



FACT SHEET



Repaying Loans - Hidden Fees

If you are considering repaying your loan you should be aware of some fees that lenders may charge which are not always well known. For most borrowers they are never charged however if you are considering repaying your loan within the first few years or are considering taking a Fixed Rate Loan you should be aware of the following:

FEE NAMES (also know as)	WHEN CHARGED	NOTES
“Deferred Establishment Fee ” “DEF” (abbr above) “Exit Fee” “Penalty Fee” “Early Repayment Fee”	FIRST 1-5 Years Usually charged if the loan is repaid within the first few years.	The lenders argument is that the borrower takes out a loan for 30 years and their profit margins are based on that term. The DEF is a form of negative reinforcement in that is charged to the borrower if the borrower repays their loan within a set period. The set period is usually between 1 -5 years. The fee can be EXTREME. FEE GUIDE: between 0% to 4% of the original loan amount.
“Discharge of Mortgage Fee” “Exit Fees”	RELEASE OF SECURITY Only charged when loan is repaid and/or when the security property is released	The Discharge of Mortgage is a legal document that the lender will prepare. It is an acknowledgment by the lender that it no longer has any interest in the property. It is the opposite of a Mortgage and will be provided back to you when you receive back the title deeds to your property. FEE GUIDE: between \$50 to \$800
“Economic Costs” “Early Repayment Fee” “Early Repayment Adjustment” “Break Costs” “Break Fees”	FIXED RATE LOANS This is payment if and when you partially or repay in full a FIXED RATE loan term during the FIXED RATE PERIOD	In most cases a borrower will elect to fix a rate as they want certainty of making fixed loan repayments, however sometimes circumstances change. If a borrower chooses to repay either in part or in full then the lender may ask for compensation for the financial loss it suffers. In most cases this loss is calculated by way of a very complicated formula taking into consideration the cost of funds, current interest rates, previous interest rates, the time elapsed and the amount of repayment. CARE should be taken if considering a Fixed Rate Loan as “Economic Costs” can be extremely expensive, often in the thousands. This is especially in the case when interest rates have fallen since the loan was taken. For more information regarding “Economic Costs” please refer to your lender or contact Equitimax. FEE GUIDE: Will vary each time - can be in the thousands.
“Break Administration Fee”	FIXED RATE LOANS Only charged when the above fee is charged.	As above when “Economic Costs” are payable the lender may choose to charge an Administration Fee for calculating the Economic Costs and the administration of the loan. In a way it is a Fee for charging you a Fee. FEE GUIDE: between \$0 to \$500
“Switch Fee” “Loan Variation Fee”	ANY CHANGE TO LOAN This may be charged if you vary the loan terms and conditions	Whenever you change your existing loan the lender may require a variation or switch fee to be paid. For example, this could include breaking a Fixed Rate Loan and switching to a Variable Rate Loan. FEE GUIDE: between \$0 and \$600

Disclaimer - The Fee Guide is a rough estimated only. When considering these fees you should refer the lenders terms and conditions for more detail.