EQUITY FINANCE MORTGAGE™

DISCLOSURE DOCUMENT.

efm®

Equity Finance Mortgage™

ABOUT THIS BOOKLET.

This booklet explains what an Equity Finance Mortgage loan ('EFM loan') is and how an EFM loan can help you to purchase a home when it is taken in conjunction with a traditional home loan, or how an EFM loan can be used to refinance an existing home loan or consolidate other debts. You will find a number of practical examples of taking out an EFM loan, repaying an EFM loan and other events that may happen when you have an EFM loan such as renovating your home and borrowing more money. The information provided in this booklet is of a general nature only and does not take into account your individual objectives, financial situation or needs. You should therefore consider this booklet before making any decision about whether an EFM loan is appropriate for you, taking into account your own needs and financial circumstances.

While this booklet contains important information you need to know about an EFM loan and reminders of things you must do when you have an EFM loan, it does not replace your Loan Offer, which contains details specific to your EFM loan, or the Terms and Conditions Booklet, which sets out the terms and conditions on which we agree to lend to you, or the second mortgage over your property securing the EFM loan ('**Mortgage**') and any requirements you must meet or continue to satisfy. This booklet should not be relied on as a substitute for these as it is not part of your legal contract in relation to the EFM loan. To the extent that there is any difference between the information provided in this booklet and the information in the Loan Offer, Terms and Conditions Booklet, or the Mortgage, the Loan Offer, the Terms and Conditions Booklet (which together form the "**EFM loan contract**") and the Mortgage prevail.

Before you enter into an EFM loan and Mortgage you will be given a Loan Offer detailing your loan and the Terms and Conditions Booklet applicable to your EFM loan. Remember that we take the Mortgage over your property to secure the amounts which are or become payable to us under the EFM loan. You should read your Loan Offer, Terms and Conditions Booklet and Mortgage carefully and ensure that you understand all of your rights and obligations before entering into the EFM loan.

We also strongly recommend that you obtain independent legal and financial advice in relation to this EFM loan prior to entering into the EFM loan contract and Mortgage.

EFM loans have been developed by and will be provided by Rismark International Funds Management Ltd ABN 15 114 530 139 AFS licence number 293881 (trading as Rismark International) ('**Rismark**', 'we', 'us' or 'our'). EFM loans are offered in conjunction with certain traditional home loans offered by approved lenders and their originators. Rismark has appointed Adelaide Bank Ltd ABN 54 061 461 550 AFS licence number 240516 ('**Adelaide Bank**') as an approved lender. Adelaide Bank and its originators ('Adelaide Bank originators') will distribute and manage EFM loans. Rismark has consented to Adelaide Bank and Adelaide Bank originators branding EFM loans as Adelaide Bank or Adelaide Bank originator-branded EFM loans. Rismark may over time also appoint other financial institutions to distribute and manage EFM loans. Rismark has appointed Permanent Custodians Limited ACN 001 426 384 ('**Permanent**') as lender of record, custodian and mortgagee for Rismark. This means Permanent will enter into the EFM loan contract and Mortgage on behalf of Rismark.

The statements in this booklet relating to Adelaide Bank have been based on statements made by Adelaide Bank. Adelaide Bank has consented to those statements in the form and context in which they are included in this booklet and has not withdrawn this consent before the date of this booklet.

This booklet contains references to proprietary business methods, processes, systems and technologies that are either protected intellectual property assets under Australian Innovation Patent No. 2005 100871, Australian Innovation Patent No. 2005 100869, Australian Innovation Patent No. 2005 100868, Australian Innovation Patent No. 2005 100867, Australian Innovation Patent No. 2005 100865, and Australian Innovation Patent No. 2005 100864, or pending intellectual property assets covered in claims under European Patent No. 05256351.7, International Patent No. PCT/AU2005/001586, US Patent No. 11/248,253, and Australian Patent No. 2005 222542. Entities related to Rismark own these patents, trade marks and other intellectual property assets and reserve their rights in relation to such. Unauthorised violation of these rights may result in civil action, including orders for damages, injunctions and accounts of profits and claims will be actively pursued.

This is a disclosure document only and does not form part of your EFM loan contract. This EFM booklet is provided for your information only.

MATERIAL CHANGES TO THE GUIDE. We will notify you of any material change to the information contained in this booklet which affects you, before the change takes effect. If the change relates to an increase in fees or charges we may notify you in writing or by newspaper advertisement. If the change relates to the frequency of payments we will provide you with a notice (in writing).

KEY ASSUMPTIONS.

Each example contained in this document is formulated on a range of assumptions. The main assumptions are outlined below. These assumptions are not forecasts or predictions and may or may not represent actual events.

Each example assumes that the EFM loan is for 20% of the property's value at the outset and that no default interest is payable at any time over the term of the EFM loan. The actual EFM loan may be for less than 20% of the property's value and the outcomes may vary considerably if default interest becomes payable.

All examples of an Appreciation Payment assume that the value of the property has increased by a nominal rate of capital growth of 8% p.a. This is based on Rismark's belief that this rate of assumed capital growth is consistent with historical median rates of capital growth in Australian capital cities attributable to Australian residential real estate over the period between the fourth quarter of 1986 to the first quarter of 2006. Actual rates of growth may be greater or less than this percentage.

If the example contains a traditional home loan comparison, it assumes that the traditional home loan interest rate is 7.80% p.a, the loan term is 25 years, all principal and interest payments are made on time, the only repayments made are the required repayments - that is, no additional repayments or redraws are made, and no event of default has occurred and default interest is not incurred at any time during the term of the loan. The assumed interest rate of 7.80% p.a. for the traditional home loan used in the examples is based on the 'Indicator Lending Rates - Banks' published by the Reserve Bank of Australia for a standard variable rate housing loan as at October 2006. The actual traditional home loan term and interest rate applicable to your particular situation may be greater or less than the interest rates used in these assumptions and individual circumstances and events such as changes in interest rates and the making of additional repayments may affect the outcomes considerably.

If the example includes Lenders Mortgage Insurance (LMI), the premium payable is based on PMI Mortgage Insurance Ltd's ABN 70 000 511 071 ('PMI') premium rates effective for the relevant product as at the date of this booklet. Stamp duty may be payable in respect of LMI. Stamp duty has not been included in the calculations in this booklet and may be payable in addition to the amounts shown. The amount of stamp duty payable will vary depending on the individual circumstances.

Assumptions specific to an example are detailed in the example. Numbers may have been rounded to the nearest thousand, or to one percent, where relevant.

Fees, charges, terms, conditions and lending criteria apply. Fees and charges such as application fees, valuation costs, legal fees, conveyancing fees and stamp duty and other government charges on the purchase of a property are not mentioned in the examples but may be payable. These fees and charges will vary, depending on the individual circumstances.

EFM LOAN - SUMMARY OF KEY FEATURES.

WHERE TO FIND INFORMATION IN THIS BOOKLET.

To find information on the topics listed below, see the corresponding page number listed. The "highlights" indicate the kind of information you can find in the booklet, but are not intended to be a complete summary.

You should read the whole booklet, the EFM loan contract, the Terms and Conditions Booklet and the Mortgage and seek independent legal and financial advice before deciding to enter into an EFM loan.

TOPIC	HIGHLIGHTS	PAGE
EFM loan provider	Rismark is the provider of EFM loans. Permanent, as lender of record and mortgagee, will enter into EFM loan agreements on behalf of Rismark.	01
Principal and interest repayments	No regular repayments required on the EFM loan. No annual percentage rate applies to your EFM loan (unless you are in default). However, an Appreciation Payment is payable at the end of the EFM loan if the property value has increased (see "Repayment amount" below). Therefore, you will not have to make regular interest repayments on the EFM loan throughout the term of the loan. However, if an Appreciation Payment is payable when you repay the EFM loan the cash gain you receive as a result of the capital appreciation of the property will be reduced by the amount of the Appreciation Payment.	06
EFM loan amount	10%, 15% or 20% of the value of your property.	08
Minimum and maximum amount borrowed	Minimum loan amount $15,000. Maximum loan amount $400,000.	08
Type of property	Location and type must be approved by Rismark.	08
Loan term	25 years (term may be reduced if certain events occur, eg the home is sold).	016
Time for repayment	On the Loan Expiry Date or after you default.	016
Repayment amount	Full EFM loan amount plus any Appreciation Payment (if property value has increased). Full EFM loan amount less Depreciation Allowance (if property value has decreased). Availability of Depreciation Allowance is subject to eligibility criteria. Fees and charges may be payable in addition to the full EFM loan amount plus any Appreciation Payment or the full EFM loan amount less any Depreciation Allowance.	016
Tax	Generally no CGT if property is your principal place of residence. Stamp duty on purchase of your property.	021
Lenders mortgage insurance	Required on the EFM loan if your total borrowings (under EFM loan and traditional home loan) exceed 85% of the value of your property.	021
Renovations and improvements	Permitted but there are restrictions and procedures that must be followed. Subject to conditions being satisfied, an Improvement Amount, which represents a credit for complying renovations and improvements, can be used to reduce the amount of the Appreciation Payment that is payable under the EFM loan.	022
Increase EFM loan amount?	No, but you can repay EFM loan (plus any Appreciation Payment) and take out a new EFM loan for a larger amount (up to 20% of the value of your property).	026
Increase traditional home loan amount?	Yes, but maximum amount is determined according to the refinancing formula.	026
Valuations	Required when the EFM loan is taken out, the EFM loan is repaid, before and after renovations and improvements and before increase or refinance of traditional home loan amount. Conducted at your expense.	028
Fee and charges	Includes application fee, valuation fees, transaction costs, fees on discharge and any applicable government charges.	030 (also see Loan Offer).

CONTENTS.

WHAT IS AN EQUITY FINANCE MORTGAGE?

An EFM loan is a type of loan secured by a mortgage that allows you to borrow 10%, 15% or 20% (and no other percentages within or outside this range) of the value of an owner occupied property. No interest is charged on the EFM loan (unless you are in payment default, which includes where your loan becomes payable as a result of other defaults, in which case default interest may apply) and you have no regular repayments to make on the EFM loan. However, when you repay the EFM loan you must give us a share of any increase in the value of the property which is the subject of the Mortgage.

Therefore, you will not have to make regular interest repayments on the EFM loan throughout the term of the loan, however, if an Appreciation Payment is payable when you repay the EFM loan the cash gain you receive as a result of the capital appreciation of the property will be reduced by the amount of the Appreciation Payment.

The amount of the share in any increase in the value of the property which is the subject of the mortgage is determined at the time the EFM loan is repaid and is known as the Appreciation Payment. The Appreciation Payment is determined according to a formula based on the EFM loan amount as a percentage of the initial value of the property and the value of the property when the EFM loan is repaid. That is, you repay the original amount borrowed plus a share of any increase in the value of the property between the time the EFM loan is taken out and when you repay the EFM loan.

REMEMBER

You are agreeing to give us a share of any increase in the value of your property when the EFM loan is repaid. If the value of your property has increased markedly, this amount may be significant.

If the value of your property has stayed the same between the time the EFM loan is taken out and when the EFM loan is repaid, you only have to repay the original amount borrowed. There is no interest and no Appreciation Payment payable.

If your property has decreased in value between the term of the EFM loan, you may be eligible to repay less than the original amount borrowed because you may qualify to receive a Depreciation Allowance.

A Depreciation Allowance is provided where the value of a property has decreased between the time you entered the EFM loan contract and you repay the EFM loan as a result of the sale or transfer of your property, the Termination Date for the EFM loan is reached or the death of a sole owner, the last owner for joint tenants, or any owner for tenants in common or complete or partial compulsory acquisition or resumption of the property. If you repay the loan for any other reason, such as because you have received a windfall and the value of the property has decreased, you will not be eligible for the Depreciation Allowance

In addition, to the above payments, fees may be payable on the EFM loan from time to time, for example, valuation and application fees will be payable if you wish to apply for consent to renovate your property.

HOW IS THIS DIFFERENT FROM A TRADITIONAL HOME LOAN?

Most people are familiar with traditional home loans. They allow you to borrow funds – these days up to 100% of the value of a property, charge you interest on the amount loaned and require you to make regular repayments. Depending on the nature of the loan and its terms and conditions, at different times over the loan term these repayments may be interest only or they may comprise part principal and part interest. Where you are making principal and interest repayments, the amount you owe reduces over time and your equity in the home increases.

When you fully repay a traditional home loan, you repay the amount outstanding on that loan at the time, plus any interest and fees due at the time.

The cost of an EFM loan is therefore very different to a traditional home loan. The actual cost of an EFM loan will depend on a number of factors including the value of your property at the time of repayment of your EFM loan, whether you renovate the property during the term of the EFM loan, whether you repay the EFM loan early, whether you are ever in default, the number of valuations conducted in respect of the property and the services you request of us. Not all of these costs apply in the case of a traditional home loan. A traditional home loan will have its own fees, charges, terms and conditions. (To better understand the differences see **The key features and differences between an EFM loan and a traditional home loan** on page 11 and **Part 6 – Fees and charges** on page 30. You should also consider taking financial advice in this regard.)

WHAT CAN I USE AN EFM LOAN FOR?

You can use an EFM loan to assist with the purchase of an owner occupied property, to refinance an existing traditional home loan for an owner occupied property, or to consolidate other debts. You must use the property that we take a mortgage over as your principal place of residence for the full term of the EFM loan; that is unless we otherwise agree, the property we take a mortgage over must be owner-occupied until you repay the EFM loan.

When taken in conjunction with a traditional home loan, an EFM loan may be used by:

- first homebuyers who want to make their initial home purchase costs more affordable;
- first and subsequent homebuyers who want to purchase a more expensive property in a nicer location; or
- home owners who want to reduce the amount payable for each regular repayment associated with their existing traditional home loan.

SO, CAN I HAVE AN EFM LOAN AND A TRADITIONAL HOME LOAN AT THE SAME TIME?

Yes, an EFM loan is available at the same time you take out a traditional home loan from a lender approved by us. You must hold an EFM loan in conjunction with a traditional home loan from a lender approved by us. You only need to complete one application form and your loan consultant will look after the rest.

AM I ELIGIBLE FOR AN EFM LOAN?

To be eligible for an EFM loan, you must:

- be an Australian resident;
- be over the age of 18 and under the age of 65 and be an individual borrowing alone or jointly with another person – you cannot be a company, partnership or a trust;
- not require the support of a guarantor;
- secure the EFM loan with your owner-occupied property, which must be in a location and of a property type acceptable to us; and
- have a minimum deposit of 5% of the purchase price of the property (if the total of the EFM loan and the traditional home loan is more than 85% of the value of the property lenders mortgage insurance is required for the EFM loan). 3% of the purchase price must represent 'genuine savings' to put towards your home purchase, or a minimum of 5% equity in your home when you refinance an existing traditional home loan.

HOW MUCH CAN I BORROW?

You can borrow 10%, 15% or 20% (and no other percentages within or outside this range) of the value of your owner-occupied property using an EFM loan. The value of the property is the lower of the purchase price or the value determined by a licensed independent valuer, selected by us from our panel of approved valuers and conducted at your expense in a fair market valuation at the time you enter into your EFM loan (i.e. the settlement date for the loan). The minimum EFM loan amount available is $15,000 and the maximum is $400,000. The amount you can borrow will depend on the value of the property, whether your total borrowings are greater than 85% of the value of the property and our standard lending criteria. Your loan consultant can help you work this out.

CAN I HAVE AN EFM LOAN FOR ANY PROPERTY?

EFM loans are available for most types of residential property in Australian capital cities as long as the property is owner-occupied at all times during the life of your EFM loan, unless we otherwise agree. Over time, EFM loans will become available in most Australian mainland capital cities. However, the availability for specific locations will vary over time.

You can ask your loan consultant about available locations and eligible property types.

WHO OWNS THE HOME IF I TAKE OUT AN EFM LOAN?

You are the owner of the home. This means that you are responsible for the day to day maintenance of the property and must pay all the rates, taxes and other costs associated with home ownership.

Permanent registers a Mortgage over the property on our behalf to secure your obligations under the EFM loan just like a traditional home loan. Where you enter into an EFM loan and a traditional home loan, a mortgage to secure the traditional home loan and a mortgage to secure the EFM loan will be registered over the property in accordance with a Deed of Priority between us and the traditional home loan provider. This means that the traditional home loan provider will have a first priority registered mortgage over your property in respect of its loan to you and we will have a second priority registered mortgage over your property in respect of the EFM loan.

WHAT EFFECT DOES AN EFM LOAN HAVE ON AN EXISTING TRADITIONAL HOME LOAN?

If you already have a traditional home loan when you apply for an EFM home loan, you must refinance your traditional home loan to:

a) a traditional home loan offered in conjunction with an EFM loan by a lender approved by us; and

b) an EFM loan offered by us.

Depending on the terms and conditions of your existing loan, refinancing your traditional home loan to a traditional home loan offered by a lender approved by us may result in you being required to pay break costs or other fees and charges. If you are refinancing an existing traditional mortgage to an EFM loan with us and a traditional home loan with a lender approved by us, you must have at least 5% equity in your home, according to a valuation undertaken by a licensed independent valuer, selected by us from our panel of approved valuers and conducted at your expense in a fair market valuation before you refinance.

If you are taking out a new home loan and wish to enter into an EFM loan agreement you must:

a) enter into a traditional home loan with a lender approved by us; and

b) enter into an EFM loan with us.

If you are purchasing a new home, you must have a minimum deposit of 5% of the purchase price of the property (if the total of the EFM loan and the traditional home loan is more than 85% of the value of the property lenders mortgage insurance is required for the EFM loan). 3% of the 5% deposit must represent ‘genuine savings’.

When you enter into a new EFM loan with us and traditional home loan offered by a lender approved by us, or refinance an existing traditional home loan to a traditional home loan offered by a lender approved by us and an EFM loan with us, all fees, charges, terms and conditions for the new traditional home loan and the EFM loan will apply in respect of each of these loans. You will need to continue to qualify for the traditional home loan you enter into when you take out an EFM loan on an ongoing basis, and will need to be able to make all necessary repayments on the traditional loan on an ongoing basis as well.

The traditional home loans offered by lenders approved by us (which may be taken in conjunction with an EFM loan) may not offer the full range of features generally available with other traditional home loans (e.g. only loans for which all repayments are principal and interest repayments may be used). See your traditional home loan terms and conditions for further details.

The maximum amount you may borrow taking both your new traditional home loan and your EFM loan into consideration is limited to 95% of the value of the property being used as security, as valued at the time the EFM loan is entered into by an independent licensed valuer selected by us from our panel and at your expense. You cannot borrow more than $1.9 million in total for one property using a traditional home loan and an EFM loan. The combined loan amount available to you will depend on the value of the property, your borrowings as a percentage of the property’s value, the repayments on the traditional home loan, and other lending criteria we and the approved lender establish in respect of each loan type. Your loan consultant can provide you with details of what is available and what you need to do to apply.

Once you have an EFM loan and a traditional home loan for the same property, you will still be able to make extra repayments on your traditional home loan and redraw any amounts by which you are ahead in your repayments, provided that you are permitted to do so under the terms and conditions of the traditional home loan. If at any time you want to borrow additional funds on your traditional home loan or refinance your traditional home loan, you will need to get our consent at least 14 days before you do this and will be restricted by us as to how much extra you can borrow. If you wish to increase the amount loaned to you under your traditional home loan or refinance your traditional home loan resulting in an increase of your borrowings you will need to have your property revalued by a licensed independent property valuer selected by us from our panel of approved valuers and at your expense. For refinancing, the amount of refinancing under the traditional home loan must not be greater than the total debt outstanding under the existing traditional home loan mortgage or the maximum amount of debt permitted by us under a set refinancing formula. All refinancing must occur within 3 months of the date of the refinancing valuation, otherwise you will need to have the property re-valued again at your expense and in accordance with all our requirements. Refer to Can I borrow more funds or refinance my traditional home loan after taking out an EFM loan? on page 24 for more information.

Unless you are selling your property you are not required to repay your traditional home loan and your EFM loan at the same time unless the loan term for both loans is the same. If you sell your property, you may be able to take your traditional home loan with you to your new house, provided that you are permitted to do so under the terms and conditions of your existing traditional home loan. You will, however, be required to repay your EFM loan at the time of the sale. You may choose to repay your traditional home loan (i.e. the one you are making regular repayments on) in full before you repay your EFM loan. You can do this at any time but, depending on the lender, the type of loan you have, and how long you have had it, break costs, a deferred establishment fee or an early repayment fee may apply. You should refer to your traditional home loan for details.

Of course, you can always choose to repay your EFM loan before the end of the loan term. However, if you do repay your EFM loan you must repay it in full. Also, you will be required to pay us an Appreciation Payment (if the value of the property has increased at the time you repay your EFM loan from the value when you entered into the EFM loan). If the value of your property has decreased since you entered the EFM loan, you may be eligible for a Depreciation Allowance, depending on the particular reason for repayment. You will not be eligible for a Depreciation Payment if you repay the EFM loan to refinance with another lender or if you are required to repay the EFM loan because you are in default.

You should remember that if you default under your traditional home loan (for example, by not making your regular repayments) you will also be in default of your EFM loan. See What happens if I default? on page 33 for more information on what this means and what can happen if you are in default.

THE KEY FEATURES AND DIFFERENCES BETWEEN AN EFM LOAN AND A TRADITIONAL HOME LOAN.

	EFM	TRADITIONAL HOME LOAN	COMMENTS
Maximum loan amount available as a % of the value of the property.	20%	up to 100%*	Maximum total borrowings for both the EFM loan and traditional home loan are limited to 95% of the value of the property when you take out an EFM loan.
Interest accrued daily and charged monthly.	✗	✓	However, you may be required to make an Appreciation Payment when you repay your EFM loan.
Principal and Interest or Interest Only repayments due weekly, fortnightly or monthly.	✗	✓	Reduce the amount of each regular home loan repayment for your traditional loan by taking out an EFM loan - see **Taking out an EFM loan - an example of making home ownership more affordable** on page 13 for more information.
Extra and more frequent repayments allowed.	✗	✓*	You may still enjoy this flexibility under your traditional home loan provided it is permitted under the terms and conditions of that loan. Extra or more frequent repayments may be a way of reducing the total interest you pay on a traditional home loan. You may also be able to redraw amounts you have already repaid in advance for your traditional home loan. Refer to your traditional home loan for details (fees, charges and conditions may apply).
Lump sum repayments allowed.	✗	✓*	
Can I redraw any extra amounts I have repaid?	✗	✓*	
Do I pay an account keeping fee on my loan?	✗	Check your traditional home loan terms and conditions for details.	Although no monthly account keeping fee is payable for the EFM loan, an account keeping fee may still be payable on the traditional home loan.
Repay the loan in full at any time.	✓	✓	Break costs, a deferred establishment fee or an early repayment fee may apply to your traditional home loan and an Appreciation Payment and fees and charges may apply to the EFM loan.
Lender is entitled to an Appreciation Payment to be made by you if the property's value increases when the loan is repaid for any reason (e.g. due to sale of property).	✓	✗	See **How much to I have to repay** on page 16 to find out how this works.
You are entitled to a Depreciation Allowance if the property's value decreases when you repay the EFM loan on the Loan Expiry Date (conditions apply).	✓	✗	
Increase in borrowings available.	✗	✓	See **Renovations and Improvements & Borrowing More** on pages 22 and 26 respectively for more information.
If you renovate or improve your property you may be entitled to a reduction in the amount of Appreciation Payment payable due to an increase of the value of your property attributable to improvements. (Conditions apply.)	✓	✗	

Note: The features described in respect of a traditional home loan are true of a typical traditional home loan, but not all features may be available or fees may be payable with the traditional home loan taken out by you in conjunction with the EFM loan. The exact features of a traditional home loan will depend on the type of loan you obtain, the lender and the terms and conditions of the home loan. Fees, charges, terms and conditions and lending criteria will apply to some features and to most traditional home loans.

* This depends on the terms and conditions of your traditional home loan.

WHAT ARE THE BENEFITS OF HAVING AN EFM LOAN?

Some of the benefits of having an EFM loan include the following:

- there are no interest and/or principal repayments to be made on a monthly basis for the EFM loan. The cost of an EFM loan is deferred until the time the EFM loan is repaid (unless you are in payment default) and regular repayments are not required during the life of an EFM loan;
- since there are no regular monthly interest and/or principal repayments on the EFM loan, you may be able to afford to buy a more expensive home than the type of home you can buy when using a traditional home loan;
- you may be able to claim a reduction in the amount of Appreciation Payment you have to pay us due to an increase in the value of your property attributable to improvements approved by us and made to your property during the term of the EFM loan (refer to **Renovating – an example of how the Improvement Amount may reduce the amount you have to repay** on page 24); and
- if the value of your property has decreased when you repay the EFM loan, you may be eligible for a Depreciation Allowance to reduce the original EFM loan amount you are required to repay depending on the reason for the repayment (for more details refer to page 17).

WHAT ARE THE RISKS OF HAVING AN EFM LOAN?

Some of the risks of having an EFM loan include the following:

- the cost of an EFM loan in the form of an Appreciation Payment may be significantly greater than the cost of interest charges under a traditional home loan;

  early repayment of an EFM loan (for whatever reason) may attract fees and charges (refer to **What fees are payable when I repay an EFM loan?** on page 31); and
- the EFM loan is secured using the Mortgage over your property. If you commit an event of default (refer to page 32) we can impose default interest (see page 33) and we may be entitled to obtain vacant possession of your property and sell it to repay your EFM loan. Additionally, the traditional home loan provider may be able to sell your property to repay your traditional home loan in certain circumstances.

PART 02 - HOW AN EQUITY FINANCE MORTGAGE LOAN WORKS.

Everyone's circumstances are different, so how you may be able to use an EFM loan will depend on what you are trying to achieve. While one of our loan consultants can assist you with your specifics, the following examples are designed to illustrate how EFM loans work and the options available. These examples are based on a set of assumptions (see page 3) and may or may not reflect actual events.

TAKING OUT AN EFM LOAN - AN EXAMPLE OF MAKING INITIAL HOME PURCHASE MORE AFFORDABLE.*

Sarah and Adrian want to purchase a home. The property they are looking at has a purchase price of $400,000. They have a $20,000 deposit and sufficient additional funds to meet most of the costs associated with the purchase, such as stamp duty on the transfer and conveyancing fees, but are concerned that they cannot afford to meet the regular repayments on a traditional home loan.

By using an EFM loan in conjunction with a traditional home loan, Sarah and Adrian have made their regular traditional home loan repayments more affordable than they may have otherwise been using a traditional home loan alone because no regular repayments are required on the EFM loan. The EFM loan has reduced the lenders mortgage insurance (LMI) premium payable by $2,819 (exclusive of stamp duty), because in this example LMI is payable only on the EFM loan. Generally, LMI is payable in respect of a traditional home loan where the LVR is greater than 80%. In this example, the LVR for the traditional home loan is 75%, so no LMI is payable for that loan. Refer to **What is lenders mortgage insurance?** on page 21 to find out about lenders mortgage insurance.

TRADITIONAL HOME LOAN ONLY

Property value at purchase:	$400,000
Deposit:	$20,000
Loan amount needed:	$380,000
Traditional home loan (95% of purchase price):	$380,000
Lenders mortgage insurance premium (LMI is generally needed for a traditional home loan where the LVR is greater than 80%):	$7,471
Traditional home loan repayment per month:	$2,883

ADDING AN EFM LOAN TO MAKE PURCHASING A HOME MORE AFFORDABLE

Property value at purchase:	$400,000
Deposit:	$20,000
Loan amount needed:	$380,000
EFM loan amount (20% of property value):	$80,000
Traditional home loan (75% of purchase price):	$300,000
Lenders mortgage insurance premium (LMI is needed for an EFM loan only where the combined LVR is greater than 85%):	$4,652
Traditional home loan repayment per month (no regular monthly interest is payable on the EFM loan in the absence of payment default):	$2,276

Using an EFM loan with a traditional home loan may reduce the amount of each regular repayment and the amount of lenders mortgage insurance needed in comparison to taking out a traditional home loan alone.*

*Calculation excludes application fee and other fees and charges that may be associated with the loans such as account keeping fees, transaction fees and valuation fees, as well as transaction costs associated with purchasing a home such as stamp duty and conveyancing fees and stamp duty payable in respect to LMI. These fees and charges will impact the amount repayable to us. For the assumptions used in calculating this example please refer to page 3.

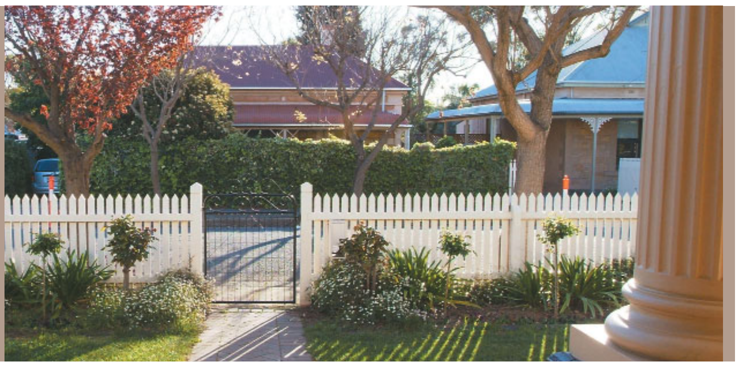
Sarah and Adrian have also reduced their regular repayments due on their traditional home loan by $607 per month because they have borrowed less money using the traditional home loan. However, Sarah and Adrian will still be required to repay the original amount loaned to them under the EFM loan as well as an Appreciation Payment on the Loan Expiry Date or upon repayment after a default if the value of their property has increased over the term of the loan. If the value of their property decreases over the term of the loan, Sarah and Adrian may qualify for a Depreciation Allowance which may reduce the amount they are required to repay at the end of their loan term. However, the Depreciation Allowance will not apply if the loan is repaid on a date other than the Loan Expiry Date. Sarah and Adrian will be required to live in their home for as long as they have the EFM loan and will have to meet all other conditions set out in the EFM loan contract and the Mortgage.

As explained in the section called What effect does an EFM loan have on an existing traditional home loan? on page 9 these features are not limited to homebuyers. You can refinance an existing traditional home loan using an EFM loan and a traditional home loan for a lower amount and decrease the amount of each regular traditional home loan repayment in a similar way.

TAKING OUT AN EFM LOAN – AN EXAMPLE OF PURCHASING A MORE EXPENSIVE PROPERTY.*

Jenny and Matt live in an apartment they purchased prior to the arrival of twins. The apartment makes it difficult to bring up a small family so Jenny and Matt are looking to purchase a bigger house. They know that they would have approximately $75,000 of equity from the sale of their apartment - enough to cover the purchase costs and still have $50,000 to put towards a new property as a deposit, but can only afford to borrow $375,000 in total using a traditional home loan. (Refer to table right).

“AN EFM ALLOWS YOU TO BORROW UP TO 20% OF A PROPERTY’S VALUE. YOU PAY NO INTEREST AND MAKE NO REGULAR REPAYMENTS.”



TRADITIONAL HOME LOAN ONLY FOR A LESS EXPENSIVE PROPERTY		ADDING AN EFM LOAN FOR A MORE VALUABLE PROPERTY	
Property value at purchase:	$425,000	Property value at purchase:	$531,000
Deposit:	$50,000	Deposit:	$50,000
Loan amount needed:	$375,000	Loan amount needed:	$481,000
		EFM loan percentage (20% of purchase price):	$106,000
Traditional home loan (88% of purchase price):	$375,000	Traditional home loan (71% of purchase price):	$375,000
Lenders mortgage insurance premium (LMI is generally needed for a traditional home loan where the LVR is greater than 80%):	$5,172	Lenders mortgage insurance premium (LMI is needed for an EFM loan only where the combined LVR is greater than 85%):	$6,175
Traditional home loan repayment per month:	$2,845	Traditional home loan repayment per month (no regular monthly interest is payable on the EFM loan in the absence of payment default):	$2,845
This example illustrates how the use of an EFM loan in conjunction with a traditional home loan may allow for the purchase of a more expensive home than might be purchased using a traditional home loan alone.*			

*Calculation excludes application fee and other fees and charges that may be associated with the loans such as account keeping fees, transaction fees and valuation fees, as well as transaction costs associated with purchasing a home such as stamp duty and conveyancing fees and stamp duty payable in respect to LMI. For the assumptions used in calculating this example please refer to page 3.

By using an EFM loan in conjunction with a traditional home loan, in the above example Jenny and Matt have been able to purchase a 25% more expensive property than they might have been able to purchase using a traditional home loan alone. They have done this without needing to increase their deposit and have only incurred a small increase in the lenders mortgage insurance premium while the amount of each monthly repayment remains unchanged. The LMI payable on the EFM loan has increased by a small amount because the LVR has increased from 88% (under the first scenario where Matt and Jenny take out a traditional home loan only for a less expensive property) to 91% under second scenario (where Matt and Jenny add an EFM to the traditional home loan and purchase a more valuable property).

Jenny and Matt will be required to repay the original amount loaned to them as well as an Appreciation Payment on the Loan Expiry Date or upon repayment after a default if the value of their property increases over the term of the loan. However, if the value of their property decreases over the term of the loan, Jenny and Matt may qualify for a Depreciation Allowance which may reduce the amount they are required to repay us at the end of their loan term. However, the Depreciation Allowance will not apply if the loan is repaid on a date other than the Loan Expiry Date. Jenny and Matt will be required to live in their home for as long as they have the EFM loan and will have to meet all other conditions set out in the EFM loan contract and the Mortgage.

WHEN DOES AN EFM LOAN HAVE TO BE REPAID?

Your EFM loan will have to be repaid on the Loan Expiry Date.

You may also be required to repay the EFM loan in full (including any applicable Appreciation Payment) if you default under the terms and conditions, such as if you do not maintain insurance over the property, keep the property in good repair or if you move out of the property without our consent. If you default under the terms and conditions the Depreciation Allowance will not apply.

Whilst you are not required to make regular repayments during the EFM loan term, you may repay the whole loan amount (plus any required Appreciation Payment) at any time. If you repay the loan on a date other than the Loan Expiry Date (for example because you have received a windfall or because you wish to refinance) the Depreciation Allowance will not apply.

HOW MUCH DO I HAVE TO REPAY?

If you repay an EFM loan for any reason or if the EFM loan amount becomes due as a result of your default and your property has increased in value between the time you took the EFM loan out and when it is repaid or becomes due, you must repay the original EFM loan amount plus a share of any increase in value of the property, as valued at the time of repayment.

The share of the increase in value of the property is called the “Appreciation Payment” and is equal to two times the Original EFM Percentage times the increase in the value of the property at the time the EFM loan is repaid. The Original EFM Percentage is the EFM loan amount as a percentage of the original value of your property at the time you entered into the EFM loan (i.e. the proportion of the initial value of the property that was borrowed using the EFM loan (e.g. 20%)). Please refer to the Terms and Conditions Booklet for further information about the Appreciation Payment and how it is calculated.

For example if your EFM loan amount was for 20% of the original value of your property, then the Original EFM Percentage would be 20% and the Appreciation Payment is then 40% of the increase in value of the property. The other applicable percentages are as follows:

EFM LOAN AS % OF ORIGINAL PROPERTY VALUE	APPRECIATION PAYMENT AS % OF INCREASE IN PROPERTY VALUE
20%	40%
15%	30%
10%	20%

REMEMBER

You are agreeing to pay us a share of any increase in the value of your property. **Over time this may be more than you would pay in interest on a traditional home loan.** You should ensure that you understand what this means before you sign and return your letter of offer. **We recommend you seek independent legal and financial advice before you enter into the EFM loan.**

WHAT IF MY PROPERTY HAS DECREASED IN VALUE?

If you repay the EFM loan on the Loan Expiry Date, and the property has actually **decreased** in value between the time you took out the EFM loan and when you repay it, you will be required to repay the original EFM loan amount **less** a share of the decrease in value. That is, the amount you repay will be actually less than the original amount that was advanced to you under the EFM loan. The share of the decrease in value of the property is called the "Depreciation Allowance" and is equal to the Original EFM Percentage times the decrease in the value of the property.

For example if your EFM loan amount was for 20% of the original value of your property then the EFM loan percentage would be 20% and the Depreciation Allowance is then 20% of the decrease in the value of the property. Other percentages are as follows:

EFM LOAN AS % OF ORIGINAL PROPERTY VALUE	DEPRECIATION ALLOWANCE AS % OF DECREASE IN PROPERTY VALUE
20%	20%
15%	15%
10%	10%

However, if you are repaying the EFM loan other than on the Loan Expiry Date or because you are in default under the EFM loan, you will not be eligible for the Depreciation Allowance if your property value has decreased in value over the term of the EFM loan. For example, if you were to have a financial windfall or if you wanted to refinance the EFM loan to a traditional home loan, or if you are in default under the EFM loan and are required to repay the EFM loan, and the property has fallen in value, the Depreciation Allowance will not apply. You will be required to repay the original EFM loan amount (and any applicable fees or default interest) in full.

REMEMBER

In some circumstances you will not be eligible for the Depreciation Allowance if your property decreases in value over the term of the EFM loan. You should ensure that you understand what this means before you sign and return your letter of offer. **We recommend you seek independent legal and financial advice before you enter into an EFM loan.**

HOW MUCH OF ANY INCREASE IN THE VALUE OF MY PROPERTY DO I RETAIN?

If your property has increased in value when you repay your EFM loan for any reason including when the EFM loan amount becomes due as a result of default, the fact that the Appreciation Payment does not exceed 40% of the increase in the property value over the term of the EFM loan (the range is 20% to 40% - see the table below) means that your share of the increase in the property value over the term of the EFM loan will be between 60% and 80% (depending on whether the EFM loan was originally for 10%, 15% or 20% of the initial property value). Therefore, how much you get depends on what percentage of the initial value of the property you borrowed under the EFM loan and the amount by which the value of your property has increased over the term of the EFM loan.

For example, if your EFM loan amount was for 20% of the original value of your property, your share of any increase in the value of the property would be 60% of that increase. Other percentages are as follows: (refer to next page).

EFM LOAN AMOUNT AS % OF ORIGINAL PROPERTY VALUE	APPRECIATION PAYMENT AS A % OF THE INCREASE IN PROPERTY VALUE OVER THE TERM OF THE EFM LOAN	YOUR SHARE OF THE INCREASE IN PROPERTY VALUE AS A % OF THE TOTAL INCREASE IN PROPERTY VALUE OVER THE TERM OF THE EFM LOAN
20%	40%	60%
15%	30%	70%
10%	20%	80%

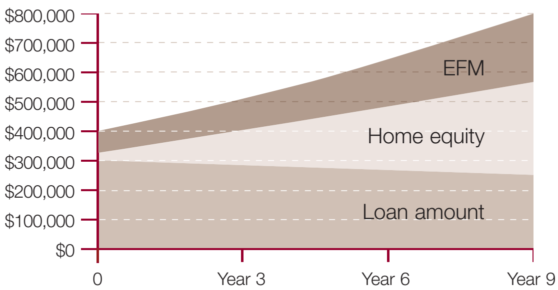
Note that if you are in default under the EFM loan, there may also be additional default interest charges payable.

MORE ABOUT REPAYING.

While it is impossible to say with certainty what is going to happen to individual property values over time, it is possible to give examples that demonstrate how your repayment amount is worked out. These examples are based on a set of assumptions (see page 3) which may or may not reflect actual events.

REPAYING YOUR EFM LOAN – AN EXAMPLE WHERE THE VALUE OF THE PROPERTY HAS INCREASED.

Sarah and Adrian took out an $80,000 EFM loan and a $300,000 traditional home loan to purchase a $400,000 property. The following graph shows you what Sarah and Adrian would have to repay, and how much equity they would have in their property at 3, 6 and 9 years into the loan term if its value increased by 8% per annum. Note the actual rates of increase in the value of the property may be greater or less than 8% per annum.



This area shows the lender's entitlement under the EFM including the Appreciation Payment.

This area indicates the amount of equity Sarah and Adrian have in their home and will retain.

This area shows the total amount owing on the traditional home loan.

	ORIGINAL POSITION	YEAR 3	YEAR 6	YEAR 9
Property value at EFM loan repayment	n/a	$503,885	$634,750	$799,602
less original property value	$400,000	$400,000	$400,000	$400,000
Capital Appreciation	n/a	$103,885	$234,750	$399,602
Original EFM loan amount (20%)	$80,000	$80,000	$80,000	$80,000
plus Appreciation Payment (40%)	n/a	$41,554	$93,900	$159,841
Total EFM loan repayment	n/a	$121,554	$173,900	$239,841
Traditional home loan repayment	$300,000	$286,832	$270,204	$249,208
Equity in the property	$20,000	$95,499	$190,646	$310,553

Calculation excludes ongoing loan fees and charges and any fees and charges associated with discharging the loans, such as valuation fees, discharge of security fees and any applicable early termination fee or deferred establishment fee. These fees and charges will impact the amount repayable to us. For the assumptions used in calculating this example please refer to page 3.

In year 6 of the loan term, Sarah and Adrian's property has increased in value by $234,750. In order to repay their EFM loan, they must make an Appreciation Payment to us of $93,900 (40% of the capital appreciation) on top of the $80,000 they originally borrowed.

Sarah and Adrian have made a capital gain of $140,850 (60% of the capital appreciation) and have $190,646 (their equity in the property) to contribute towards their next property purchase. Assuming the property's value has increased by 8% p.a. for 6 years and regular loan repayments have been made under the traditional home loan to reduce the principal amount borrowed under the traditional home loan, they have retained 60% of the increase in the value of their property and gone from having 5% equity (initial $20,000 deposit) in their home to 30% ($190,646).

In addition, they have saved $35,751 in monthly interest payments as compared to purchasing the property by taking out a traditional home loan of $380,000 (with no EFM loan) (although they will have to pay us an Appreciation Payment). They have enjoyed these savings and a more expensive home because they have agreed to share the increase in the value of their property with us.

REMEMBER

One of the main risks associated with an EFM loan is that the Appreciation Payment may be substantial depending on the amount by which your property has increased in value. Over time, the Appreciation Payment may be more than you would pay in interest on a traditional home loan.

REPAYING YOUR EFM LOAN – AN EXAMPLE WHERE THE VALUE OF THE PROPERTY HAS DECREASED.

If Sarah and Adrian had to sell or transfer their property when there had been a decline in property values, they would have been eligible for a Depreciation Allowance. The following table shows you what Sarah and Adrian would have had to repay and how much equity they would have in their property in 3 years if its value decreased by 5%. **Note** the actual rates in the decline in the value of the property may be greater or less than 5% (see table below).

While Sarah and Adrian's property will sell for $20,000 less than they originally purchased it for, they are able to share with us a portion of the $20,000 loss that they would have normally had to bear under a traditional home loan. They do not have to repay all of the original EFM loan amount because of the 20% Depreciation Allowance for which they were eligible. In fact, they only have to repay $76,000 which is $4,000 (i.e. 20% of the $20,000 loss) less than the original EFM loan amount of $80,000.

In addition to the Depreciation Allowance, Sarah and Adrian have saved $18,336 in interest payments as compared to purchasing the home by a traditional home loan of $380,000 over the same period because no monthly interest is paid on an EFM loan in the absence of payment default. This saving is on top of any savings they made on the LMI premium when they took out their EFM loan. They have enjoyed these savings and have been able to share the loss they suffered on the sale of the property because they agreed to share any increase in the value of their property with us. However, they must still pay all applicable fees and charges, which include the costs associated with the discharge of a security.

However, if Sarah and Adrian had repaid their loan for any reason other than on the Loan Expiry Date (e.g. because they wanted to refinance with another lender), or if they had to repay because they were in default under the EFM loan, they would not have been eligible for the Depreciation Allowance. Sarah and Adrian would then have been required to repay the original loan amount in full as well as pay all applicable fees and charges associated with the discharge of a security.

	ORIGINAL POSITION	YEAR 3
Original property value	$400,000	$400,000
less Property value at sale	n/a	$380,000
Capital Depreciation	n/a	$20,000
Original EFM loan amount (20%)	$80,000	$80,000
less Depreciation Allowance (20%)	n/a	$4,000
Total EFM loan repayment	n/a	$76,000
Traditional home loan repayment	$300,000	$286,832
Equity in the property	$20,000	$17,168

Calculation excludes ongoing fees and fees associated with discharging the loans such as valuation fees. Transaction costs, such as conveyancing fees are also excluded. These fees and charges will impact the amount repayable to us. For the assumptions used in calculating this example please refer to page 3.

CAN MY EFM LOAN DEBT EXCEED THE VALUE OF THE PROPERTY?

The amount you have to repay on your EFM loan cannot exceed the value of your property except in extreme circumstances such as if your property is destroyed and is uninsured or if you are in default and do not remedy the default. In the event that your EFM loan does exceed the value of your property you will still be liable for the full amount owing under your EFM loan including any Appreciation Payment.

WILL I HAVE TO PAY CAPITAL GAINS TAX ON THE CAPITAL APPRECIATION ON MY PROPERTY?

In general, your principal place of residence is exempt from Australian capital gains tax. You may not be eligible for the exemption if you have not used the property as your principal place of residence for the whole time you have owned it, if you use your property to produce assessable income, if your property is on 2 hectares of land or more, if you inherited all or part of the property or if you sell the whole or part of your property as vacant land. You should seek independent taxation advice about capital gains tax. You should also seek independent taxation advice on the income tax treatment of any amounts which you may pay under the EFM loan, such as any Appreciation Payment.

WHAT DO I HAVE TO DO WHEN I WANT TO REPAY MY EFM LOAN?

The important thing to remember is that you must **contact us before you enter into a commitment to sell your home** or before you repay your EFM loan. If you decide to sell your property, you should contact us as soon as reasonably practicable before you appoint a real estate agent or enter into any commitment to sell the property secured by the Mortgage. We will then arrange a valuation to be conducted by a licensed independent valuer selected by us from our panel of approved valuers and at your cost, advise you on how much you will need to repay and send you any other information and forms you need.

If you are selling your home, you must give us, as soon as you enter into a contract to sell, a copy of the contract for sale certified by a solicitor or licensed conveyancer and declared by you to show the full consideration to be received in connection with the sale. You must also give us any other information you have which may be relevant to the value of the property (for example, information about actual or prospective rezoning of an area or any proposed development in the area). You must give us this information irrespective of whether you think that it may have a negative or positive impact on the value of your property.

REMEMBER

You must contact us before you sell or transfer your home or repay your EFM loan and provide us with information about the sale.

WHAT IS LENDERS MORTGAGE INSURANCE?

Lenders mortgage insurance (LMI) is an insurance policy we require for the EFM loan amount, which you must pay for if your total borrowings when you enter into the EFM loan and traditional mortgage exceed 85% of the initial value of your property. LMI protects us from potential losses we may suffer if you default under your EFM loan and the proceeds from the sale of your property after repaying your traditional home loan are less than the original amount loaned under your EFM loan at the time. LMI protects us – it does not protect you.

WHAT HAPPENS IF I WANT TO RENOVATE MY PROPERTY?

You can make improvements to your property at any time when you have an EFM loan, provided you comply with the conditions we set. These conditions are set out in full in the Terms and Conditions Booklet and are summarised below.

In order to receive a reduction in the Appreciation Payment for any improvements carried out on the property during the term of the EFM loan, you must obtain our consent by following the procedure summarised below before commencing the improvement work. In addition, you must also obtain all necessary approvals from all authorities for certain improvement works (including any building works, earthworks, alterations or work ordered by any authority, such as a council or some utilities companies) before commencing the improvements or before you enter into any contract for the improvements to be carried out. You will be required to provide us with all plans, specifications and approvals for your planned renovations or improvements.

DO I GET THE BENEFIT OF THE VALUE OF THE RENOVATIONS AND IMPROVEMENTS I HAVE DONE?

You can qualify for a reduction in the amount of any Appreciation Payment you have to pay for your EFM loan when you repay your EFM loan for any reason if you obtain our consent to the improvements before carrying out any improvement work and you spend at least an amount we prescribe ($20,000 at the date of this booklet - this is the "Prescribed Amount") on the works approved by us. You can find out the Prescribed Amount at any time by contacting us.

Before carrying out improvement work you must follow the steps outlined below.

- Send your completed "Consent to Renovate" form to us. (The proposed cost of the improvements must not be less than the Prescribed Amount);
- provide us with all of the plans, specifications and approvals for your planned renovations and improvements; and
- pay us a fee for considering your request to the renovations and improvements.

REMEMBER

You must contact us before you commence any renovations, improvements or works and obtain our consent as well as consent from all applicable authorities.

WHAT HAPPENS AFTER I APPLY FOR CONSENT TO RENOVATE?

- We will organise to have the property valued (at your expense) by a licensed independent valuer selected by us from our panel of approved valuers before the works commence. Based on the valuation we obtain, we will provide you with an estimate of the expected increase in the value of your property as a result of your improvements.
- You must provide us with a copy of any builders indemnity insurance obtained in connection with the work or any other certificates and permits we require.
- Once you have our approval, you must complete the works within 6 months of commencement (unless we otherwise agree), using licensed contractors and in accordance with the plans and specifications approved by us.

WHEN IMPROVEMENT WORKS ARE COMPLETED.

You must complete the Application for Improvement Amount and send it to us, with:

- evidence acceptable to us that the works were completed as specified in the plan provided at application, such as the certificates of satisfactory completion and compliance;
- invoices relating to all materials purchased for the improvements and from all licensed tradespersons who have undertaken work; and
- evidence of fire and general insurance, i.e. certificate of currency. The mortgagee's interest in the property must be noted on the policy at all times (not for strata, except in Victoria).

We will then arrange for a further valuation of your property (at your expense) to be carried out by a licensed independent valuer selected by us from our panel of approved valuers.

If we are satisfied that the improvements have been completed in accordance with the plans and other relevant information you provided to us when you applied for our consent to the improvements, we will notify you of the actual increase in value of your property as a result of your improvements. The increase in the value of your property as a result of approved improvement works measured at the time those works are completed is called the “Improvement Amount”.

We calculate the Improvement Amount by comparing the valuations of your property prepared by a licensed independent valuer (at your expense) and selected by us from a panel of approved valuers immediately before the improvements commenced and after they were completed. The Improvement Amount is not necessarily equal to the amount you spend on the work, as it is the increase in value and not the cost of the improvement works. Because it is measured at the time of completion of the works, it does not take into account any future increase in value over time that results from those works.

HOW MUCH WILL YOU REDUCE MY REPAYMENT BY?

If the Improvement Amount is greater than or equal to the Prescribed Amount, when you repay your EFM loan, we will decrease the amount of any capital appreciation on your property by the Improvement Amount before we calculate your Appreciation Payment. This means that the amount of Appreciation Payment will be reduced when you repay your EFM loan.

However, the Improvement Amount cannot reduce the value of the EFM loan at the date of repayment below the original EFM loan amount. Therefore, if the Improvement Amount exceeds the capital appreciation on your property when you repay your EFM loan, then we will only reduce the value of the EFM loan at the date of repayment by the amount of the capital appreciation. If there has not been any increase in the value of your property or if the value of your property has decreased when you repay your EFM loan, we will not use the Improvement Amount to reduce the amount you have to repay us.

CAN I BORROW FURTHER FUNDS UNDER MY TRADITIONAL HOME LOAN FOR THE RENOVATION?

Yes, subject to obtaining the necessary approvals and meeting all relevant credit criteria required by your traditional home loan lender, you may be able to increase your traditional home loan amount to fund your renovations and improvements. If you wish to do this, you will need to obtain our consent to the loan increase and pay for a refinancing valuation conducted by a licensed independent valuer selected by us from our panel of approved valuers before increasing your traditional loan amount.

CAN I COMPLETE THE IMPROVEMENTS MYSELF?

All improvements must be done by fully licensed contractors. If you are a licensed tradesperson, you may do the work yourself, however only the cost of the goods, services and materials you purchase will contribute towards the Prescribed Amount, not the value of your own labour.

CAN I MOVE OUT OF THE PROPERTY WHEN IMPROVEMENT WORKS ARE UNDERTAKEN?

Yes, as long as you notify us before improvement works begin and we give our consent.

RENOVATING – AN EXAMPLE OF HOW THE IMPROVEMENT AMOUNT MAY REDUCE THE AMOUNT YOU HAVE TO REPAY.

Jason and Sandra purchased a property for $500,000 4 years ago using a $100,000 EFM loan and a traditional home loan. They completed some approved renovations last year. The value of the property before the work commenced was $550,000 and after the work was completed was $600,000. The Improvement Amount was therefore $50,000.

Jason and Sandra are about to sell their property and repay their EFM loan. The following examples show how the Improvement Amount reduces the amount they have to repay based on two different sale prices which illustrate how the capital appreciation is reduced where the Improvement Amount is greater or less than the capital appreciation. (Refer to table right.)

	SALE PRICE $650,000	SALE PRICE $545,000
Original Purchase price	$500,000	$500,000
Capital appreciation	$150,000	$45,000
less Improvement amount	$50,000	$50,000
Reduced capital appreciation	$100,000	$0
Appreciation Payment (40%)	$40,000	$0
Original EFM loan amount (20%)	$100,000	$100,000
Total EFM loan repayment	$140,000	$100,000

This calculation excludes all fees, charges or costs associated with the improving the property or discharging the loan such as valuation fees and discharge of security fees. These fees and charges will impact the amount repayable to us This example assumes that Jason and Sandra met all requirements for claiming a reduction of the Appreciation Payment. For the assumptions used in calculating this example please refer to page 3.

If Jason and Sandra sell their property for $650,000 and apply for a reduction of the Appreciation Payment amount and meet all our requirements, the full Improvement Amount will be used to reduce the capital appreciation on the property before the Appreciation Payment is calculated. The Appreciation Payment they have to repay on top of their original EFM loan amount is therefore reduced to $40,000 (i.e. 40% of the reduced capital appreciation of $100,000). If there was no Improvement Amount, Jason and Sandra would have paid 40% of $150,000, which is $60,000. Refer back to **How much do I have to repay?** on page 16 to see how the Appreciation Payment is worked out.

If Jason and Sandra's property only sells for $545,000, the capital appreciation on the property will be reduced to zero by reducing the capital appreciation on the property by the Improvement Amount because the capital appreciation is less than the Improvement Amount. In this case, there is no Appreciation Payment and they only have to repay the original EFM loan amount.

In the unfortunate circumstance that the property sold for less than the purchase price, Jason and Sandra would not be able to use the Improvement Amount when repaying the EFM loan. They may, however, still be eligible for a Depreciation Allowance. (Remember, the Depreciation Allowance may not apply depending on why they are repaying the EFM loan. Refer back to **How much do I have to repay?** on page 16 to see when a Depreciation Allowance applies and how it is worked out.)

CAN I INCREASE MY EFM LOAN AMOUNT?

You cannot increase the amount of an existing EFM loan but you can repay it and take out a new EFM loan for a larger amount (not exceeding 20% of the property's value). If you do, you will be required to repay the original EFM loan amount plus any Appreciation Payment due at the time as well as all costs associated with the discharge of the security. If you intend to keep that property, you will not be eligible for a Depreciation Allowance if your property has decreased in value. Refer to **How much do I have to repay?** on page 16 and the examples to see how the Appreciation Payment is worked out and when a Depreciation Allowance will not apply.

You are required to obtain independent financial advice if you wish to take out a new EFM loan for a larger amount.

CAN I BORROW MORE FUNDS UNDER MY TRADITIONAL HOME LOAN OR REFINANCE MY TRADITIONAL HOME LOAN AFTER TAKING OUT AN EFM LOAN?

Yes, you can increase your traditional home loan amount or refinance your traditional home loan at any time, provided the new loan amount does not exceed the debt allowed under the "refinancing formula" and your traditional home loan lender approves the increase. You must first give us 14 days' prior notice of the proposed increase and get our consent to the terms of the increase or refinance. We will need to arrange for a refinancing valuation to be conducted by a licensed independent valuer selected by us from our panel of approved valuers at your expense before you increase the amount you have borrowed under the traditional home loan.

The refinancing formula determines the maximum amount you can borrow under a traditional home loan if you are looking to increase your borrowings. It is based on 85% of the value of your property at the time you apply for any increase in borrowings (the "85% Refinancing Value") less the total amount owing under the EFM loan (taking into account any Appreciation Payment), calculated as if the 85% Refinancing Value was the value of the property at the date of the refinancing valuation.

The important thing to remember is that you must **contact us 14 days before** you propose to increase or refinance your traditional home loan. We can then arrange a valuation at your expense if required, advise you on how much extra you can borrow, and send you any information you need and any forms you need.

REMEMBER

You must contact us 14 days before you propose to increase or refinance your traditional home loan.

BORROWING MORE - A PRACTICAL EXAMPLE OF THE "REFINANCING FORMULA".

Jenny and Matt purchased a $531,000 home 3 years ago using a $106,200 EFM loan and $375,000 traditional home loan. They now owe $358,588 on their traditional home loan and want to refinance, increasing their loan amount to purchase a car. Their property has just been valued at $667,000 and they want to know how much they can borrow:

Jenny and Matt can increase their traditional home loan amount by up to $87,782 from $358,588 to $446,370 to purchase a car. They will still have to qualify for the increase in borrowings which will be subject to the terms, conditions and lending criteria established by the traditional home loan provider.

1. The current value of the property is first multiplied by 85%.	Value of property in refinancing valuation.	$667,000
	Multiplied by 85%.	$566,950
2. The total amount owing on the EFM loan is then worked out as if you were repaying the loan. The 85% Refinancing Value in 1. above is used for this calculation.	Capital appreciation.	$35,950
	Assumed payout – i.e. original EFM loan amount + 40% of capital appreciation.	$120,580
3. The total amount owing in 2. above is deducted from the 85% Refinancing Value in 1. above.		$566,950
		Less $120,580
4. This is the maximum traditional loan amount allowed.		$446,370

This calculation excludes application and other fees and charges associated with the increase or refinance such as valuation fees. For the assumptions used in calculating this example please refer to page 3.

"JENNY AND MATT CAN INCREASE THEIR TRADITIONAL HOME LOAN AMOUNT BY UP TO $87,782 FROM $358,588 TO $446,370 TO PURCHASE A CAR."

WHEN DO I HAVE TO HAVE A VALUATION CONDUCTED?

You will be required to have a property valuation conducted at your expense by a licensed independent valuer selected by us from our panel of approved valuers when any of the following events occur:

- before you enter into an EFM loan;
- before and after you undertake any approved improvements to the property (i.e. improvements in respect of which you wish to apply for a reduction on the capital appreciation of the property);
- if you are seeking to borrow additional funds under your traditional home loan at any time;
- before you repay your EFM loan for any reason;
- before you sell the property; or
- before we sell the property on your default.

The valuation must be conducted no more than three months before or after any of these events, depending on the event. You do not have to have regular valuations conducted, other than as specified above.

WHY DO I HAVE TO HAVE A VALUATION DONE WHEN I TAKE OUT AN EFM LOAN AND WHEN I SELL MY PROPERTY?

Your EFM loan is secured by the value of your property. A valuation when you take out an EFM loan helps to determine how much we will lend you and gives us important information about the nature of the property. A valuation when you sell your property helps to determine how much you have to repay and confirms the sale is at or near market value.

HOW IS THE VALUATION DONE?

All valuations must be arranged by us and conducted by an approved valuer of our choice, from our panel. They will contact you to arrange access to your property, if required.

CAN I GET A COPY OF THE VALUATION?

Yes, you can get a copy of the valuation of your property at any time by contacting us. A fee for copying and posting the copy will be payable by you. You can find out this fee at any time by asking us.

WHAT IF I DISAGREE WITH THE VALUATION?

If you disagree with any valuation (other than the valuation we have done before you take out an EFM loan), you can select another approved valuer from our panel of approved valuers to conduct a second valuation of your property. This valuation will be at your expense.

You can contact us through Adelaide Bank by phoning a Customer Relations Officer on (08) 8300 6111 or toll free on 1800 266 233 Monday to Friday between 9am and 5pm (central standard time) to get a list of our approved valuers. You can then choose any valuer in your State from that list and we will contact them to arrange a second valuation at your expense.

HOW IS THE VALUE OF MY PROPERTY DETERMINED IF I GET A SECOND VALUATION?

If the two valuations each give a different value, we will determine the fair market value of the property to be either:

- the mid point of the two valuations; or
- the sale price of the property if the valuations are being conducted in conjunction with you selling your property; or
- the mid point of the closest two of all the valuations, if we choose (at our discretion) to obtain any further valuation or valuations. These further valuations will be conducted at our cost.

We can elect any of these options at our discretion.

This does not apply to a valuation we have done before you take out an EFM loan.

WHO WILL HAVE TO PAY FOR THE VALUATION?

You will generally be required to pay for all valuations. If you disagree with a valuation, and request a second valuation, (refer to **What if I disagree with the valuation** on the previous page) you (or we) may disagree with the second valuation. In such case we may elect to carry out a further valuation, at our discretion. If we agree to carry out any further such valuation, the further valuation will be conducted at our expense. The cost of a valuation is disclosed in the Loan Offer. You can also find out this cost at any time by contacting us.

PART 06 - FEES AND CHARGES.

WHAT FEES ARE PAYABLE TO APPLY FOR AN EFM LOAN?

When you apply for an EFM loan you will be required to pay an application fee. Whilst this fee may vary on an originator by originator basis, we estimate the fee will be approximately $1,000. In addition, you will be required to pay a valuation fee and the legal fees associated with us documenting and settling the loan. This will include things such as property search fees and the costs of having bank cheques drawn. You can find these fees out at any time by contacting us.

If you apply for an EFM loan, your letter of offer will detail all the fees associated with your EFM loan at that time.

ARE THERE ANY OTHER FEES PAYABLE WHEN I TAKE OUT AN EFM LOAN?

Other fees payable will vary depending on whether you are purchasing a property or refinancing an existing home loan. You may need to be ready to pay fees and charges such as:

- your legal fees including conveyancing and property search costs;
- government fees - including stamp duty and registration fees; and
- property related costs - such as council and water rates and, for a unit, strata fees.

You might also need to find money for building and pest inspections, and the moving van.

Government fees vary from state to state. And in some states first home buyers might be exempt from stamp duty on the property. Your loan consultant can help you to calculate some of these costs with your circumstances in mind or you can go to your relevant state revenue office and find out more. Your solicitor or conveyancer should be able to calculate the rest.

LMI may be payable. LMI protects us (and not you) from potential losses we may suffer if you default under your EFM loan and the proceeds from the sale of your property after repaying your traditional home loan are less than the original amount loaned under your EFM loan at the time. LMI does not cover any Appreciation Payment that is payable if you default under your EFM loan. This means that if you default on your EFM loan, you will be required to repay your EFM loan in full along with any Appreciation Payment that is due. You will still be liable for that Appreciation Payment, even if we receive the benefit of any relevant LMI policy.

WHAT FEES ARE PAYABLE ONCE I HAVE AN EFM LOAN?

There are no monthly or annual administration fees payable on your EFM loan. However, you will be required to pay a fee for any service you request. For example, you will be required to pay a fee when you request our consent for a renovation or refinance or want a copy of any documents or loan statements related to your EFM loan. Whilst this fee may vary from time to time, we estimate that this fee will be approximately $250.

You will also be required to pay for all valuations conducted on your property (unless we choose to get any extra valuations during a dispute – refer to **What if I disagree with the valuation?** on page 28 for more information).

If we issue a letter or notice of default, you will be required to pay a fee. Whilst this fee may vary from time to time, we estimate that this fee will be approximately $50. On a default, you may also be required to pay other costs and expenses, such as valuation fees. See What happens if I default? on page 33.

Your Loan Offer will detail all the fees associated with your EFM loan. You can also find these out at any time by contacting us.

WHAT FEES ARE PAYABLE WHEN I REPAY AN EFM LOAN?

When you repay your EFM loan you will be required to pay a discharge fee. Whilst this fee may vary from time to time, we estimate that this fee will be approximately $275. In addition, you will be required to pay a valuation fee and the legal fees associated with us documenting and discharging the loan. Your Loan Offer will detail these fees. You can also find out what these fees are at any time by contacting us.

Government fees for the registration of the discharge will also be payable. These fees vary state to state. You can also find out these fees by contacting us or you can go to your relevant Land Titles Office and find out more.

ARE THERE ANY FEES FOR EARLY REPAYMENT OF AN EFM LOAN?

If your property's value has decreased below the original value when you repay your EFM loan on a date other than the Loan Expiry Date, you will not be eligible for the Depreciation Allowance. Refer to How much do I have to repay? on page 16 for more information.

CAN THE FEES I HAVE TO PAY CHANGE?

Yes, we can change the fees and charges applicable to your EFM loan or introduce new fees and charges at any time. We will notify you 30 days before the change takes place if it relates to an increase in fees or charges either in writing or in a newspaper advertisement.

You can always find out the current fees and charges applicable to an EFM loan at any time by contacting us.

IS ANY COMMISSION PAYABLE?

The application fee payable by you may be paid to the person introducing you to us as commission.

PART 7 – THINGS YOU MUST DO AND MUST NOT DO.

ARE THERE ANY RESTRICTIONS ON WHAT I CAN DO WITH MY PROPERTY WHEN I HAVE AN EFM LOAN?

Yes, there are restrictions on what you can do with your property when you have an EFM loan.

You cannot:

- cease to use your property as your principal place of residence without our consent;
- lease all or part of your property;
- use your property as security for any debt or mortgage all or part of your property without our consent;
- carry out any improvements to your property or renovate without our consent;
- let the property fall into disrepair or cease to pay any rates, taxes and other expenses in relation to your property; or
- sell or transfer all or part of your property without our consent.

You must maintain appropriate fire and general insurance over your property and have the mortgagee's interest in the property noted on the policy at all times (not for strata, except in Victoria).

WHAT IS AN EVENT OF DEFAULT?

You must comply with the terms of your EFM loan contract and the Mortgage. They require you to do a number of things and prevent you from doing a number of things either at all or without first getting our written consent.

For example, you will be in default if you:

- do not repay the total amount owing on your EFM loan to us on the Loan Expiry Date;
- do not pay us the fees and charges or any other amounts due on your EFM loan on time;
- do something that you agree not to do, or you do not do something that you agree to do under the EFM loan agreement;
- become bankrupt or insolvent;
- act (or another person on your behalf acts) fraudulently in connection with the EFM loan;
- cease to use your property as your principal place of residence without our consent;
- do not maintain appropriate fire and general insurance over your property at all times;
- do not maintain your property in good repair and pay all rates, taxes and other expenses in relation to your property;
- fail to get our consent prior to doing certain improvement works to your property or prior to refinancing any other loans secured by your property;
- knew or ought reasonably to have known that the initial value of the property was not fair value; or
- mortgage, sell, lease or otherwise transfer or convey all or part of your property without our consent.

You will also be in default if you do not pay any amounts due under any other loan you have which is secured by the same property we have a mortgage over. This includes any traditional home loan you have in conjunction with the EFM loan.

REMEMBER

You should refer to your EFM loan contract and Mortgage for all the events of default applicable to an EFM loan.

WHAT HAPPENS IF I DEFAULT?

Except in limited circumstances we will give you notice that you are in default.

If you do not or cannot remedy that default within the period given in the notice, then the "total amount owing" – that is the Appreciation Payment we calculate (if any) and the original EFM loan amount – will immediately become due for payment.

If you are in default we will issue you a notice stating that if the default is not remedied within 30 days, the total amount owing will become immediately payable. If you do not remedy the default within 30 days and, at the conclusion of the 30 days, do not pay the total amount owing, we can charge you default interest on any amount owing while it is overdue together with a default administration fee. Default interest will accrue daily from the date the payment became due and be charged to your loan monthly until the amount owing to us is paid to us.

The default interest rate will be the rate equal to 2% above the Adelaide Bank standard variable home loan rate. The default interest rate that will apply from commencement of your EFM loan is disclosed in your letter of offer but may change from time to time. You will be notified of any change (either in writing or in a newspaper advertisement) and can find out the default interest rate at any time by contacting us.

It is important to remember that if you are in default, we may be entitled to obtain vacant possession of your property and sell it to repay your EFM loan. If this happens, the proceeds from the sale (after payment of any enforcement expenses reasonably incurred by us) will also be applied towards repayment of your traditional home loan and any other debts you have that are secured by the same property. If we sell your property and the funds are insufficient to repay your EFM loan, you will still be required to pay any shortfall (and possibly any shortfall on your traditional home loan or other debts - see your traditional home loan terms and conditions for more information).

PART 08 - OTHER IMPORTANT INFORMATION.

WHAT HAPPENS IF MY PROPERTY IS DESTROYED?

Major damage to your home or complete loss of your home can be devastating. That's why we require you to maintain appropriate fire and general home insurance over your property at all times. The insurance must note our interest and be for an amount equal to our agreed valuation of the property. It will protect you and us against sudden and unexpected loss or damage to your home building. It will also assist you to recover the value of your property which underpins and may ultimately be the source of funds to repay your EFM loan.

If your home is not insured and it is destroyed, you must still repay your EFM loan in full and will not be eligible for any Depreciation Allowance. We can sue you for the total amount outstanding if the EFM loan is not repaid and charge you default interest on any payment default.

WHAT HAPPENS IF ONE OF US DIES?

If you own your property as joint tenants, the property automatically transfers to the surviving joint owner if one of you dies. They are then responsible for the EFM loan and any other loans secured by the property. The surviving joint owner is not forced to sell the property or repay the EFM loan. The EFM loan must however be repaid within 12 months of the last joint owner's death.

If you own your property as tenants in common, the part of the property the person who dies owns will form part of their estate. The EFM loan must be repaid within 12 months of the death of any tenant in common. You should advise us of the death as soon as possible and seek independent advice on how to proceed.

WHAT HAPPENS IF WE GET DIVORCED OR SEPARATED?

Divorce or separation will generally result in a property settlement that divides your assets between you. At that stage your property will either be sold or transferred to one of you. When this occurs your EFM loan must be repaid. The amount payable will include any Appreciation Payment or if the property is sold any Depreciation Allowance depending on the value of the property at that time. If the property is not being sold, you will not be eligible for the Depreciation Allowance. Refer to **How much do I have to repay?** on page 16 and the examples to see how the Appreciation Payment and Depreciation Allowance is worked out and when a Depreciation Allowance will not apply.

If you need financial assistance to purchase a new property or pay out your partner to retain your existing property, you may be able to enter into a new EFM loan (if you and the property qualify for a new EFM loan and the property is of a type and in a location acceptable to us).

WHAT HAPPENS IF ONE OF US BECOMES BANKRUPT?

Bankruptcy of either or both of you is an event of default under the EFM loan. You should read the section **What happens if I default?** on page 33 and immediately contact us to discuss the options available to you.

WHAT HAPPENS IF WE HAVE A DISPUTE WITH YOU?

Step 1.

The best place to start if you have a concern, question or complaint you hope we can resolve is to discuss the matter with the person who arranged the EFM loan for you. They can usually resolve most matters there and then.

PART 09 – RESOLVING DISPUTES.

If you are not satisfied with the outcome, or if you prefer, you can contact us through Adelaide Bank by:

- contacting Customer Relations Officers on (08) 8300 6111 or toll free on 1800 266 233 Monday to Friday between 9am and 5pm (central standard time);
- writing to:
  Customer Relations (723) - Adelaide Bank Ltd
  Reply Paid 1048, Adelaide SA 5001; or
- or emailing:
  customerrelations@adelaidebank.com.au

Adelaide Bank will have a consultant with the experience and authority necessary to handle the matter contact you within 48 hours of receiving your concern. If the matter cannot be resolved immediately, a consultant will let you know how long the matter will take to resolve – this will exceed 14 days only in exceptional circumstances.

If your concerns relate to a valuation of your property, we will provide you with the contact details of our approved valuers. If you wish, we will organise a second valuation of your property to be conducted (at your expense) by any approved valuer in your State selected by you from our panel. Refer to **What if I disagree with the valuation?** on page 28 for more information.

Step 2.

Then, if you are not happy with the result, you should immediately advise a Customer Relations Officer of the reasons for your dissatisfaction. We will then immediately review the issue further and a consultant will contact to you within 48 hours. Again, if the matter is likely to take longer to resolve a consultant will contact you anyway and let you know when to expect an outcome.

Step 3.

If you are still not satisfied with the way we have handled things, you may take the matter to the Banking and Financial Services Ombudsman Ltd (**BFSO**). The BFSO will take on cases after you have exhausted our complaints procedures. As a general rule, the BFSO will consider a dispute if the loss you are claiming is less than $280,000.

You can contact the BFSO at:

Banking and Financial Services Ombudsman Ltd
GPO Box 3, Melbourne Vic 3001
Tel 1300 780 808 Fax (03) 9613 7345

Your personal information.

You can also contact Customer Relations Officers if your concern, question or compliant relates to your personal information, or if you wish to access your personal information.

If you are still not satisfied with the way we have handled your privacy concerns, you may take the matter to the Privacy Commissioner who will investigate any complaints about an act or practice that may breach any individual's privacy.

You can contact the Privacy Commissioner at:

The Privacy Commissioner,
GPO Box 5218, Sydney NSW 2001
Tel 1300 363 992 Fax (02) 9284 9666

What is the Consumer Credit Code?

Your EFM loan is regulated by the Consumer Credit Code if you intend to use the amount borrowed wholly or predominantly for domestic, personal or household purposes.

The Consumer Credit Code standardises credit information and requires anyone providing credit to tell you your rights and obligations and to truthfully disclose all relevant information including interest rates, fees and commissions in a clear and easy to understand format.

The Consumer Credit Code also protects consumers in times of hardship or if a loan contract is considered unjust.

PART 10 – GLOSSARY.

APPRECIATION PAYMENT means the EFM loan lender's share of the increase in value of the property and is equal to two times the Original EFM Percentage times the increase in the value of the property.

DEPRECIATION ALLOWANCE means the EFM lender's share of the decrease in value of the property and is equal to the Original EFM Percentage times the decrease in the value of the property.

IMPROVEMENT AMOUNT means the increase in the value of your property as a result of approved improvement works, measured at the time those works are completed.

LMI means the lenders mortgage insurance policy we require you to take out if your total borrowings (EFM loan and traditional home loan) exceed 85% of the value of your property.

LOAN EXPIRY DATE means the date on which the EFM loan will have to be repaid and is the earlier of:

(a) when you sell or transfer the property;

(b) 12 months from the day that the sole owner, the last remaining joint owner or any tenant in common dies;

(c) the EFM loan's Termination Date; or

(d) the date your property or any part of it is compulsorily acquired or resumed.

LVR means the loan to property value ratio.

ORIGINAL EFM PERCENTAGE means the proportion of the value of your property originally taken out as an EFM loan.

PRESCRIBED AMOUNT means the minimum amount of money you must spend on the improvement works approved by us if you would like to qualify for a reduction in the amount of any Appreciation Payment you have to pay when you repay your EFM loan.

TERMINATION DATE means the date on which the EFM loan terminates, which must occur during the period commencing 3 months before the 25th anniversary after the EFM loan is advanced and ending on the 25th anniversary of the day on which the EFM loan is advanced.

PART 11 - HOW TO CONTACT RISMARK.

You can contact Rismark through Adelaide Bank by:

- contacting Customer Relations Officers on (08) 8300 6111 or toll free on 1800 266 233 Monday to Friday between 9am and 5pm (central standard time);
- writing to:
  Rismark International Funds Management Limited
  c/o Customer Relations (723)
  Adelaide Bank Ltd
  Reply Paid 1048, Adelaide SA 5001; or
- or emailing:
  customerrelations@adelaidebank.com.au

PART 12 – COOLING OFF.

Once you sign the Loan Offer you will be bound by it. However, you can end the contract before the EFM loan is made to you by telling us in writing. You will however be liable for any fees or charges already incurred.

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