

Fact Sheet

An Interest Offset account is a feature linked to a home loan split that may help to reduce the amount of interest paid on the net balance of a home loan account. Funds credited into the linked offset account can be used to offset the balance of the loan, which then reduces the amount of interest charged. For example, if a loan has a balance of \$200,000 and \$20,000 is paid into the Interest Offset account, interest will be charged on the net balance of \$180,000. The Minimum Monthly Instalment (MMI) will however remain the same, which means borrowers will not only save in interest charges, but may even pay their home loan off quicker.

The Difference between an Interest Offset account and a Repayment Offset account

Some lenders offer 'Repayment Offset' accounts, where the offset account balance reduces the Minimum Monthly Instalment (MMI) amount. Resi Essentials Product does not offer Repayment Offset accounts so the borrower's scheduled MMI will not change.

Which products offer the Interest Offset account feature?

A 100% Interest Offset account can be added and linked to any Resi Essentials loan split/s.

Is there a charge for the Interest Offset account?

No fees or charges apply for having Interest Offset accounts linked to Resi Essentials loan split/s.

How does the Interest Offset feature work?

A Resi Essentials home loan facility may have up to 6 splits, each with a linked Interest Offset account. Additional payments can be made into and accessed from the Interest Offset account. An Interest Offset account must be linked to a loan account split. The interest payable on the linked loan will be calculated on the daily balance of that loan split less the balance in the linked Interest Offset Account.

Is the Interest Offset account a separate deposit account?

Resi is not an 'Authorised Deposit-taking Institution' (or 'ADI'), it cannot provide deposit accounts to its customers. The Interest Offset account is not a stand-alone account, it is a linked account forming part of a loan facility and must always be linked to the loan account split.

How can I access available funds in the Interest Offset account?

You can access available funds via redraw back into the linked nominated account (the same one set up for your MMI) or via PayAnyone. The default limit is \$5,000 per day (if available), however this can be increased to \$20,000 per day if required.

How many Interest Offset accounts can I have?

One Interest Offset account per loan split. The Interest Offset account cannot operate independently so therefore must be linked to a loan account. There are no monthly fees for having Interest Offset accounts.

Do I need a nominated bank account for direct debits if I have an Interest Offset account?

Similar to banks, you must nominate an external bank account at the time of settlement of your loan for repayments and redraw. Once your loan has settled and you have made additional payments into the Interest Offset account, you will be able to transfer funds to your external bank account via redraw, or to a nominated account via PayAnyone. Please note the amount of funds available to access does withhold one month's repayment and (any) uncleared payments.

Will the Minimum Monthly Instalment (MMI) be adjusted according to the balance in the Interest Offset account?

The Minimum Monthly Instalment for Interest Only Loans will adjust automatically, however for Principal & Interest the repayments stay the same regardless of the Interest Offset account balance. Funds kept in the Interest Offset account will reduce the overall interest charged to the linked split.

What happens if a loan goes into arrears and there are available funds in the Interest Offset account?

If the Minimum Monthly Instalment is not received by the due date, the loan account goes into arrears. If the Interest Offset account has available funds there will be an automatic transfer of funds from the Interest Offset account to the appropriate loan account(s) and clear any arrears. This will happen on or shortly after the repayment due date is not received.

Can the Interest Offset account go into a debit balance?

If the interest offset account goes into a debit balance, the excess funds will be transferred to the linked loan split. If the transfer will put the linked loan split into a debit balance as well, then we will make contact with customers directly and make alternative arrangements.

What happens if there is a net credit balance on the linked loan split?

The Interest Offset account balance may not exceed the balance it offsets in the linked account. If the balance on the Interest Offset account exceeds this amount, we will make contact with customers directly to provide options and make arrangements to return funds. As Resi is not an ADI (Authorised Deposit taking Institution) loans cannot have a net positive balance. For the avoidance of doubt, interest will not accrue on the excess balance.

Can the Interest Offset account be suspended?

When a loan is pending discharge and settlement has been booked, the Interest Offset account, along with other active loan accounts, will be frozen approximately 3 business days before settlement to finalise payout figures and ensure full settlement of the account. The account may also be suspended in other circumstances detailed in the terms and conditions of the loan agreement. Customers are advised to read the terms of their loan agreement and seek independent legal advice if they have any questions.

If you have any questions please contact us at service@resi.com.au