



### 3. FIXED INTEREST PAYMENT OPTIONS

You can pay your interest using a number of options. Select your preferred method by ticking one box:

**From available margin loan funds.** This will increase your variable loan balance by the amount of the interest to be prepaid or the monthly interest to be charged in arrears. Interest payments that place the loan account into the buffer will not be accepted. Please ensure you have sufficient funds available, if you select this option.

**Direct debit.**

*Please select from an option below.*

Direct debit my existing, nominated bank account which has previously been provided to BT Securities Limited.

New direct debit bank account details are attached. Please download and complete the Paying your Margin Loan Form to nominate a bank account, and return it with this form.

**Compounding.**

Compound the interest to your fixed rate loan for the term of the loan at initial drawdown. Choose an option below. If no option is selected then the default is option 1.

1. Add the compound interest to the fixed rate loan amount (by choosing this option, at the initial drawdown of your fixed rate loan, the balance will be increased by the compounded interest amount). The amount completed in the Total Loan Balance does not include fixed interest payment amount; or

2. Include the compound interest in the total fixed loan amount. The amount completed in the Total Loan Balance already includes the fixed interest payment amount.

The following options are available only for existing clients who request a fixed rate loan with interest payable in advance:

**BPAY.** Please allow 2 working days for funds to be received by Westpac Online Investment Loan.

Biller Code: 17111

Ref: Your six digit reference number

**Direct Credit.** You can transfer the Total Interest to be Prepaid directly to your Westpac Online Investment Loan.

BSB: 262 755

Account No: Your six digit reference number

Account Name: BT Securities Limited

#### PLEASE NOTE :

1. FULL INTEREST PAYMENT MUST BE RECEIVED BY THE PREPAID FIXED LOAN START DATE.
2. INTEREST PAID IN ADVANCE IS NOT REFUNDABLE.
3. IF A FUND TRANSFER FROM YOUR PREFERRED METHOD FAILS FOR ANY REASON, INTEREST WILL BE TAKEN FROM AVAILABLE FUNDS ON YOUR WESTPAC ONLINE INVESTMENT LOAN.
4. THERE MAY BE COSTS ASSOCIATED WITH BREAKING A FIXED RATE CONTRACT PRIOR TO ITS END DATE. WE RECOMMEND THAT YOU READ APPENDIX A FOR AN EXPLANATION OF THESE.

### 4. SIGNING SECTION

Signature of **Applicant/Borrower 1**

X

Date (dd/mm/yy)

/ /

Full name of **Applicant/Borrower 1**

Signature of **Applicant/Borrower 2**

X

Date (dd/mm/yy)

/ /

Full name of **Applicant/Borrower 2**

You can submit this form by:

**Email** ➤ WOILtransact@westpac.com.au

**Mail** ➤ Westpac Online Investment Loan  
GPO Box 3917  
Sydney NSW 2001

## Appendix A

# Special conditions for fixed rate loans

### What is a fixed interest rate loan?

It is a loan where the interest rate is fixed (stays the same) for an agreed period.

### What is the best type of facility – variable or fixed?

The answer depends on your own individual circumstances and your opinion on interest rate movements in the future. There are risks involved with either type of loan.

No one can accurately forecast future interest rates. Our staff are not able to advise you on possible future interest rate movements.

If you think that interest rates will fall during your proposed fixed interest rate period, then a variable interest rate facility may be your preferred option.

If you think that interest rates will rise during this period, then the fixed interest rate facility may be your preferred option.

Cash flow considerations may also impact your decision as to which type of loan is best for you.

It is your decision which option is best for you. You should discuss your decision with your accountant or financial adviser.

### What are the main advantages of fixed interest rate borrowing?

Your interest rate is fixed for the chosen period. During that time you are unaffected by interest rate increases. As repayments are a known cost you can budget more effectively.

### What are the main disadvantages of fixed interest rate borrowing?

Interest rates can fall leaving you to continue paying the agreed fixed interest rate throughout the fixed interest rate period. Your repayment amount is set. If you make a lump sum payment or repay the loan early there may be a cost to you (see below).

### What if I wish to prepay my fixed interest rate loan?

If you do any of the following before the end of a fixed rate period:

- prepay all or part of your loan (that is repay it ahead of the due date), or
- switch all or part of your loan from the fixed interest rate to a new fixed interest rate or to a variable interest rate,

then you may need to pay an amount to us known as a prepayment cost. This amount depends on the interest rate movements and the remainder of the fixed rate period left to run.

You may also need to pay us a cost if before the start of the fixed rate period, you:

- choose to or are required to prepay all or part of the loan, or
- decide you don't want a fixed rate after all, or want a different fixed rate period.

That cost will be worked out on the same basis as if the fixed rate period had started on the day the prepayment or switch is made. If a prepayment cost is payable you will also need to pay a prepayment administration fee.

The prepayment cost will apply regardless of the reason for the prepayment or switch, and whether or not the prepayment or switch is carried out at your request. We may debit any such prepayment cost to your loan.

When we agree to lend you money at a fixed interest rate, we do so on the undertaking that you will make certain fixed rate payments for the whole of the fixed rate period.

If you make a prepayment (that is, repay ahead of the due date) or switch to another interest rate, we may make a loss that reflects the difference between the fixed rate of interest which you agreed to pay under the fixed rate loan and the market rate of interest at the time of the prepayment.

The estimated amount of that loss will be passed on to you as a prepayment cost.

### Regular Repayments

A cost will not apply to any regular payment you make if:

- you have arranged with us to make your regular payments more often than monthly and the total amount you are paying during a month is substantially the same as the amount you would pay if you were only making one payment a month of the amount required under the loan contract, or
- We allow you to make a higher regular repayment than required under the loan contract (other conditions may apply to any such arrangement).

**How is the prepayment cost calculated?**

To work out whether you need to pay us a cost, we will use a formula. This formula is an estimate of our loss as a result of the prepayment or switch.

In general terms you will need to pay us a cost if our current Wholesale Interest Rate for the remaining fixed rate term is lower than the original Wholesale Interest Rate.

The **Wholesale Interest Rate** is the rate at which we determine fixed rate funds are available from the money market on the relevant day. The Wholesale Interest Rate does not include any applicable customer margin.

Among other things, the formula takes into account:

- the Wholesale Interest Rate that applied on the first day of the fixed rate period (the **original Wholesale Interest Rate**)
  - if you have drawn down your loan with a locked-in fixed interest rate, the rate that applied on the day you locked in your rate
  - for other fixed interest rate loans, the rate that applied on the day you first drew your loan
- the Wholesale Interest Rate for the remaining part of the fixed interest rate period, using rates which apply at the time of prepayment or switch (the **current Wholesale Interest Rate**)
- the amount of principal that was prepaid since you told us you wanted a fixed interest rate and selected your fixed interest rate period or the amount of principal outstanding at the time you switch
- the amount of any unpaid interest, fees, charges and any default interest which has been debited
- the timing, dollar amount and frequency of payments required under the loan contract, and
- the remaining fixed interest rate period.

The formula compares the value of the foregone payments at the original Wholesale Interest Rate and at the current Wholesale Interest Rate. The difference between these two values is adjusted to account for the time value of money.

When using this formula, we may assume the Wholesale Interest Rate which applies on the date of calculation is the current rate on the date of prepayment or switch. Some examples of the amount of cost are set out under Fixed Rate Prepayment Examples on the next page.

Please note that our calculation of the cost will be conclusive and binding on you. If we work out there is a cost, you will need to pay us that cost when the prepayment or switch is made, or we may debit it to your loan account.

If you would like to see a description of the formula used to work out the prepayment cost, please contact us.

**What happens at the end of the fixed rate period?**

At the end of the fixed rate period, you can select either a new fixed rate contract or your loan will automatically change to the variable rate prevailing at this time.

**Fixed rate prepayment examples**

The following example will help you to understand how the prepayment formula generally works.

Say you take out a Westpac Online Investment Loan of \$100,000 in June 2009. You enter into a fixed interest contract which requires monthly interest only payments. The term of your loan is 5 years and your customer fixed interest rate is 10.00% pa. Your monthly interest payments are \$833.33. The original wholesale interest rate for your fixed rate period was 8.00% pa.

You then decide to prepay the loan after one year, in June 2010 (ie four years still remain on your fixed rate).

If the four year Wholesale Interest Rate is 6.00% pa, you will need to pay us a cost of approximately \$7040.00.

Some further prepayment examples after the first 2, 3 and 4 years of this loan, are shown below:

Fixed Rate Loan Amount	Monthly Interest Payment @ 10% pa	Years Remaining (on Fixed Rate Term)	Original Wholesale Interest Rate pa	Wholesale Interest Rate pa at time of prepayment	Estimated prepayment cost
\$100,000	\$833.33	4	8.00%	6.00%	\$7,040.00
\$100,000	\$833.33	3	8.00%	6.00%	\$5,460.00
\$100,000	\$833.33	2	8.00%	6.00%	\$3,760.00
\$100,000	\$833.33	1	8.00%	6.00%	\$1,940.00
\$100,000	\$833.33	0			

*Our prepayment formula is complex. A copy is available on request.*

**Other provisions**

The other provisions of the Westpac Online Investment Loan facility between us continue to apply including any rights and obligations regarding termination.

In particular, if the facility is terminated early (including under clause 7.1 of the current terms) then you and any security provider must pay us for any losses or costs (including any break costs) we suffer. These losses are likely to be affected by the change in Wholesale Interest Rates, and the remaining fixed interest rate period when the termination occurs.

Please note that the examples in the table above, are a general guide only based on specific assumptions and are unlikely to reflect actual prepayment costs on your loan.

Please note that this guide only applies to prepayment of the principal portion of your Westpac Online Investment Loan and does not apply to fixed interest rate loans where interest is prepaid in advance.

The information contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, consider its appropriateness having regard to your objectives, financial situation and needs.