

Changes to Monthly Service Fee

As you will be aware from our recent communications, legislation changes over the past months have required us to make a number of alterations to our systems and documentation, which have impacted on the costs associated with doing business. These legislative changes include the AML Act and the recent Responsible Lending Principles incorporated into the CCCFA.

These cost increases have made it necessary for us to increase the Monthly Service Fee to \$2.95, which is added to your customers' loan payment as part of their contractual obligations. This change will be effective **8th of June 2015** and will happen automatically on all web contracts. Please note that this change will only affect contracts printed from this date forward with all existing contracts remaining unchanged.

Please note, Finance Now last reviewed this fee in April 2010, with no subsequent increases until now, despite increased costs in the last 5 years and is only an increase of 7.2% on a 5 year period – less than inflationary costs over that same period.

The current Monthly Service Fee is \$2.75 and will be increased to **\$2.95**. This represents an increase of less than 5 cents per week for your customers. This change has been justified under CCCFA legislation on a cost recovery basis only.

The fee is only applicable while the contract is active (e.g. If a 12 month contract is repaid after 6 months then a total of \$17.70 will have been charged, or 6 x \$2.95). Where the contract has deferred payments the monthly fee will accrue and be included into the regular payments. (If they settle the contract during the deferred period they will pay charges to the date of settlement including the monthly fee). Despite the increase, the per annum cost remains below that of other credit and/or store card charges.

What does this mean to you? This will **not** increase your store's cost of finance. You will also earn the same commissions as you have in the past. You will simply disclose this fee along with the existing financial details to each customer as normal.

Please be aware that from June 8th adjustments will need to be made to the following;

- Advertising Terms & Conditions should state a Monthly Service Fee of \$2.95
- Weekly payment charts should include the \$2.95 Monthly Service Fee in the calculations (please contact me or your local Area Manager if you require updated charts)
- If you have a pre-approval option on your website the Monthly Service Fee should be adjusted to \$2.95 on the calculator (please contact me if you require assistance)
- If you have been provided with a spreadsheet calculator to calculate customer payments please adjust the Monthly Service Fee to \$2.95, or contact myself or your local Area Manager

If you have any questions regarding the Monthly Service Fee please do not hesitate to contact me.

Thank you for your continued support and we are looking forward to working with you in 2015 and beyond.

Yours sincerely,



Kelvin Williams
National Sales Manager
Finance Now Ltd