

Fixed Interest Rate FAQs

Fixed rate home loans provide your customers with the certainty of knowing their repayments will not change over the fixed interest rate period. That way, your customer can budget their loan repayments confidently. Our fixed rate option also provides customers with flexibility that if their life changes, there are no break costs.

1. When will Pepper Money accept fixed interest rate home loan applications?

Fixed interest rate home loan applications will be accepted from Wednesday, 29 June 12:00 AM (AEST) 2022. In some cases, fixed rates may appear within our systems and tools earlier. However, no applications will be accepted before the launch date.

2. What fixed rate periods can customers choose?

Customers can choose to fix their loan for 2,3,5,7 or 10 years.

3. Can my customer have a split home loan, with part fixed and part variable?

Yes, customers may have up to 4 splits with any combination of variable and fixed interest rates; and they can have more than one fixed interest rate split.

4. Can additional repayments be made into a fixed rate home loan?

Yes, your customers can make unlimited additional repayments.

5. Can additional payments to a fixed rate home loan be redrawn?

Redraw is not available for any additional repayments made into a fixed rate home loan. If your customers would like a redraw account, they can choose to split their home loan to include a variable interest rate portion, which provides the option of a redraw account. Additional repayments can only be accessed from the variable portion of the home loan.

6. Can an offset sub-account be linked to a fixed rate home loan?

A 100% interest offset sub-account facility is not available on a fixed rate home loan. If your customer would like an offset account, they can choose to split their home loan to include a variable interest rate portion. The 100% interest offset sub-account is only available on the variable portion of the home loan.

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7. Will my customers be charged a fee for breaking their fixed interest rate period?

We understand real life better than most, and to provide your customers greater flexibility over the term of their loan, our fixed rate option has no break fees. This means your customer won't incur fees for breaking their fixed rate term.

8. Can my customers lock in a fixed interest rate in case of interest rate changes?

Yes, your customers can apply to lock in a fixed interest rate during the home loan application process (fees apply).

If rates increase during the fixed interest rate lock period, your customer's fixed interest rate will not increase.

Our rate lock feature also ensures that if fixed interest rates decrease, your customer will receive the lower interest rate on the settlement date.

9. How can my customers request to lock in a fixed interest rate?

Your customers can apply to lock in a fixed interest rate during the application process. This will lock in the applicable fixed interest rate at final approval. We can accept rate lock requests after final approval, but this is on a case-by-case basis, and the interest rate at the time of the request will apply.

10. What fee is charged to lock in a fixed interest rate?

For home loan application amounts less than \$500,000, there is a one-off \$750 fee for each approved fixed interest rate lock request. If the fixed interest rate home loan application amount is greater than \$500,000, then a fee of 0.15% of the loan balance will apply.

The rate lock fee is only payable once and will be charged even if fixed interest rates decrease after the request has been approved.

Customers can choose to have the rate lock fee capitalised into their home loan or deducted at settlement. If the rate lock fee is capitalised into the home loan, this will increase the loan to value ratio (LVR), and they will pay interest on the rate lock fee over the life of the loan.

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11. How long does the fixed interest rate lock period last?

The rate lock period lasts 90 days from the date of formal approval. If the rate lock expires, and no action is taken by the customer, then the fixed interest rate on the day of settlement will apply. Your customer can request a new rate lock if their original request has expired. This will lock in the fixed interest rate, for a new 90-day period, from the date the new rate lock request is approved (fees apply).

12. Can my customers apply for a fixed rate home loan if they have poor credit history?

Yes, we offer fixed interest rate home loan options for customers with credit impairment.

13. Can my customers top up or take out an additional advance on a home loan if they have a fixed rate home loan?

Yes, however, a new split loan needs to be created (provided there are 3 or less splits already). Applications are subject to credit assessment and loan eligibility criteria. Minimum and maximum additional advance amounts apply.

14. Can my customer request a substitution of security if they have a fixed rate home loan?

Security substitution can be accepted for fixed interest rate loans provided the new security is like for like with the existing security (eligibility criteria apply).

15. Can customers choose to make Interest Only repayments on a fixed interest rate home loan?

Interest Only periods are available on fixed interest rate home loans and must be equal to the fixed interest rate period (only offered on 2, 3 and 5 year terms). There is a maximum 5-year Interest Only repayment period, converting to Principal and Interest repayments for the remainder of the loan term.

16. Can a customer link a visa debit card to their fixed rate home loan?

Visa debit card access is not available on fixed interest rate loans. Customers seeking debit card access can consider the option of a split fixed and variable interest rate home loan with visa debit card access as an option on the offset sub-account facility attached to the variable portion of their home loan.

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17. What will happen at the end of the fixed interest rate term?

At the end of the fixed interest rate term, the home loan will convert to a standard variable interest rate unless your customer chooses to refix another term (eligibility criteria apply).

18. Can an existing Pepper Money customer switch to a Fixed interest rate home loan?

Yes, existing customers can switch to a fixed interest rate. However, this will be assessed on a case-by-case basis, and the customer's home loan must not have settled within the last 6 months or be in arrears at the time of the request.

19. Can customers choose weekly, fortnightly, or monthly repayments on a Fixed interest rate home loan?

Customers can choose to make weekly, fortnightly or monthly repayments on Principal and Interest fixed interest rate home loans.

Customers with Interest Only fixed interest rate home loans can only make monthly repayments.

Information is current as at 24 June 2022 and subject to change.

All applications are subject to credit assessment and eligibility criteria. Terms and conditions, fees and charges apply. Minimum and maximum additional advance amounts apply.

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