

# SAFA CREDIT FONCIER LOANS

## THE PRODUCT

Credit foncier loans are longer term loans, typically longer than one year, where South Australian public sector agencies can borrow funds for a known period of time, and make payments of principal and interest throughout the life of the loan. The frequency of the repayments is nominated by the client. The outstanding principal is generally zero at the maturity of a credit foncier loan, however loans can be negotiated with balloon payments at maturity (notional credit foncier loans).

## SUITABILITY

Credit foncier loans are suited to clients who require funds for a known period of time, greater than one year, and are able to make repayments of principal and interest throughout the life of the loan.

## FIXED OR FLOATING

Credit foncier loans can be negotiated on a fixed rate or floating rate basis.

Fixed rate loans will have the interest rate fixed for the entire term of the loan, so the client will have certainty of cashflows for the life of the loan.

Floating rate loans will have their interest rate linked to a benchmark, typically the Australian Bank Bill Swap rate (BBSW), and the rate may change periodically as market interest rates vary. This means that the repayment may vary each interest period.

## INTEREST MARGINS

A margin will be added to the interest rate applicable to the loan. The margin will vary according to the maturity of the loan, but is typically between 0.20% and 0.25% pa.

## DRAWDOWNS

Advice of the drawdown of a new loan must be communicated to SAFA at least 3 business days before the funds are required.

## CALCULATION AND PAYMENT OF INTEREST

For fixed rate loans, interest is calculated on the principal outstanding at the quoted fixed rate for the term of the loan. Interest can be paid at a frequency to suit the client, typically annual, semi-annual, quarterly or monthly.

For floating rate loans, interest will be calculated on the principal outstanding at the rate applying to that interest period. Interest rates can be reset and paid at a frequency to suit the client.

## EARLY REPAYMENT

The early repayment of a credit foncier loan will be calculated at prevailing market rates, and may result in a break cost to the client. Any favourable market valuation will be paid to the client.

**To negotiate a credit foncier loan, call SAFA's Treasury Services  
Team on (08) 8226 9441**



**Government of  
South Australia**

**SAFA**  
South Australian Government  
Financing Authority