credit IO has a 25 year loan term made up of 2 periods, these are:

- Interest Only repayment period for the first 10 years. Unregulated loans are not required to make the monthly payment if the loan's available limit is greater than the interest debited monthly.
- Principal and Interest (P&I) repayment period for the remaining 15 years (totalling 180 repayments).

The IO period expiry date is 10 years after the settlement date. On this day 3 key changes will happen to the customer's loan.

1. The customer's next payment will be a principal and interest payment.
2. The customer's loan balance on this date will become the new credit limit, effectively reducing the customer's available credit limit to \$0.*
3. The customer's credit limit will reduce each month by the principal portion of the repayment, like the LOC P&I product.

* If the customer has a credit balance then the new credit limit will be \$0 or if the customer is over limit then the credit limit will remain unchanged on the IO expiry date. See **Converting to Principal and Interest** for more information.

Your first repayment

You will receive your first monthly statement when your loan settles. It will not include a 'minimum payment due' because you will not yet have been charged any interest or fees other than those associated with your loan settlement.

However, **you should make a deposit into the account to cover the first month's interest and fees if your account is fully drawn or near its limit.** This will help ensure that you remain under your credit limit at the end of the first month.

You can estimate the maximum amount of interest that will be debited to your account by following these steps:

Step 1

Your credit limit x daily percentage rate = daily interest.

Step 2

Your daily interest x number of days in the month = maximum repayment.

The details you need to estimate this are included on your settlement statement. See **A guide to your statement - simple and easy** for details, and remember to allow extra funds to cover any fees you may be charged (e.g. for using your account).

How your repayment is calculated

The 'minimum payment due' on your line of credit account is equal to the interest debited to your account for the month.

Interest is calculated at the close of business each day as follows:

$$\frac{\text{Outstanding balance} \times \text{interest rate}}{365 \text{ days (or 366 in a leap year)}}$$

The sum of each daily calculation is debited to your account as one interest charge at the end of your statement period.

Any fees accrued are also debited at this time.

Your statement period is monthly from the date your loan settles. For example, if your loan settled on 5 February, interest will be debited to your account on the fifth day of each month and your statement will be sent the following day. You should note however, that where the fifth of the month is a Sunday or a national public holiday, interest for that month will be debited on the closest preceding business day (this is also when your statement will be sent to you).

When your repayment is due

If your loan is regulated and you have sufficient available credit to cover the amount of interest and fees debited to your account, your monthly statement will advise you a due date for payment, which is usually 28 days after the date the statement was issued.

If your loan is unregulated and you have sufficient available credit to cover the amount of interest and fees debited to your account, you will not be required to make a payment.

However, if you do not have sufficient available credit to cover the amount debited, you will be advised that your account is overlimit. You must make this payment immediately.

Important note: You can avoid having an overlimit amount by ensuring that the balance owing on your line of credit account is always below the credit limit when interest and fees are debited to your account. You can use the calculation detailed under **Your first repayment** to work out the maximum amount of interest you may be charged. You can also substitute the actual balance outstanding on your account for the credit limit when using the calculation to get a closer estimate.

Making your repayments

A direct debit would have been set up at settlement to cover the 'minimum payment due' (if any) on each due date. This automatic debit can be changed to a weekly or fortnightly payment, and also to a different amount if you require.

The front page of your monthly statement lists other options available for making payments to your account.

You can also arrange to have your salary credited to your account by giving your BSB and account number to your employer. Any extra funds you repay are available for you to withdraw if you need to.

Interest rate changes

If your interest rate changes we will notify you of your new interest rate on or before the day it becomes effective either by publishing the new interest rate, or by writing to you.

A change in your interest rate will affect the amount of interest we debit to your account. If your line of credit account is fully drawn or close to its limit, you may need to pay extra into your account before interest is debited to avoid an overlimit amount.

Your annual line fee

Your annual line fee is debited to your account at settlement and every year after that on the anniversary of your first statement period. For example, if your loan settled on 5 February 2011, your next annual line fee will be due 5 March 2012 and every fifth day of March thereafter.

One month before it is debited, we will include a reminder in your monthly statement that the fee is going to be charged.

Transacting on your account

There are many options available to you for transacting on your line of credit account. You can make purchases, pay bills or withdraw cash – just like any ordinary transaction account. ATMs, Online Banking and Express Line (phone banking) enable you to do this 24 hours a day.

How you can transact

ATM	✓
EFTPOS	✓
Online Banking (Internet Banking)	✓
Express Line (Phone Banking)	✓
Personal cheque	✓
Direct credit	✓
Direct debit	✓
AnyPay	✓
BPAY®	✓
Bank@Post™	✓

You will be receiving a Cashcard or Visa card to access your line of credit account. Online Banking, Express Line access and other services can be arranged by contacting us.

Converting to Principal and Interest

There are a number of different options available to you when the IO repayment period is due to expire. Depending on your individual circumstances and needs, you can:

Do nothing

- If you do nothing - the account balance as at the rollover date will become the new credit limit.
- Note: If the account is in credit the credit limit will be set to \$0.

Retain your current credit limit

- You can apply to commence P&I repayments from the current limit rather than your balance on the IO expiry date, no fee applicable.
- Commencing P&I repayments from your current limit benefits you as you will still have available funds to withdraw or process any direct debits.
- If you opt to retain your credit limit it will still reduce each month by the principal portion of the repayment.

- You must complete and return a 'Retain Your Current Credit Limit' application form 14 days prior to the IO expiry date. The application process does not require you to provide any further documentary evidence (ie no pay slips).

Apply for a refinance, credit limit increase or product conversion

- Refinance to extend the IO period or overall loan term.
- Credit increase above the current IO limit. P&I repayments will commence from new increased limit (no increase to loan term).
- Product convert to a term loan or 100% offset. P&I payments will still be required and there will be no change to the loan term.

Your monthly statement

In addition to explaining what your 'minimum payment amount' is and when it is due, your monthly statement is an important record of your line of credit account.

It shows how your loan is progressing and provides a detailed listing of your transactions for the month. Your statement also includes information about your interest rate, credit limit and available balance.

On the following page, **A guide to your statement – simple and easy** gives you an example of a line of credit statement and shows you where to find the information that's important to you.

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