

Simple Home Loan Guide

A simple home loan with a low variable rate and the choice to access two offset accounts.

A low variable rate home loan that features access to up to two optional offset accounts, redraw, and various payment choices.

This guide will help you understand the Simple Home Loan and provides important information about the product's key attributes. Please ensure that you read this document alongside the Usual Terms and Conditions (UTC) for Consumer Mortgage Lending as both documents apply to the Simple Home Loan product.

008-153 011026

Key considerations for Simple Home Loan

Minimum loan amount	Maximum loan amount	Loan term	Redraw facility	Everyday Offset
$10,000	Based on the security property and your borrowing capacity	1 to 30 years	Yes	Yes[1]

Eligibility

- Available to Individuals only (Companies and/or Family/Unit/Hybrid Trusts are excluded).

What you can use the loan for	What you can't use the loan for
• Owner occupied or investment property purchase • Refinance or home renovations • Consolidation of personal debt • Personal needs • Personal investments other than cryptocurrency or digital assets • Off the plan purchases	• Business purposes • Building and construction loans • Bridging loans • Purchase of land

[1] You can link up to two Everyday Offset Accounts to each eligible Simple Home Loan.



What you'll get

Unlimited additional repayments	You can make unlimited additional repayments (including the ability to pay the loan out early) without additional charge.
Option to link up to two offsets	Save interest on your home loan while having access to your money by using an Everyday Offset Account. You have the option to link up to two Everyday Offset Accounts to each of your eligible Simple Home Loan to maximise interest savings. For more information on Everyday Offset Account, go to **commbank.com.au/everydayoffset**
Fee free redraws	The home loan has a redraw facility which enables you to access additional repayments made over and above the minimum required repayments. For more information on Redraw go to **commbank.com.au/redraw**
Option to switch loan	You can switch your loan or repayment type, for example switching from a Simple Home Loan to a Standard Variable Rate or a Fixed Rate home loan or switch from Principal and Interest repayments to Interest Only payments. You cannot switch your Simple Home Loan type to a Digi Home Loan.
Top Up	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. For more information go to **https://www.commbank.com.au/home-loans/increasing-your-home-loan.html**
Other features applicable to the Simple Home Loan	You can take advantage of other features such as repayment holidays and loan portability. For more information go to **commbank.com.au/repaymentholiday** and **https://www.commbank.com.au/content/dam/commbank-assets/home-buying/home-loans/docs/substitution-of-security-guide.pdf**

Trade-offs

This loan might not be right for you if:

- You want the certainty of knowing exactly what you'll be paying each month. Our Simple Home Loan has a variable interest rate. This means the interest rate can move up or down and your repayments will vary based on changes to the variable interest rate.
- You want to split your loan balance into multiple loan accounts to take advantage of both fixed and variable rate home loans.
- You want access to link more than two offset accounts to each of your home loans.

Interest rate

- Our variable interest rates will vary depending on whether:
  - Your loan is an owner occupied or investment home loan; or
  - You make Principal and Interest or Interest Only repayments.

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

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. These are one off non-refundable, non-transferable costs added to your home loan. The circumstances of your home loan will determine whether a loan will incur Lenders Mortgage Insurance (LMI) or Low Deposit Premium (LDP).

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





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*	**Interest Only (IO)** *Pay just the interest on your home loan for a limited time*
Each time you pay the minimum required repayment, you're contributing to paying off the original loan balance (principal) and interest accrued.	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 • 15 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	**Fortnightly**	**Monthly**
For P&I loans only	For P&I loans only	For all loan types

Meet James

James has taken out a Simple Home Loan of $500,000 for 30 years and is considering his repayment options.



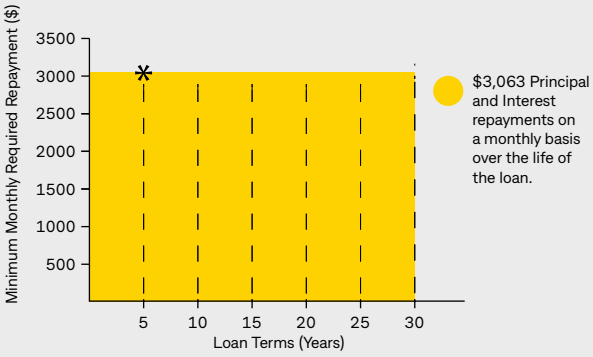
How does it work?

Here's an example[2] to help explain the difference between our repayment options.

Scenario 1
Principal and Interest repayment

James chooses to make monthly Principal and Interest repayments over the life of his home loan.

His interest rate is 6.20% p.a. and over the life of his loan his minimum required repayments remain constant at $3,063 per month.



*After 5 years of Principal and Interest repayments, James has a remaining home loan balance of $465,754.

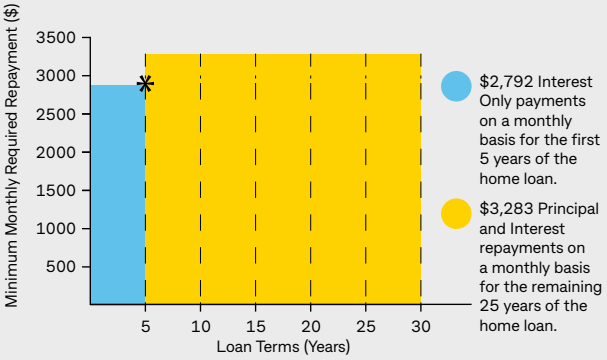
James pays in total $1,102,445 over the life of his loan.

Scenario 2
Interest Only payment

James chooses to make Interest Only payments for the first 5 years of his home loan.

His interest rate is 6.70% p.a. and his minimum required payments are $2,792 per month for the first 5 years Interest Only period.

After his Interest Only period ends, his repayment type switches to Principal and Interest repayments. His interest rate reduces to 6.20% p.a. however his minimum required repayments increase to $3,283 per month. This is because James is now paying his principal loan balance over 25 years and not 30.



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

James pays in total $1,152,394 over the life of his loan, an additional $48,949 in interest.

[2] 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.

We’re here to help.

If you have any questions or want more information:



Call us on **13 2224**



Visit **commbank.com.au/homeloans**



Message us 24/7 in the **CommBank App**

Additional things you should know about interest offset: The account holders of an Everyday Offset Account which is linked to an eligible home loan, 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 balance of deposited into the Everyday Offset Account(s). Please also refer to the UTC for Consumer Mortgage Lending for additional details about how the interest offset works and for other important matters in relation to this product.

For the full terms and conditions which apply to Everyday Offset Account see the CommBank Transaction, Savings and Investment Account Terms and conditions available online at our website or from any branch of the Commonwealth Bank.

Before basing any decisions on this information please consider its appropriateness to your circumstances and 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 the ‘Fees we charge for consumer mortgage lending products’ which is available at our website 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**.

The Target Market Determinations for the Simple Home Loan and Everyday Offset Account are available on our website.

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