

Esanda Secured Car Loan

What happens if you repay some
or all of your loan early?

About early repayment charges on Esanda Secured Car Loans

This document is designed to give a general overview of how early repayment charges are calculated and why Esanda charge these on fixed rate Esanda Secured Car Loans for consumers.

Esanda Secured Car Loans give you interest rate and repayment certainty. This means you can budget with confidence and know you're protected against the risk of interest rates rising.

If you decide to pay in advance this is entirely up to you. Your decision may be affected by the amount of interest you may save, along with possible insurance savings and other benefits, versus the cost to break the loan. Before you make a decision you may like to speak with us or seek professional financial advice.

Early repayment charges

If you decide to make repayments in advance or pay out your loan before the completion date, early repayment charges will apply. The early repayment charges cover our calculation of the cost incurred, as shown below:

Early Termination Fee

\$50 – Administration Fee, for costs that relate to processing the early termination

PLUS

\$680 pro-rata – Administration Fee, for unrecovered costs of providing the loan. For example, on a 60 month loan paid out after 48 months, there will be 12 months remaining of the original term. The fee payable will be $12/60 \times \$680 = \136

PLUS

Break Cost

Can be significant – to recover costs (if incurred by Esanda) for borrowing funds over the full term of your loan.

Further explanation and example below

Can I make repayments in advance?

You can, but early repayment charges may be incurred. To avoid these please make payments in accordance with your repayment schedule.

If you would like to get ahead or pay your contract off early, please call us first and we can discuss the costs involved and other options you may like to consider to manage your finances.

Why is there a break cost?

In general terms, to lend you money at a fixed rate and for a fixed term Esanda borrows funds from someone else for the same period.

Just as you have an obligation to repay your loan, Esanda has an obligation to continue to pay our fixed interest or break our own loan arrangement.

Calculating break costs

Esanda can give you an estimate of the likely break cost, but the actual cost will be determined on the day that the early repayment occurs.

For illustrative purposes only, the table below provides a guide on how changes in market interest rates¹ and term of your loan can impact the break costs.

Per \$10,000 of lending repaid		Remaining Fixed Term (Months)			
		6	12	18	24
Cost of funds ¹ at start minus Cost of funds now	< 0%	\$0	\$0	\$0	\$0
	1%	\$29	\$53	\$76	\$99
	2%	\$57	\$106	\$154	\$200
	3%	\$86	\$159	\$232	\$303
	4%	\$115	\$213	\$310	\$407

Example

David takes out a \$40,000 Secured Loan over 3 years at a market interest rate¹ of 7%. After making his agreed payments for two years he decides to fully repay his loan, at this time the market interest rate¹ for the remaining 12 months is 5% and the principal balance is \$15,000. The difference in rates is 2%. From this table we can see that David will pay a Break Cost of roughly \$159 (\$106 per \$10,000).

We're here to help

If you have any questions or would like a quote of the Early Repayment Cost for your loan, please call us on **13 23 73**. So we can serve you better please have your contract number ready.

¹ Market interest rate, also referred to as 'cost of funds', means the "Credit Provider's funding rate" as defined in the Terms and Conditions issued with your contract. This is not your contract interest rate.

Information in this brochure does not form part of the Terms and Conditions of any loans or other facilities and provides general information current at the time of production. The information in this brochure is intended as a guide only and does not take into account your personal needs and financial circumstances; it is not intended to be a substitute for professional advice and should not be relied upon as such. Esanda, a division of Australia and New Zealand Banking Group Limited ABN 1 1 005 357 522 Australian Credit License Number 234527 - K12690 12.12

