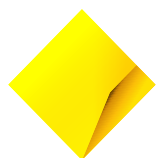


# Repayment Shortfall & Redraw Changes

Version 1 - 22 April 2021

**Broker - Frequently Asked Questions**



## Definitions

IDD	Instalment Due Date is also referred to as the Required Monthly Repayment Due Date (RMRA due date)
MIRA	Minimum Repayment Amount required for the selected Frequency
EMRA	Total Minimum Repayment Due this Month based on the IDD and selected frequency (weekly or fortnightly)
DDRA	Direct Debit Repayment Amount
DD	Direct Debit
RMRA	Required Monthly Repayment Amount. This is <b>a customer's</b> minimum monthly requirement when paying on a monthly frequency

## What is a repayment shortfall?

The amount that needs to be paid into the Loan to catch up on missed payments so that the EMRA will be satisfied on the arrival of the IDD. The shortfall amount is associated with a requested change to the loan and/or repayments.

Loans currently on, or moving to, a weekly/fortnightly frequency are those that may be impacted by shortfall.

## How is the shortfall amount calculated?

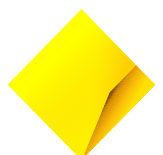
**The shortfall amount is calculated based on the loan's EMRA for the current IDD cycle. It considers the outstanding payments that are yet to be collected prior to the arrival of the IDD and also considers the loan's redraw balance.**

Formula:

$[EMRA] - [Outstanding DDRA Payments for the current IDD cycle] - [Redraw Balance] = \text{Shortfall Amount.}$

## Where can I verify the values used to calculate the shortfall amount?

Repayment details can be viewed on NetBank under the 'Repayment' tab of the Manage My Loan section:



Manage my loan

Summary	Repayments	Redraw & Offset	Change your loan	Statements
<p><b>Repayment type</b> Principal and Interest</p> <p>Principal and interest repayments cover interest accrued and contribute to reducing your loan balance.</p> <p>If you're eligible, you can switch to Interest Only repayments but you may need to contact your lender or our specialist team.</p> <p><a href="#">Change to interest only repayments</a></p>	<p><b>Current minimum required repayment</b> \$11.00 per month</p> <p>Loan service fee: Waived</p> <p>While making Principal and Interest repayments your minimum required repayment is set to ensure you repay your loan within the agreed term. It can increase or decrease due to various reasons. During any Interest Only period, there is no set minimum repayment amount because you pay the interest charged each month. You can see previous interest charges in your transaction history.</p> <p><a href="#">Check repayment calculator</a></p>	<p><b>Next repayment in 1 days on 17 Mar</b> \$11.00 per month</p> <p>Direct debit: 062000 19421653</p> <p>While making Principal and Interest repayments you can change the amount or frequency of your repayments anytime.</p> <p><a href="#">Change amount or frequency</a></p>		

## Is the shortfall amount likely to change?

The shortfall amount is accurate at the time of calculation and is subject to change due to redraw activity or changes applied to the loan.

## How will this affect customers?

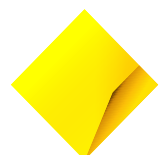
Customers need to make a once-off payment into the loan to cover the shortfall amount. This can be via Automatic Funds Transfer (AFT), NetBank transfer or deposit.

Failure to make up the shortfall amount prior to the arrival of the IDD will take the loan into arrears.

## What is an IDD cycle and why does it not follow the calendar months?

The IDD is the day of the month that the EMRA must be paid, irrespective of repayment frequency. The IDD generally aligns with the date of the month that the loan was originally funded or the 15<sup>th</sup> of the month for construction loans unless the customer has requested for this to be changed.

Payments are debited from the nominated Direct Deposit (DD) account based on the requested frequency and appear in NetBank as **'Reserved'** (under the **'Redraw & Offset'** tab of the **Manage My Loan** section) until the arrival of the IDD. Customers can view their payments under the **'Redraw & Offset'** tab under **'Manage My Loan'** section of NetBank:



## Manage my loan

Summary Repayments **Redraw & Offset** Change your loan Statements

### Redraw

**Additional repayments**

**\$11.00** This is how much you're ahead on your loan. It increases when you make repayments towards your next monthly payment and any additional repayments.

**Reserved**

**\$0.00** This money is reserved for your upcoming monthly minimum repayment. It may also include uncleared cheques and pending adjustments.

You're unable to transfer or redraw money that's reserved.


**Available to redraw**

**=\$11.00** This is money that's available for you to access right now.

**Want know more about redraw?**  
Watch our 2 minute video about additional payments and how redraw works.  
[More about redraw](#)

### Offset

**i** No offsets currently linked to this home loan



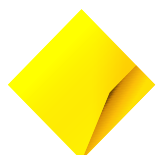
You can also unlink existing Offset accounts from this home loan and link it to another eligible home loan.

[Switch account to offset](#)

As some calendar months are longer than others, there will be some IDD cycles that have an increased number of repayments compared to others; this relates to weekly and fortnightly payers based on the number of payments that fall within the IDD cycle.

Frequency:

- Weekly Payers
  - 4-week IDD cycle: EMRA = 4 x MIRA
  - 5-week IDD cycle: EMRA = 5 x MIRA
- Fortnightly Payers
  - 2-fortnight IDD cycle: EMRA = 2 x MIRA
  - 3-fortnight IDD cycle: EMRA = 3 x MIRA



Example: for a loan where the IDD falls on the 20<sup>th</sup> of every month, the IDD cycle for the month of May is outlined below; the IDD cycle starts on 21 April 2021 and ends on 20 May 2021.

For a customer on a weekly frequency, debiting on Thursdays, the payments for this IDD cycle are:

- Thurs 22/04
- Thurs 29/04
- Thurs 06/05
- Thurs 13/05
- Thurs 20/05

April 2021							May 2021						
MO	TU	WE	TH	FR	SA	SU	MO	TU	WE	TH	FR	SA	SU
			1	2	3	4						1	2
5	6	7	8	9	10	11	3	4	5	6	7	8	9
12	13	14	15	16	17	18	10	11	12	13	14	15	16
19	20	21	22	23	24	25	17	18	19	20	21	22	23
26	27	28	29	30			24	25	26	27	28	29	30
							31	1	2	3	4	5	6

This is a 5 week IDD cycle.

NOTE: The green circles represent the IDD start and end dates and the red circles represent the Direct Debit repayment date (based on frequency selected).

If the customer was previously a monthly payer and submitted a request for a frequency change on 30 April 2021 to go from monthly to weekly, debiting on Thursdays, the shortfall amount payable will be calculated based on 2 x missed weekly payments, being 22/04/2021 and 29/04/2021.

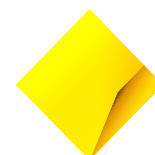
April 2021							May 2021						
MO	TU	WE	TH	FR	SA	SU	MO	TU	WE	TH	FR	SA	SU
			1	2	3	4						1	2
5	6	7	8	9	10	11	3	4	5	6	7	8	9
12	13	14	15	16	17	18	10	11	12	13	14	15	16
19	20	21	22	23	24	25	17	18	19	20	21	22	23
26	27	28	29	30			24	25	26	27	28	29	30
							31	1	2	3	4	5	6

## Why have **the loan's** repayments been recalculated?

If a customer has requested a change to **the loan or the loan's direct debit arrangements**, the repayments are reviewed and recalculated to ensure that the loan is on the correct repayment amount to repay their outstanding loan balance by the remaining contracted loan term. Examples of **the variables that can impact a customer's repayments** include changes in interest rates, redraw activity and a change in the loan's repayment type (i.e. Interest Only to Principal and Interest).

## Does the shortfall amount include any existing arrears?

The shortfall calculation does not include any arrears balance for the loan. The shortfall amount is purely a calculation to cover any missed payments within the current IDD cycle and bring the loan up to date with its repayments for the EMRA. Customers are still required to make additional payments to clear the arrears whilst still meeting the Total Minimum Repayment Amount (EMRA) for the IDD period.



## Does the shortfall amount need to be paid now?

The shortfall amount needs to be paid before the arrival of the IDD to ensure that the loan does not fall into arrears. The onus is on the customer to make the ad-hoc payment to cover the shortfall by the IDD.

## What type of activities trigger a shortfall?

Changes applied to a loan mid-IDD cycle that can potentially result in a shortfall include:

1. Direct Debit arrangements
2. Recast of Repayments
3. Splits
4. Switches
5. Redraw Reduction
6. Credit Reversals

## The customer wants to reverse a payment made in error/reduce the redraw; why does an amount need to remain in the redraw?

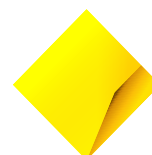
A minimum of one EMRA must be retained for any changes requested to the redraw balance. This is to ensure that the loan does not fall into arrears by the IDD due to the requested change.

## The customer is an over payer, will the upcoming payments cover the shortfall?

No; the shortfall calculation already considers the upcoming payment(s) within the IDD (inclusive of any amounts paid **over and above the customer's MIRA through an established DD**). Where a shortfall amount has resulted due to a change requested, the customer is required to pay this in addition to the upcoming payments for the IDD cycle.

## Where can I get more information?

For further queries relating to shortfall calculation, please contact the Broker Support Hub on 132588 (option 3).



# Example: Minimum Payer

Customer is on a Monthly repayment frequency

★ IDD is on the 20<sup>th</sup> of every month

▲ Request is received on the 8<sup>th</sup> of February to change the loan's repayment frequency to Weekly, debiting on Wednesdays

Based on the requested change, the next DD repay date will be on 10/02/2021 ● followed by 17/02/2021

IDD cycle: 21/01/2021 – 20/02/2021

EMRA: \$400

MIRA based on weekly frequency: \$100

DDRA: \$100

Redraw Balance: \$0

The Weekly Payments for the IDD cycle are:

27/01/2021 – missed ●

03/02/2021 – missed ●

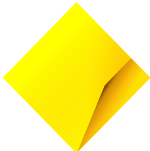
10/02/2021 – will be collected ●

17/02/2021 – will be collected ●

Shortfall: EMRA (\$400) – Outstanding Payments (\$200) = \$200

JANUARY 2021						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20 ★	21	22	23
24	31	25	26	27 ●	28	29
						30

FEBRUARY 2021						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3 ●	4	5	6
7	8 ▲	9	10 ●	11	12	13
14	15	16	17 ●	18	19	20 ★
21	22	23	24	25	26	27
28						



# Example: Over Payer

Customer is on a Monthly repayment frequency

★ IDD is on the 20<sup>th</sup> of every month

▲ Request is received on the 8<sup>th</sup> of February to change the loan's repayment frequency to Weekly, debiting on Wednesdays

Based on the requested change, the next DD repay date will be on 10/02/2021 ● followed by 17/02/2021

IDD cycle: 21/01/2021 – 20/02/2021

EMRA: \$400

MIRA based on weekly frequency: \$100

DDRA: \$110

Redraw Balance: \$50

The Weekly Payments for the IDD cycle are:

27/01/2021 – missed ●

03/02/2021 – missed ●

10/02/2021 – will be collected ●

17/02/2021 – will be collected ●

Shortfall Amount: EMRA (\$400) – Outstanding Payments (\$220) – Redraw (\$50) = \$130

JANUARY 2021						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20 ★	21	22	23
24	31	25	26	27 ●	28	29
						30

FEBRUARY 2021						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3 ●	4	5	6
7	8 ▲	9	10 ●	11	12	13
14	15	16	17 ●	18	19	20 ★
21	22	23	24	25	26	27
28						

