

Redraw explained



Over the life of your home loan, if you only make the **minimum required payments** your loan balance and loan limit will be the same.

Additional repayments can be made on top of your minimum required payments by depositing extra funds into your home loan account, most commonly through BPAY®, direct deposit, one-off lump sum repayments or salary crediting.

These additional repayments create a gap between your loan limit and your loan balance. The funds in this gap are available for you to redraw if needed.

Please Note - Making additional repayments may not shorten your loan term. Refer to the section “When is my minimum repayment recalculated?” for important information.

What is the redraw facility?

The term **redraw** refers to the ability to withdraw funds from your variable rate home loan account where additional repayments have been made to the loan. The amount that’s available to redraw is the difference between your current loan balance and your scheduled loan limit, excluding any uncleared repayments.

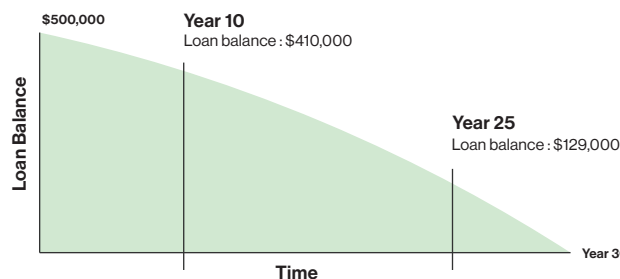
Your minimum payments are not automatically recalculated when you deposit additional funds, you’ll need to request we update them based on your new loan balance. See section “When is my minimum repayment recalculated?” for important information.

How does the redraw facility work?

Let’s look at some real-life examples:

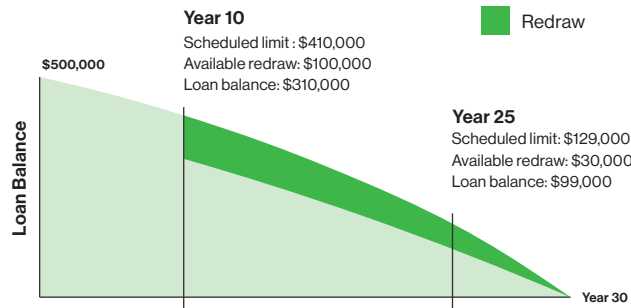
Scenario One¹

- Sarah takes out a \$500,000 variable rate home loan with a loan term of 30 years and makes the minimum required principal and interest repayments. The graph shows how her home loan balance will decrease over time.
- In year 10, her loan balance is \$410,000.
- In year 25, her loan balance is \$129,000.

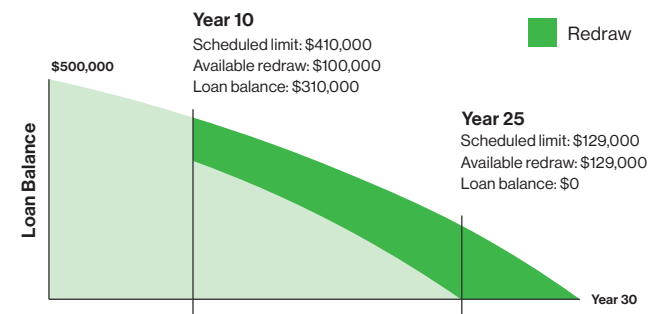


Scenario Two¹

- Sarah makes a \$100,000 lump sum payment toward her loan in year 10, and requests that UBank adjust her repayment down to the minimum required repayment. This allows her to pay off her loan over 30 years.
- In year 10 her loan balance will be \$310,000, and her available redraw amount is \$100,000.
- In year 25, her loan balance will be \$99,000, while her available redraw amount will be \$30,000.



Scenario Three¹



- Sarah makes a \$100,000 additional repayment toward her loan in year 10, and continues to make the same unadjusted repayments (i.e. higher than the minimum required repayment).
- In year 25 Sarah’s loan balance will be \$0, while her available redraw amount will be \$129,000.
- From year 25 onwards, the scheduled limit will continue to reduce so that Sarah’s loan balance and available redraw will be zero by the end of her contracted loan term.

How can you access the redraw feature?

The amount that can be redrawn from your variable rate home loan account is shown in StarNet, which you can access through My UHomeLoan online.

There’s no charge to redraw funds through StarNet or StarCall.

How will redraw affect your repayments?

To ensure your loan is paid off by the end of your loan term, available redraw may reduce over time so that both your loan balance and the available redraw will be zero at the end of the loan term.

A lump sum repayment will be applied towards your upcoming loan repayments for one calendar month from the date of deposit, regardless of your repayment frequency, for variable rate loans only.

¹All examples assume no change to interest rates over 30-year loan term

For example, a lump sum repayment of \$10,000 is deposited on 7 January, and a monthly repayment of \$2,000 is due on 15 January. As the lump sum is more than the required \$2,000 repayment, no direct debit will occur on 15 January. However, the direct debit due on 15 February will still occur. Your available redraw will decrease by the amount of the repayment due on 15 January, \$2,000.

If a lump sum repayment of \$10,000 is deposited on 7 January, and weekly repayments of \$400 are due from 11 January, no direct debit will occur on 11, 18, or 25 January, or 1 February. However, the direct debit due on 8 February will still occur. If you don't want your additional repayments to be applied towards your upcoming variable loan repayments, please contact UBank on 13 30 80.

When is my minimum repayment recalculated?

Your minimum required repayment will be recalculated in following scenarios:

1. If your interest rate changes.
2. If you have redrawn \$1,000 or more in a calendar month.
3. If you ask us to, following an additional repayment.

This means that making additional repayments may not shorten your loan term.

How can you make additional repayments?

Nominated repayment:

A nominated amount, above the minimum repayment, paid at the chosen frequency. If at any point the minimum repayment amount exceeds the nominated repayment amount, the minimum repayment amount will be payable.

Additional repayment:

A set additional repayment amount on top of the minimum required repayment amount, e.g. \$100 per month.

Direct salary crediting:

Direct crediting can be used to make additional repayments on your home loan account.

Once-off repayment:

A once-off repayment to your home loan account that can be applied against normal ongoing loan repayments due in the next month, if you have a variable rate home loan.

Which loans permit additional repayments?

You can make any amount of additional repayments on your variable rate home loan. You can make up to \$20,000 of additional repayments during a fixed rate period without incurring Fixed Rate Break Costs. Note, redraw is not available on fixed rate loans.

Why does your available redraw fluctuate?

Redraw allows you to access additional repayments (the amount above your minimum required repayments) that you've made to your loan – refer to Scenarios Two and Three to illustrate how this occurs. If you deposit funds directly into your loan account as additional repayments, it may help reduce the amount of interest you pay on your home loan. However making additional repayments may not result in a shorter loan term where we recalculate your minimum repayments – see section "When is my minimum repayment recalculated?".

Please consider your financial needs and the points outlined above and determine if this product is right for you.

