

# 5 QUESTIONS YOU NEED TO ASK WHEN REFINANCING



## 1. WHY ARE YOU REFINANCING?

The starting point for a lot of people is they want a lower rate. However, this often isn't the only reason, and sometimes isn't even the main reason. Why do you want to refinance?

- Lower interest rates
- Consolidating loans
- Releasing equity for a particular purpose (e.g. holiday, renovations, investments)
- Bad experience with your current lender
- Wanting extra features (such as offset accounts, online access, physical branches)
- Changing your loan structure (e.g. locking in low interest rates, changing repayment types)



## 2. WHAT CAN YOU GAIN?

Being clear on why you're refinancing (question #1) helps focus on the lending alternatives that will provide benefits that are relevant to you. Make sure whatever loan you decide on will actually address the areas that are important to you.



## 3. WHAT WILL IT COST?

While lenders aren't allowed to charge punitive exit fees on loans taken out after 30 June 2011, there will still be fees to cover the lender's costs. These can range from \$'00s, to sometimes over \$1,000. If you have a fixed interest loan, there may also be break costs associated. Other costs to consider include:

- Fees associated with a new loan
- Government fees to discharge and reinstate a mortgage
- Lenders Mortgage Insurance (LMI) may be applicable



## 4. WHAT WILL YOU NEED?

Every lender has their own requirements about what you need to provide when taking out a loan, and this will depend on your specific circumstances. Common documents required include:

- Recent payslips
- Recent tax returns (particularly if you're self-employed)
- Recent bank, credit card and loan statements
- Proof of rental income
- Rates notices
- Proof of ID



## 5. HOW DO YOU FIND THE RIGHT LOAN?



There are many lending options available, and it can be difficult to work out the benefits and pitfalls associated with each. Add to that the fact that many lenders don't actually advertise their best rates, and comparing options can become very difficult.

Talking to a mortgage broker accredited with a wide range of lenders has the following benefits:

- They will compare a broad selection of products for you
- You have a single point of contact to discuss your needs
- Huge time savings, as you don't need to contact each lender individually
- Often a lower rate than you could negotiate with the lender yourself
- No cost to you – brokers are generally paid from the lenders' pockets, not yours!

If you'd like to discuss your refinancing options with an accredited broker, get in touch with us today!