

Understanding our consumer prepayment fees



customerservice@avantifinance.co.nz
avantifinance.co.nz | 0800 808 003

EFFECTIVE FROM 11 NOV 2024

What happens if I repay my loan early?

When you take out a fixed rate auto or personal consumer loan with Avanti Finance, you get the peace of mind that comes with clear terms and easy loan management. You'll know how much you're borrowing, the length of your loan, your regular repayment amounts, and the total interest you'll pay.

What fees apply if I pay early?

If you decide to repay your loan before the end of the agreed term, the following fees may apply:

- > Prepayment administration fee (\$23); and
- > Prepayment fee

Below we explain why we charge these fees and how they're calculated.

Prepayment administration fee: This fee covers our administrative costs to process your request to repay your loan ahead of the agreed term.

Prepayment fee: This is a calculation to recover our loss when you repay your loan early. If you repay your loan early, we may incur a loss if there's a difference between the fixed interest rate under your loan and our current retail interest rate. If rates have fallen, the safe harbour formula may compensate us for our loss.

Our assessment considers the following:

- > The amount you're repaying early
- > The remaining term of your loan
- > The difference between the fixed interest rate under your loan and our current retail interest rate
- > Instead of receiving your loan repayments as income over the agreed term, we are instead receiving the outstanding balance early.

How much will the prepayment fee be?

If you want to repay your loan early, you can get an indicative settlement balance in the Avanti Finance mobile app, or you can contact us. We'll provide you with a settlement quote that shows the prepayment administration fee and estimated prepayment fee.

Example prepayment costs

A customer takes out a \$5,000 loan, with a two year term and a fixed interest rate of 12% p.a. The repayments are \$235.37 per month.

The customer decides they want to repay the remaining balance of the loan in full after six months and five days (which is five days after the last payment due date). The unpaid balance is \$3,865.66.

At the date of full prepayment, the annual interest rate that the lender charges on a fixed rate loan is 10% (a 12-month fixed rate loan having an interest rate of 10% being closest in term to the 18-month unexpired portion of the term of the fixed rate loan that is to be fully prepaid). Applying the formula set out in the Credit Contracts and Consumer Finance Regulations 2004, a reasonable estimate of the lender's loss arising from the full prepayment is \$58.57.

Disclaimer

This document is an indicative guide only for Avanti Finance consumer auto and personal loans. The details of your loan, including your loan amount, term, interest rate, repayment amount and frequency, plus any fees and charges are set out in your loan agreement. Please contact us or your adviser for details on our property loan or commercial loan prepayment fees.

Need more information?

If you need more information or a settlement quote, please get in touch with us on [0800 808 003](tel:0800808003) (or [+64 9 571 0720](tel:+6495710720) from overseas) or email customerservice@avantifinance.co.nz