

Home Loan Notice of Change



peppermoney

Important information about your General Terms & Conditions

We have made some changes to our General Terms & Conditions for our home loans to ensure that our loan terms are clear and easy to understand and are not unfair to you. Some of these changes may have already been implemented when you entered into your home loan.

From the Effective Date, your Pepper Money home loan will be subject to the new General Terms & Conditions Version March 2023 (**New Terms & Conditions**).

The New Terms & Conditions replace your existing terms and conditions in full and will apply to new and existing Pepper Money home loan customers.

The New Terms & Conditions can be found on our website here: <https://www.peppermoney.com.au/important-info/mortgages-general-terms-and-conditions>. Please read these carefully, and if you have any questions, let us know.

A summary of the key changes that have been made to our General Terms & Conditions is set out below. This summary does not detail every change that has been made, and reading this summary does not replace reading the New Terms & Conditions in full.

Please retain a copy of this notice for your records. There is no other action for you to take.

Summary of the key changes to the General Terms & Conditions

General changes

Language	We have made the language more clear, consistent, and consumer-friendly.
Warning boxes	We have set out key terms that you should be aware of in boxes with a warning to draw your attention to these important terms. These boxes do not replace reading the term in full.
Unfair contract terms	We have removed or amended terms that may be considered a prohibited unfair contract term.

Specific changes

Death of a borrower or guarantor	We have clarified that, if a borrower or guarantor dies, we may require the loan to be repaid in full within six months of the death of the borrower or guarantor unless other arrangements are made for the continuation of the loan to our satisfaction.
Splits and switches	We have clarified that we have full discretion whether or not to approve any split or switch requested by you.
Debiting interest	We have clarified that you must pay us interest on all amounts debited to your loan account from the date the amount is debited, and that interest debited forms part of the amount owing under your loan agreement.
Interest only periods	We have added that, if an interest only period ends on a day which is not a business day, your interest only period may end on the next business day.

Payments you make	We have clarified that all payments must be made without setting off or deducting any amounts you believe we owe you, and without counterclaiming any amounts from us.
Direct debits	<p>We have added that:</p> <ul style="list-style-type: none"> • if we ask for a direct debit authority as a condition of your loan, you authorise us to obtain any money due under your loan agreement by using the direct debit authority; • if an attempted direct debit fails, we may make reasonable further attempts to direct debit your account until the direct debit is successful; and • the amount of each payment may include any applicable direct debit fees, taxes or charges relating to the payment method in addition to your repayment amount.
Deductions	We have added that, if you are required by law to deduct any amount from a payment due to us, unless we can receive a credit or rebate for that deduction, you must increase the amount of the payment so that we receive the full payment amount as if the deduction had not been made.
Interest only payments	We have clarified that any interest only payments you make must be made without counterclaiming any amounts from us.
Repaying your loan early	<p>We have added that if you make additional payments or repay your loan in full:</p> <ul style="list-style-type: none"> • you may be able to redraw any excess repayments; and • repayments greater than your scheduled repayment will not be credited to any offset sub-account unless you specifically request so before making the payment.
Break costs	We have re-drafted the provisions dealing with fixed rate break costs (including the example) to ensure that how break costs are calculated is clear and easy for customers to understand.
Enforcement expenses	<p>We have:</p> <ul style="list-style-type: none"> • clarified that enforcement expenses may be payable if an event of default occurs or your breach your loan agreement, and that these may be debited to your loan account at any time after they are incurred; and • added some examples of the types of enforcement expenses you may have to pay, including our expenses incurred in preserving or maintaining the mortgaged property (such as insurance, rates and taxes), collection expenses, expenses resulting from dishonour of a payment, and any internal or external costs we incur as a result of you breaching your loan agreement.
When you can redraw	We have clarified that you may only redraw if, among other things, no further charge or security interest has been granted over any of the security.
How much you can redraw	<p>We have added new redraw provisions, including the following:</p> <ul style="list-style-type: none"> • If you have made extra payments above your regular repayment amount, the amount you may redraw up to is the 'scheduled balance', which is the amount which would be owing if all repayments were made on the due date. • The amount available for redraw will reduce over the term of your loan because the amount available for redraw is limited to the scheduled balance (which reduces over the term of your loan except during any interest only period). • You must make sure that you do not draw more than the amount available for redraw.
Offset	<p>We have added new redraw provisions, including the following:</p> <ul style="list-style-type: none"> • You must make sure that you do not allow your offset sub-account to be overdrawn. If your offset sub-account is overdrawn, you must repay the excess immediately, and we may charge default interest on that amount until it is repaid. • We may debit your offset sub-account with any money due to us under any other loan account or other account you have with us.
Commencing construction	We have added that if you do not commence construction within the period specified in your loan agreement, we may elect to cancel any further borrowing on your loan, or reduce the available credit limit to an amount determined by us, and convert your loan account to principal and interest repayments. If we do so, we will act reasonably and provide you with notice.

Construction progress payments	We have clarified that, if you have a construction loan, the loan amount will be advanced progressively as and when we see fit to assist in the construction of building works. We have added that we may not make progress payments for supplies until they are installed or permanently affixed to the mortgaged property.
Cancelling progress payments	We have clarified that we may suspend, reduce or cancel any progress payments, including if there are any unreasonable delays to construction.
Changes to the building contract	We have clarified that you must not materially vary or terminate the building contract without our prior written consent, but that our consent will not be unreasonably withheld.
LMI during construction	We have clarified that, if any LMI insurer cancels, suspends or limits the insurance during construction, we may demand repayment of the whole or any part of the amount you owe us on not less than 90 days notice only if that decision materially impacts our credit or security risk.
Your responsibility for construction	We have clarified that we accept not responsibility in respect of the construction irrespective of whether we conduct any inspections, make any comments or requirements, or make any progress payments. You must satisfy yourself that the building works are properly carried out.
Default interest	We have clarified that default interest is payable on any amount owing because the balance of your loan account exceeds the scheduled balance.
Consequences of a breach of any term	We have added that if you breach any term of your loan agreement or any other agreement, if an event of default occurs, or if any security or guarantee is terminated or is of reduced force and effect, we: <ul style="list-style-type: none"> • are not obliged to lend you any more money and can stop any redraws or withdrawals from your offset sub-account; and • we may rectify the breach or event of default by performing your obligations under your loan agreement or any other agreement.
Events of default	We have ensured that the events of default are consistent with industry best practice and are not considered unfair contract terms.
Notification of an event of default	We have added that you must promptly notify us in writing if any event of default occurs.
Rights on enforcement	We have ensured that our enforcement rights are compliant with the law and consistent with industry best practice.
Limitation of liability	We have clarified that any limitation of our liability, or indemnity provided by you, does not extend to loss arising from the mistake, error, fraud, negligence or wilful misconduct of us, our employees, our agents or a receiver we appoint
Property valuations	We have added that our processes in relation to external expert valuations will be fair and transparent, and our communication will be clear and we will explain the purpose of the valuation to you.
Service of notices	We have clarified the types of notices we may give you in relation to your loan and how we may give you those notices (including electronically). We have also added that, subject to any applicable laws, we may give you any notice, statement, demand, court document or other document connected to your loan agreement or any mortgage given under your loan agreement by electronic means, including any documents that would otherwise require personal service in accordance with the relevant court rules in force in the jurisdiction in which the mortgaged property is located.

Changes we can make to your loan agreement

We have clarified that if any law (including the National Credit Code) or code applies to your loan and requires us to give you a minimum notice period before a variation takes effect, we will give you at least that minimum period of notice.

We have also added that:

- we will endeavour to give you reasonable notice, but we reserve the right to make immediate changes to variable interest rates;
- if you are not satisfied with any change or variation to your loan agreement, you may repay your loan;
- we will give you notice either in writing or by advertisement in a major newspaper or by electronic means;
- if notified by newspaper, the change will also be confirmed in your next statement of account; and
- any variation will take effect from the date specified in the notice of change we give you.

Our AML rights

We have added new provisions dealing with our anti-money laundering and counter-terrorism financing obligations, including the circumstances in which we may require repayment of the amount you owe us, or we may delay, block, freeze or refuse a transaction from your loan account.

Governing law

We have clarified that your loan agreement is usually governed by the laws of the Australian state or territory in which you reside.

If we are a trustee

We have added that, if we are at any time trustee or custodian of any trust, our liability is limited to the assets of that trust which are available to us to enable us to satisfy that liability.

Identification information

We have added that you must provide us with any information we require about you or anyone authorised to operate your loan account and, if you are a company or trustee, information about beneficial owners of you.

If there is a trustee in bankruptcy or liquidator

We have added that, if a trustee in bankruptcy or liquidator is appointed to you, and that bankruptcy or liquidator asks us to refund a payment we have received in relation to your loan, we may treat the original payment as if it had not been made except for the purpose of calculating interest payable by you.

Definition of mortgaged property

We have clarified that the mortgaged property includes any improvements, attachments or contracts relating to that property and any part of that property.