

variable to fixed

When switching your variable interest rate mortgage loan to a fixed interest rate mortgage loan the following new conditions apply:

- The interest rate on a mortgage loan can be fixed for a period of 12 months, 24 months or 36 months.
- A Loan Variation Fee to switch your loan applies. The fee will be debited to the loan account when the switch application is approved.
- Any redraw facility is suspended during the fixed term. At the end of the fixed term the redraw facility will be reinstated.
- The current fixed interest rate can vary between the date of application to fix the interest rate and the approval.
- Repayments may need to change to keep to the original term of the loan. At the end of the fixed term repayments will be recalculated at the variable interest rate applicable at that time.
- If you repay the loan during the fixed term we will charge an Early Termination Fee.

The Early Termination Fee is calculated using the formula below:

Let n = the remaining number of months for which the rate is fixed

Let A = current loan balance to be repaid plus any loan payments paid in advance

Let P = contracted repayments converted to a monthly repayment amount

Let z = annual fixed interest rate payable

Let y = annual reinvestment rate payable*

Let $b = (1 + y/12)^n$

Let $d = (1 + z/12)^n$

The Early Termination Fee is: $(A/b) \times (d - b) + 12P/(byz) \times (z(b - 1) - y(d - 1))$

* The 'annual reinvestment rate' is calculated as the fixed rate available for a loan with a fixed rate period that corresponds with n as calculated above.

The minimum fee is zero. mecu Limited will not refund the Borrower for any advantage gained as a result of an increase in the fixed interest rate in the period from the date the loan was funded and the date of early repayment.

The following is an example of how the Early Termination Fee would be calculated.

A member wishes to break their 12 month fixed interest loan 6 months into the fixed period. The loan balance is \$150,000.00. The monthly repayments are \$650.00. The fixed interest rate on the loan is 7.2%. The current 12 month fixed interest rate is 5.19%.

n = 6	A = 150000	P = 650
z = 7.2%	y = 5.19%	b = 1.026232
d = 1.036544		

$(150000/1.026232) \times (1.036544 - 1.026232) + 12 \times 650 / (1.026232 \times 5.19\% \times 7.2\%) \times (7.2\% (1.026232 - 1) - 5.19\% (1.036544 - 1))$

The Early Termination Fee charged in this example would be \$1,491.15.

fixed to variable

When considering switching your fixed interest rate mortgage loan to a variable interest rate mortgage the following new conditions apply:

- A Fixed Rate Switch Fee is payable for the early conversion of a fixed interest rate loan to a variable interest rate loan. Please call us to discuss the fee before proceeding with the application. The fee is calculated using the same formula as the Early Termination Fee above.
- If you proceed with your application the Fixed Rate Switch Fee will be debited to your loan account when the switch application is approved.
- Any redraw facility will be reinstated upon the variation taking effect.
- Repayments may need to change to keep to the original term of the loan.
- The variable interest rate can vary between the date of application to switch your loan account and the approval.
- If you switch to a Basic Home Loan a monthly Loan Administration Fee will be debited to your loan account on the last day of each month.

variable to variable

When considering switching your variable interest rate mortgage loan to an alternative variable interest rate mortgage loan the following new conditions apply:

- A change of loan interest rate from the existing variable interest rate to the new variable interest rate will be applied upon conversion.
- A Loan Variation Fee to switch your loan applies. The fee will be debited to the loan account when the switch application is approved.

- Repayments may need to change to keep to the original term of the loan.
- The variable interest rate can vary between the date of application to switch your loan account and the approval.
- If you switch to a Basic Home Loan a monthly Loan Administration Fee will be debited to your loan account on the last day of each month.

fixed to fixed

When considering switching your fixed interest rate mortgage loan to an alternative fixed interest rate mortgage loan the following new conditions apply:

- A Fixed Rate Switch Fee is payable for the early conversion of a fixed interest rate loan to an alternative fixed interest rate loan. Please call us to discuss the fee before proceeding with the application. The fee is calculated using the same formula as the Early Termination Fee above.
- If you proceed with your application the Fixed Rate Switch Fee will be debited to your loan account when the switch application is approved.
- Repayments may need to change to keep to the original term of the loan.
- The current fixed interest rate can vary between the date of application to fix the interest rate and the approval.

A copy of the current Loan Interest Rate Schedule and the current Loan Fee Schedule can be requested from your nearest Service Centre, by phoning us on 132 888 or can be located on our website www.mecu.com.au.

To request a switch of your current Mortgage Loan product please:

- Drop into your nearest **mecu** Service Centre;
- Phone us on 132 888;
- Fax us on 03 9853 9294;
- Mail us a letter to **mecu**, Private Bag 12, Kew VIC 3101; or
- Log into Internet Banking and send us a secure email.