

A close-up photograph of a young woman with dark, curly hair, smiling broadly while holding a black smartphone to her ear. She is wearing a dark blue patterned shirt over a white top and a gold necklace. The background is softly blurred.

Want a home loan that gives you certainty?

Fixed Rate Home Loan guide

Fix your home loan for a period of time so you have the confidence to budget accurately, plan ahead and have the certainty to know exactly what your repayments will be.

This guide will help you understand the Fixed Rate Home Loan and important information to consider before applying.



Key considerations for Fixed Rate Home Loans

Minimum Loan Amount	Maximum Loan Amount	Fixed Rate Periods	Loan Term	Redraw Facility	Everyday Offset account
\$10,000	Based on the security property and your borrowing capacity	1 to 5 years	1 to 30 years	Not available during fixed rate period.	



Eligibility

- Available to Individuals, non-trading Companies and/or Family/Unit/Hybrid Trusts.

What you can use the loan for

- Owner Occupied or Investment property purchase
- Refinance
- Home renovations
- Consolidation of personal debt
- Purchase of land
- Personal needs
- Personal investments

What you can't use the loan for

- Business purposes
- Bridging loan
- Building and construction loans
- Off the plan purchases



What you'll get

- You have the certainty of knowing you are protected from interest rate rises during your chosen fixed rate period.
- Know exactly what your repayments will be – giving you confidence to budget accurately and plan ahead with certainty.
- You can make additional payments of up to \$10,000 for each year of your fixed loan, without incurring an Early Repayment Adjustment (ERA) and an Administrative Fee (excluding interest in advance periods). These additional payments aren't available through redraw until after your fixed rate period expires. We count a year as 12 months from the date you commence your fixed rate period and every 12 months after that.
- You can switch some aspects of your loan that won't be considered a break and incur an ERA. Some of these include:
 - Changing your repayment type (e.g. from Interest Only to Principal and Interest).
 - Changing your repayment frequency (e.g. from monthly to fortnightly or weekly).
- Ability to split your loan balance into multiple loan accounts and take advantage of both fixed and variable rate home loans (no ERA applies if the split is selected at loan origination). This gives you the flexibility to structure your home loan to suit your individual needs by choosing the loan amount, loan type, loan term and repayment structure for each loan.
- For eligible Owner Occupied home loans, Home Loan Compassionate Care is complimentary protection that helps support you by paying your home loan repayments for around 12 months if you, your spouse or dependant passes away or is medically certified with a terminal illness[^].



Trade-offs

This loan might not be right for you if:

- You want your interest rate and repayments to vary with variable interest rate movements (up or down).
- Within the fixed rate term you think you might sell your property, make large repayments, top up your loan or switch to a variable rate home loan. If this happens you may have to pay an ERA and an Administrative fee.
- You want to benefit from interest offset accounts (such as the Everyday Offset account) or access your redraw during a fixed rate period. No interest offset account or access to a redraw facility is available while you're in a fixed rate period.
- You're planning on making additional repayments exceeding \$10,000 in each year of your fixed loan. You may have to pay an ERA and an Administrative fee.

For more information about Early Repayment Adjustment (ERA) go to commbank.com.au/era



Financial

- Our fixed interest rates vary depending on whether:
 - Your loan is an owner occupied or investment home loan;
 - You make Principal and Interest or Interest Only repayments;
 - The length of the fixed rate period; or
 - You choose to apply for a Wealth Package (eligibility conditions apply).

For current interest rates go to commbank.com.au/home-loans/interest-rates

- The fixed interest rate will begin from your home loan funding date or from when we process your switch to a Fixed Rate Home Loan and will apply for the duration of the fixed rate period.
- If you have a Fixed Rate Investment Home Loan with Interest Only payments, you'll have the option to prepay interest 12 months in advance, known as 'Interest in Advance'. If you choose this option, there's only one fixed interest rate option, being the Interest Only rate less a 0.20% p.a. discount.
- At the end of a fixed rate period:
 - Your home loan will switch to a Standard Variable Rate Home loan;
 - The interest rate will revert to the Standard Variable Rate applicable to your loan and repayment type at the time, less any wealth package discount. This may be a higher interest rate and may result in an increase in your minimum required repayments; and
 - You have the option to re-fix your home loan by switching to another Fixed Rate Home Loan.
- You can apply to top up your home loan by an additional \$10,000 or more – subject to equity in your property and our approval. However it's important to know that a top up would break your fixed rate period and an ERA and an Administrative fee may apply. Top ups are not available during an Interest in Advance period.



TIP: With a Wealth Package you'll get access to interest rate discounts on your eligible home loan(s) and fee waivers on selected credit cards. For more information go to commbank.com.au/wealthpackage



Other considerations

- When buying a property, you generally require a deposit of at least 20% of the purchase price, plus enough to cover the additional upfront costs such as stamp duty and legal fees. If you don't have the full deposit amount required, you may need to pay Lenders Mortgage Insurance (LMI) **or** Low Deposit Premium (LDP). These are one off non-refundable, non-transferable costs and added to your home loan. The circumstances of your home loan will determine whether a loan will incur LMI or LDP.

For more information go to commbank.com.au/home-loans/lenders-mortgage-insurance



TIP: If the fixed interest rate changes between the disclosure date on your loan contract and the loan funding date, the applicable fixed interest rate on your loan will be the rate at the date of your loan funding – which could be a higher (or lower) rate.

At the time of your loan application you can request for a Rate Lock. Rate Lock can guarantee your fixed interest rate (for your chosen fixed rate period) for up to 90 days, for a non-refundable fee. You can ask us to break the rate lock (for example, if rates go down) and revert to the rates available on the funding date. Speak to your Home Lending Specialist or Broker for more information.

Repayment Options

There is more than one way to repay your home loan.

Repayment type

Principal and Interest (P&I)

Pay your home loan balance and the interest

Each time you pay the minimum required repayment, you're contributing to paying off the original loan balance (principal) and interest accrued.

Interest Only (IO)

Pay just the interest on your home loan for a limited time

Each time you make a payment you will only pay off accrued interest – so none of the principal loan balance is paid off. Once the Interest Only period ends, your repayments will automatically switch to Principal and Interest for the remainder of the loan term which will increase your minimum required repayment.

The maximum total Interest Only period over the life of the loan is:

- 5 years for an Owner Occupied home loan; and
- 10 years for an Investment Home loan (maximum of 5 years at any one time).

Interest Only payments are not available within the last 5 years of your contracted loan term.

Key considerations

- You'll have a lower interest rate when compared to the interest rate charged on Interest Only payments.
- You'll pay less interest over the life of the loan.
- You'll have a higher interest rate when compared to the interest rate charged on Principal and Interest repayments.
- You'll pay more interest over the life of the loan – this is because you aren't reducing the loan balance during an Interest Only period.
- Your minimum required repayment will be lower for the Interest Only period, however it will increase at the end of the Interest Only period. Your minimum required repayment will be higher than if you'd chosen Principal and Interest repayments for the life of your loan, as the amount you have borrowed will need to be paid back over a shorter timeframe.
- Applying for Interest Only payments is subject to approval.

Repayment frequency options

Weekly

For P&I loans only

Fortnightly

For P&I loans only

Monthly

For all loan types

How does it work?

Here's an example¹ to help explain the difference between our repayment options.



Meet Kendall

Kendall has taken out a \$500,000 home loan with an initial 5 year fixed rate period, and the remaining 25 years as a Standard Variable Rate Home Loan. She is considering her repayment options.

Scenario 1 - Principal and Interest repayment



Kendall chooses to make Principal and Interest repayments over the life of her home loan.

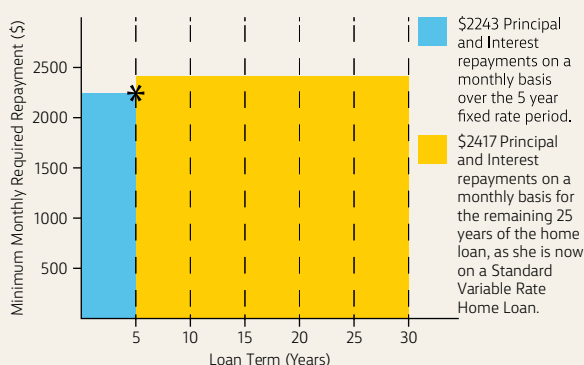


Her interest rate is 3.49% p.a. and her minimum required repayments remain constant at \$2,243 per month for the 5 year fixed rate period.



After her 5 year fixed rate period ends, her loan switches to a Standard Variable Rate Home Loan with a variable interest rate of 4.2% p.a. for the remaining 25 years.

Her Principal and Interest repayments increase to \$2,417 per month for the remaining 25 years of her loan.



*After 5 years of Principal and Interest repayments, Kendall has a remaining home loan balance of \$448,408.



Kendall pays in total \$859,545 over the life of her loan.

Scenario 2 - Interest Only payment



Kendall chooses to make Interest Only payments during her 5 year fixed rate period.

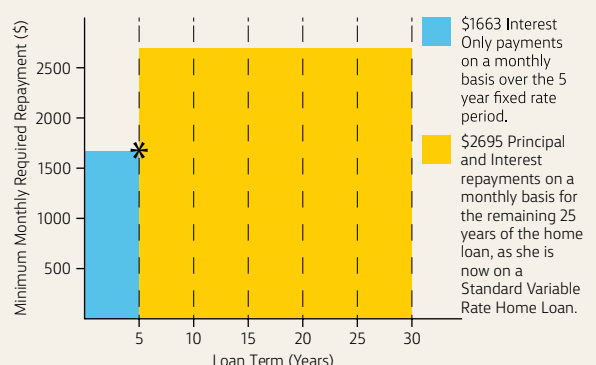


Her interest rate is 3.99% p.a. and her minimum required payments remain constant at \$1,663 per month for the 5 year fixed rate and Interest Only period.



After her 5 year fixed rate and Interest Only period ends, her loan switches to a Standard Variable Rate Home Loan with a variable interest rate of 4.2% p.a. for the remaining 25 years.

Her Principal and Interest repayments increase to \$2,695 per month because Kendall is now paying her original loan balance over 25 years and not 30.



*After 5 years of Interest Only payments, Kendall has a remaining home loan balance of \$500,000. Her home loan balance has not reduced, and she now needs to repay it over 25 years.



Kendall pays in total \$908,164 over the life of her loan, an **additional \$48,619** in interest.

¹ The example is for illustrative purposes only. It assumes interest rates don't change over the life of the loan and are calculated on the rate that applies for initial period of the loan. Interest rates may change at any time. The calculations do not take into account fees, charges or other amounts that may be charged to your loan (such as establishment, monthly services fees or stamp duty). No additional repayments and redraws are made. Standard fees and charges are payable

If you have an investment property we also offer **Interest in Advance** payment option for Fixed Rate Home Loans.

This means you pay 12 months of interest in one lump sum before the Interest in Advance period starts. Paying Interest in Advance can save you from having to make monthly payments during the year.

The Interest in Advance period must be the same as the fixed rate and Interest Only periods. During the Interest in Advance period, you won't be able to reduce the principal amount of your loan. If you choose to repay the loan, or switch to another loan type, you may be charged an ERA and an Administrative fee.

You should talk to your accountant or financial advisor to see if prepaying interest is right for your tax needs and investment strategy.

Common Questions

Should I break my Fixed Rate Home Loan?

The decision is yours. It's important to consider how this may affect you financially and what your options are. Breaking the fixed period on your home loan for a lower advertised rate may be appealing. However this can have large financial implications based on the ERA versus the potential interest savings on a lower interest rate.

We highly recommend that you:

- Discuss your options with your Home Lending Specialist or Broker; and
- Seek independent legal and/or financial advice to understand the impact on your financial situation.

How can I top up my loan without being charged an ERA?

If you are looking to top up your home loan to access more money, you may want to consider applying for a separate loan. This means you will have a new home loan for the extra amount required (additional fees and charges may apply) without affecting your current fixed rate home loan. Standard lending criteria will apply.

We're here to help

If you have any questions or want more information:



Book an appointment with a Home Lending Specialist at commbank.com.au/appointment or contact your Broker.



Call us on **13 2224** (8am - 8pm any day)



Visit commbank.com.au/homeloans



Things you should know: Everyday Offset is a feature of our Complete Access Transaction account which is linked to an eligible home loan, and account holder(s) must also be account holders of the linked home loan. Interest is not charged on the part of the Home Loan balance equal to the Transaction account. Full terms and conditions for [transactions and savings accounts](#) mentioned and our [Financial Services Guide](#) are available online or from any branch of the Commonwealth Bank. If you have a complaint in respect of this product, the Commonwealth Bank's dispute resolution service can be accessed on 13 2221. This guide doesn't consider your individual objectives, financial situation or needs. Before basing any decisions on this information please:

- Consider its appropriateness to your circumstances.
- Consider obtaining professional advice specific to your needs, including financial, taxation and legal advice.

Loan applications are subject to credit approval and any loan offer includes full terms and conditions. Fees and charges apply – see our fees and charges brochure. All examples and scenarios are illustrative only.

^{*}Age and loan eligibility requirements and other limitations and exclusions apply. For more information, go to commbank.com.au/compassionatecare

Home Loan Compassionate Care is underpinned by a group policy held by us with the insurer, The Colonial Mutual Life Assurance Society Limited (CMLA), ABN 12 004 021 809, AFSL 235035. CMLA is part of the AIA group. Home Loan Compassionate Care may be terminated or varied at any time. This guide is subject to change without notice.

Commonwealth Bank of Australia ABN 48 123 123 124, AFSL & Australian credit licence number 234945.