

COMBINATION OR SPLIT LOANS

These loans allow for a percentage of the loan to remain on a variable rate, whilst the remaining portion of the loan is on a 1 to 5 year fixed rate. The borrower can nominate the percentage split they want, say 50:50, 60:40, 80:20.

This allows some protection against rising interest rates, but also for extra repayments to be made off the variable portion of the loan without incurring the penalty fees which normally exist when such payments are made on a fixed rate loan. Depending on the provider, you need to watch out that you are not charged two sets of establishment and ongoing fees. A line of credit facility can also be accommodated onto this type of loan depending on the provider.

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