



# Interest in Advance Loans

## What is an Interest Only in Advance Mortgage?

An Interest Only in Advance Loan is available on an investment loan where the interest rate is fixed. It is a repayment option that offers an additional interest rate discount for paying 12 months interest in advance.

If a client is looking to reduce their tax liability for the coming financial year, this option of prepaying interest and consolidating the interest repayments into one lump sum payment may suit them. For example if the loan amount was \$300,000 and the fixed rate was 3.8% the interest only in advance repayment for the 12 months would be \$ 11,400.

## Who can have Interest Only in Advance?

Most Fixed Rate Investment Property Loans and Low Doc Fixed Rate Investment Property Loans are eligible for Interest Only in Advance.

For customers who already have an investment property loan, most lenders will allow them to change to an Interest Only in Advance product.

Just prior to the expiry of the 12 month Interest in Advance term, your lender will contact you to see if you would like another Interest in Advance term or another arrangement.