



Broker Update

FAQs regarding Fixed Interest Rates

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What happens to the Fixed Rate pipeline application?

- If customers have already rate locked their fixed rate, then they will not be impacted by this change. Note that the rate lock period is applicable for a maximum of 90 days from the date the customer requests rate lock.
- If they have not rate locked their fixed rate or the rate lock expires, then the rate applicable to their loan will be the carded rate (less any applicable margin) on the date the loan settles.

St George/BankSA has just reduced the Standard Variable Rate – why have the fixed rates increased?

- Variable rate pricing is influenced by the current Cash Rate which is set by the Reserve Bank of Australia, while fixed rate pricing is impacted by the long term money market rates. Currently these rates have increased and subsequently we need to change our fixed interest rates.
- The changes in the fixed rates will not reduce St George's competitive positioning amongst lenders.

Should I advise my customers to fix their loan/s?

- Customers need to consider their own financial situation and seek independent advice when considering the option to fix their loan.
- However, to reduce interest rate uncertainty, customers might like to consider splitting their loan or fixing a portion.
- Fixed rates are typically not ideal for customers who may be considering selling their property during a fixed rate period for any reason, nor for those who may be able to make large lump sum payments to their loan during a fixed rate term

What are the benefits of fixing a loan?

- Interest rate certainty for a specific period of time
- Repayment certainty, which will assist customers with their budgeting
- The option to fix a part of the loan

What are the disadvantages of fixing a loan?

The main disadvantages are:

- The interest rate will be fixed for a specified period, regardless of any movement in variable rates
- Customers may incur a break cost if they:
 - i. break out of their fixed rate early either through switching or discharging or
 - ii. make additional payments of more than \$10,000 per year during the fixed period
- They will not be able to redraw any excess funds

If you have any other questions or concerns please contact **Mortgage Central** on **1300 137 532**.

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