



Terms for Home and Investment Loans

Effective 16 April 2020

bankfirst

Terms and Conditions

These Terms of the Loan Contract do not contain all the information we are required to give you in relation to a loan contract. The remaining information is contained in the Schedule to the Loan Contract.

Information about the Customer Owned Banking Code of Practice

Relevant provisions of the Customer Owned Banking Code of Practice apply to this contract.

The Customer Owned Banking Code of Practice requires us to give you information about the current interest rate (the annual percentage rate) and current fees and charges applying to this contract whenever you request it.

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Terms applicable to all home and investment loan contracts

1 Definitions And Interpretation

In this contract:

- a) a reference to 'we', 'us' or 'our' means the Bank;
- b) a reference to 'you' means each Borrower;
- c) words and phrases have the same meaning as in the Schedule;
- d) words and phrases have the same meaning as in the National Credit Code;
- e) headings are for convenience only and do not affect the interpretation of this loan contract;
- f) words importing the singular include the plural and vice versa;
- g) words importing a gender include any gender;
- h) other parts of speech and grammatical forms of a word or phrase defined in this loan contract have a corresponding meaning;
- i) a reference to a Clause or Schedule is a reference to a clause or schedule of this loan contract;
- j) a reference to this loan contract includes any schedule;
- k) a reference to 'your account' means the account for the facility established under this loan contract;
- l) a reference to a party to this contract includes that party's successors and permitted assigns;
- m) 'Mortgaged Property' means the mortgaged property described in the Schedule; and
- n) 'Guarantor' means each guarantor identified in the Schedule.

2 Funding Pre-Conditions

2.1 We will not lend you the Amount of Credit until, where specified in the Schedule:

- a) you give us a mortgage over the Mortgaged Property;
- b) the Guarantor gives us a guarantee that satisfies us;
- c) the Guarantor gives us a mortgage over the Mortgaged Property that satisfies us;
- d) you and the Guarantor take out any compulsory insurance or mortgaged property insurance that we may reasonably require and provide evidence of this to us;
- e) your mortgage and the Guarantor's mortgage is stamped and, if appropriate, registered; and
- f) where we agree to lend you the Amount of Credit progressively, and part or all of the Amount of Credit is to be applied towards the improvement of the Mortgaged

Property, the Amount of Credit will only be disbursed to you subject to satisfactory progressive valuations of the Mortgaged Property.

- 2.2 If you do not draw any of the Amount of Credit within 30 days of the date of this loan contract or later as we both agree, we may terminate this loan contract.

3 Amount Of Credit

- 3.1 Subject to clause 2 and this loan contract, we agree to lend you up to the Amount of Credit.
- 3.2 However, we will not advance to you the difference between the amount of a Credit Fee and Charge we are to pay out of the Amount of Credit and the amount we actually pay of that Credit Fee and Charge.

4 Repayments

- 4.1 You must repay the balance of the loan by making repayments set out in the Schedule. However, this is subject to other terms of this loan contract, for example, if we increase repayments or if you are in default.
- 4.2 You may pay out this loan contract at any time. If you pay out this loan contract during a period when the annual percentage rate is fixed, you will have to pay a Break Cost Fee described in the Schedule.
- 4.3 You may make additional repayments on this loan contract. If you make additional repayments exceeding \$30,000 per year during a period when the annual percentage rate is fixed, you will have to pay a Break Cost Fee described in the Schedule.
- 4.4 If we do not receive value for a cheque or direct credit posted to your account, we may:
- a) reverse the credit;
 - b) exercise any right or remedy we have under this loan contract as if no payment had been made.
- 4.5 If you are liable to us under 2 or more loan contracts and do not identify the account to which we are to credit any payment, we may credit the payment to the account established under this loan contract or to any other account as we choose
- 4.6 We may apply any payment from you or the Guarantor to enforcement expenses, default interest, credit fees and charges, interest or principal as we choose.
- 4.7 We will allow you to redraw a sum of not less than \$500 from any moneys paid by you to the Bank in excess of the repayments you are obliged to make to us under this loan contract.

5 Calculating Interest Charges

- 5.1 Subject to clause 5.2, we will calculate interest daily by applying the Daily Percentage Rate to the unpaid daily balance of the loan. The Daily Percentage Rate is the Annual Percentage Rate divided by 365.

- 5.2 If in your loan application you have selected a home loan with a variable interest rate and nominated a transaction account (offset facility) to which your loan is to be linked for the purposes of calculating interest we will calculate interest daily by applying the daily percentage rate to the amount being the unpaid daily balance of the loan less the credit balance of the transaction account at the end of the day. The daily percentage rate is the Annual Percentage Rate divided by 365.
- 5.3 If you have selected a home loan with a variable interest rate and have linked your loan to a transaction account (offset facility) and at the end of a day, the balance standing to your credit on the transaction account exceeds the unpaid daily balance of the loan, interest under clause 5.2 for that day will be taken to be zero.
- 5.4 If you have selected a home loan with a variable interest rate and have linked your loan to a transaction account (offset facility), no interest will be payable to you on the credit balance of the transaction account.
- 5.5 If you have selected a home loan with a variable interest rate and have linked your loan to a transaction account (offset facility), Interest Offset only takes effect while your loan has a variable interest rate.
- 5.6 We will debit interest on the loan monthly and we may debit interest on the day you pay the balance of your loan.

6 Calculating Default Interest Charges

- 6.1 This clause 6 only applies if a Default Rate of Interest is specified in the Schedule.
- 6.2 If you do not make a repayment when due, you must pay us default interest as well as interest.
- 6.3 We will calculate default interest daily by multiplying the overdue amount by the daily Default Percentage Rate. The daily Default Percentage Rate is the Default Rate of Interest divided by 365.
- 6.4 We will debit default interest monthly and we may debit default interest on the day you pay the balance of the loan.

7 Credit Fees And Charges

- 7.1 You are liable to pay us the Credit Fees and Charges specified in the Schedule, or introduced, or varied Fees and Charges under the terms of this Loan Contract. You are also liable to pay us the amount of Lenders Mortgage Insurance specified in the Schedule. You authorise us to debit these to your loan account at the time you incur a liability for them as specified in the Schedule or otherwise notified by us under this Loan Contract.
- 7.2 If you cancel this loan contract before we lend you any of the Amount of Credit, we shall be entitled to retain any Credit Fees and Charges which you have paid to us and you shall be liable to pay us any Establishment Fee described in the Schedule and any other Credit Fees and Charges which relate to costs we have incurred to third parties.

8 Variation Of Annual Percentage Rate

- 8.1 We may vary the Annual Percentage Rate at any time. However, we do not have this right during any period in which the Schedule states that the Annual Percentage Rate is fixed.
- 8.2 If the variation increases your obligations, we must notify you on or before the day the increase takes effect by:
- a) publishing a notice in a newspaper and sending notification in your next statement of account; or
 - b) giving you written notice.

9 Variation Of Interest Calculations

- 9.1 We may vary how we calculate interest or how often we debit interest.
- 9.2 If the variation increases your obligations, we must give you written notice at least 20 days before the increase takes effect.

10 Variation Of Credit Fees and Charges

- 10.1 We may:
- a) vary the amount of any Credit Fee or Charge except any Break Costs Fee;
 - b) add a new Credit Fee or Charge;
 - c) vary the method of calculating any Credit Fee or Charge; or
 - d) vary the time or frequency of payment for any Credit Fee or Charge.
- 10.2 If the variation increases your obligations, we must notify you at least 20 days before the change takes effect by:
- a) publishing a notice in a newspaper and sending you notification in your next statement of account; or
 - b) giving you written notice
- 10.3 If the variation does not increase your obligations, we will send you notification in your next statement of account

11 Variation Of Repayments

- 11.1 We may vary:
- a) the amount, frequency or time of repayments; or
 - b) the method of calculating repayments, including minimum repayments
- 11.2 If any of these variations increase your obligations, we must give you written notice at least 20 days before the increase takes effect.
- 11.3 If a variation does not increase your obligations, we will notify you in your next statement of account.

12 Other Variations

- 12.1 We may vary this loan contract:
- a) when the Annual Percentage Rate stated in the Schedule is expressed as a reference rate plus or minus a margin – to increase or decrease that margin;

- b) when the Schedule does not state a Default Rate of Interest – to add a Default Rate of Interest to calculate Default Interest Charges under clause 6; or
 - c) to increase or decrease the Default Rate of Interest specified in the Schedule.
 - d) to add, delete or amend terms where required, in our reasonable opinion, to resolve a lack of clarity or ensure compliance with any relevant law or regulatory requirement.
- 12.2 If any of these variations increase your obligations, we must give you written notice at least 20 days before the increase takes effect.
- 12.3 If the variation does not increase your obligations, we will send you notification in your next statement of account.

13 Default

- 13.1 You are in default under this loan contract if:
- a) you do not make a repayment in full by the date it is due;
 - b) you exceed the credit limit;
 - c) you or the Guarantor breach any term of this loan contract, the guarantee, any mortgage or any insurance policy that we require;
 - d) the guarantee or any mortgage that we require is unenforceable according to its terms;
 - e) the insurer terminates any insurance policy we require;
 - f) you or the Guarantor fail to renew on terms that satisfy us any mortgaged property insurance policy that we require;
 - g) you become a bankrupt;
 - h) you seek to make an arrangement or composition with your creditors under a law dealing with bankruptcy;
 - i) you cease to be a Member; or
 - j) you do not comply with your obligations under this loan contract.
- 13.2 If you are in default and we propose to take enforcement action, we will send you a default notice unless we are excused from doing so under the National Credit Code. The notice will tell you
- a) what the default is;
 - b) what you have to do to remedy the default;
 - c) the period in which the default must be remedied; and
 - d) about your rights, including details of our External Dispute Resolution service.
- 13.3 If you do not remedy the default within 30 days, the unpaid balance of the loan becomes immediately due for payment and we may enforce any security which secures the loan contract (including any guarantee). You will not be taken to have remedied a default referred to in a default notice, if upon the expiry of 30 days, you have committed a further default of the same kind which has not been remedied.

- 13.4 If you or the Guarantor fail to do anything that this loan contract, the guarantee, any mortgage or any insurance policy requires you or the Guarantor to do, we may:
- a) do the thing as required;
 - b) do it in your name; and
 - c) do it at your expense and debit your account for the expense.

14 Enforcement Expenses

In the event of your default under this loan contract or any mortgage that secures it, we may charge you enforcement expenses including those we reasonably incur by the use of our staff and facilities. We may debit these to your account.

15 Miscellaneous Matters

15.1 Taxes and Expenses

- a) we may debit your account for any government tax or stamp duty.
- b) you agree to pay our legal costs and expenses in preparing any guarantee or mortgage specified in the Schedule.

15.2 Payment on a Non-Business Day

If you must make a payment or do any other thing on or by a day that is not a business day, you must make the payment or do the other thing by the next business day.

15.3 Joint Borrowers – Obligations are Separate and Together

If there is more than one Borrower, each of you is liable to us separately for the balance of the loan as well as together.

15.4 Assignment

We may assign any of our rights under this loan contract, any mortgage or any guarantee. We do not need your consent to do so.

15.5 Information is Correct

You represent and warrant that all information, representations and documents that you, or any person acting on your behalf, gave us about your loan application are true and correct.

15.6 Waiver

A waiver of any of our rights under this loan contract does not occur unless we give it to you in writing.

15.7 Severability

If any part of this loan contract is invalid, unenforceable or in breach of the National Credit Code, Competition and Consumer Act or any other law, the contract is to be interpreted as if that part is not included in this contract. The remainder of this contract continues in full force and effect.

16 Giving any Guarantor Information

Your signing this loan contract also operates as a consent to us to give information about this loan contract to any Guarantor.

Terms applicable to specific loan contracts

In addition to the Terms applicable to all loan contracts, the following Terms apply to each specific loan.

Equity line of credit

17 Funding Pre-Conditions

Subject to clause 2.

- 17.1 You may only draw down credit under this loan contract by using any one of the following means:
- a) by means of a cheque facility linked to your account;
 - b) by use of your ATM Card or a Visa Debit Card we have issued to you;
 - c) by an instruction over our Internet Banking Service;
 - d) by submitting a withdrawal slip at one of our branches;
 - e) via a Bank@Post instruction given at an Australia Post branch;
 - f) via BPAY;
 - g) by an instruction given via our Telephone Banking Service; or
 - h) by such other means as we allow.
- 17.2 We may restrict the means by which you may draw down credit under this loan contract for any reason whatsoever without advance notice.

18 Credit Limit

- 18.1 Subject to clauses 2 and 17 and this loan contract, we agree to make available to you credit up to the Credit Limit.
- 18.2 You must not do anything to cause the Credit Limit to be exceeded.
- 18.3 We may reduce the Credit Limit at any time. We do not have to notify you beforehand but we must notify you as soon as practicable afterwards

19 Repayments

Subject to clause 4.

- 19.1 If the amount outstanding under this loan contract at any time exceeds the Credit Limit, you must immediately make a repayment to reduce the balance of the account to the Credit Limit.
- 19.2 You must make the payments in accordance with the Schedule. You must immediately repay the unpaid balance of the account under this loan contract upon the earlier of:
- a) a request from us in writing to do so; and
 - b) the expiry of 30 years from the date of this loan contract.

20 Miscellaneous matters

20.1 Financial Information & Co-operation

Upon request from us, you must:

- a) provide us with information, including financial information, about you; and
- b) comply with any reasonable request which we make, to enable us to assess your continued ability to comply with your obligations, including repayment obligations, under this loan contract.

Construction Funding

21 Funding Pre-Conditions

Subject to clause 2.

- 21.1 Under this loan contract, we lend the Amount of Credit to you progressively as construction works progress. We will advance all or any part of the Amount of Credit at our absolute discretion on the basis of our assessment of the valuations we receive in relation to the Mortgaged Property and the progress of the construction works. We reserve the right to refuse to make any advance of any part of the Amount of Credit if we are not satisfied about the valuation of the Mortgaged Property or the progress of the construction works.
- 21.2 Unless we otherwise agree, you must use the Amount of Credit under this loan contract solely for the purposes of:
 - a) paying or refinancing the purchase price of the Mortgaged Property together with associated stamp duty, legal costs and expenses;
 - b) paying the fees and disbursements of contractors, suppliers, consultants and advisers in connection with the construction works on the Mortgaged Property; or
 - c) paying insurance premiums in connection with the Mortgaged Property and the construction works on the Mortgaged Property; and you must promptly repay to us any part of the Amount of Credit not used for these purposes.

22 Amount of Credit

Subject to clause 2 and 3.

- 22.1 After we have made an initial advance of part of the Amount of Credit (for example, to finance the purchase of the Mortgaged Property), you may request subsequent advances of any part of the Amount of Credit not yet disbursed by notifying us in writing before the date the proposed advance is required. If we approve your request, we will disburse the subsequent advance in accordance with your written instructions. We are not obliged to give any such approval until we are satisfied upon making our own enquiries about the progress of the works. This means we may need to engage a valuer to provide us with a progress valuation. You acknowledge that depending upon the location of the property and other factors, we may not be able to obtain a valuation report within 3 working days.

23 Default

Subject to clause 13

- 23.1 You are in default under this loan contract if one or more of the following things happen:
- a) the builder engaged to undertake the construction works on the Mortgaged Property becomes insolvent or does not comply with any obligation under the contract for construction works and as a result you become entitled to terminate the contract for construction works;
 - b) the builder ceases or threatens to cease to carry on its business or substantial part of its business;
 - c) you abandon the construction works on the Mortgaged Property or works cease for a period exceeding 3 months;
 - d) the builder or the construction works cease to be covered by any insurance we require.

24 Package Home Loan

- 24.1 You agree to pay an annual package fee. The package fee is payable in advance and is non-refundable. You authorise us to deduct the fee when due from your Bank First account as follows:
- a) The initial fee will be charged to your loan account and each subsequent annual fee from your transaction account;
 - b) If there are insufficient funds in your transaction account we may deduct the annual package fee from any other account you hold with us.
- 24.2 Subject to clauses 10 & 12 we can:
- a) Vary or withdraw any benefit under the Package Home Loan;
 - b) alter the name of the package or loan;
 - c) alter the package fee amount or introduce a new fee;
 - d) alter the charging date of any fee;
 - e) cancel the associated benefits if the annual package fee is not paid or you are in default under the loan contract.
- 24.3 Up to 8 transaction accounts can be nominated on the Package Home Loan. Transaction accounts include S1, S2 and S9 only. Business accounts cannot be an offset account. Offset accounts can be in individual or joint names, however, must be in the name of the borrowers only.
- 24.4 Unless we otherwise advise you in writing, package benefits cannot be taken in conjunction with, or in addition to, other special offers or discounts offered by Bank First.

25 Interest Only

Interest only periods are capped at 10 years over the term of the loan for investment and 5 years for owner occupied.

26 Owner Occupier

- 26.1 You undertake to notify us immediately if you cease to occupy the Mortgaged Property.

26.2 You acknowledge and agree that:

- a) without limiting the reasons for which we may vary the Annual Percentage Rate under clause 8, the Annual Percentage Rate for owner occupier loans differs from the Annual Percentage Rate for investment loans;
- b) the Annual Percentage Rate changes automatically from the date you cease to occupy the Security Property to the Annual Percentage Rate payable for the corresponding investment loan, as displayed at www.bankfirst.com.au/loans/interest-rates on that date; and
- c) the automatic change to the Annual Percentage Rate occurs regardless of whether the Annual Percentage Rate is variable or fixed on the date you cease to occupy the Mortgaged Property.

Complaints and Dispute Resolution

A Complaint and Dispute Resolution Guide is available to all Members in our branches, on our website and on request. The Guide is used to inform Members on how to lodge a complaint, including who to contact and how the Bank aims to deal with the complaint. Members who lodge a complaint will be offered this guide.

If your complaint relates to any of our accounts or payment facilities, please contact one of our Member Service Consultants on **1300 654 822**.

If your complaint cannot be resolved by the Member Service Consultant, you may request to use our Internal Dispute Resolution procedure. Your complaint will be referred to an appropriately trained Consultant within the Bank, who will register your complaint and advise you of our process to deal with your complaint.

In the event that you are not satisfied with our resolution of your complaint through our Internal Dispute Resolution procedure, you are entitled to have your dispute considered, free of charge, by our External Dispute Resolution procedure. If you wish to use this procedure, please contact the Australian Financial Complaints Authority on **1800 931 678**.

Head Office

117 Camberwell Road Hawthorn East VIC 3123
PO Box 338 Camberwell VIC 3124

bankfirst.com.au | 1300 654 822

Victoria Teachers Limited | ABN 44 087 651 769
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