

Benefits of Refinancing Your Home Loan

So you're paying off the mortgage on your home, and you're now wondering if you can **reduce** your monthly payments.

Maybe you want to **switch** between fixed rate and variable rate?

Or you'd like to **split** your home loan into one portion with a fixed interest rate and the rest variable.

Or you're doing some advance planning for **maternity** leave and you'd like the option of a repayment holiday while you're off work with the new baby?

Or maybe the kids have all left home, costs have gone down and now you'd like to get the house paid off **sooner**.

Whatever your reason is (and there are plenty of good ones!), you're wondering if refinancing would be a smart thing to do in your particular situation. That's where a no-cost chat with a professional mortgage broker could be the best financial decision you've made in a long time.

Why? Because a mortgage broker can help you to restructure your finances by explaining ways you can make savings on your mortgage while also avoiding the traps.

One thing your broker will ask is: what are you wanting to achieve? A cheaper interest rate, for example? Or flexibility to make extra repayments without any penalty? Or do you want to use your savings to offset your interest repayments?

FAQ: FREQUENTLY ASKED QUESTIONS ABOUT REFINANCING YOUR HOME LOAN

What is refinancing?

It's where you take on a new loan to pay out an existing loan. The new loan could be through the same lender or a different one. Either way, the new lender takes care of paying out your current loan.

By consulting a mortgage broker, home owners could save thousands over the term of the loan simply by switching to a more suitable home loan.

How does a refinanced loan actually save me money?

Savings can come from switching to a loan with a lower interest rate or a loan with cheaper fees and fewer charges. When these savings are added to your repayments, you can cut years off your home loan and those

cumulative savings can be really worthwhile.

Another way you could save by refinancing is to consolidate your credit cards, personal loans, and car loans with your home loan. Doing this could save you a substantial amount in interest payments, fees and charges. Assessing those savings is one thing a broker can do for you, at no charge.

What about credit card debt, personal loans and other debts? Can refinancing cut my overall costs?

Yes, because in most cases non-secured debt carries a higher interest rate than a home loan where the debt is secured to the property. Talk to your broker to see what your debt consolidation options are.

What are the potential advantages of refinancing? Why bother?

Why consider mortgage refinancing in the first place? What are the major benefits of refinancing?

- * To consolidate other debt such as personal loans or credit cards. Doing this could cut the interest rate you're paying on those loans.
- * To benefit from different features. Some loans provide an offset account or a redraw facility.
- * To unlock some of the equity you have in your home to pay for a renovation or a new pool, or to invest in another property.
- * To pay off debts such as credit cards by rolling them into your home loan.
- * To get a cheaper rate, even if it means giving up a few loan features such as redraw.
- * To buy a new car.
- * To switch from a variable rate to a fixed rate, perhaps because you can want to reduce the risk of higher repayments.

What are the advantages of refinancing through a mortgage broker?

Put simply, a broker will find out what you hope to achieve and then provide you with a short list of suitable loans. He'll do all the legwork so the refinancing process is as simple as it can be for you.

How much does it cost to consult a mortgage broker about refinancing our house loan?

Good news, it won't cost you a thing!

Our service comes at no cost to you because we get paid a commission by the lender you choose and we only get paid when you settle your new

home loan.

Types of loans available in the refinance market?

New home lending products are coming onto the market frequently, which is another great reason to talk to a mortgage broker. He'll be aware of developments in the loans market. That's all part of his job.

Releasing equity. What's that about?

Let's say you want to do some major renovations or add a swimming pool. One way to finance that is to release some of the equity (the home ownership) that you've built up over the years you've been making your regular repayments. With those funds, you can pay for the refurbishments or renovations to your existing home.

Offset account? What's that, and could it help me?

Some home loans include an offset account. In fact, some home lenders even offer a 100% offset loan.

Offset home loans come with a linked bank account called an offset account. It functions like a normal savings account but with one main difference. Any savings you have in the offset account reduce the amount of interest you pay on your home loan.

Talk to us about refinancing your mortgage to access an improved home loan product that will, in many cases, give you new features such as an offset account or redraw facility.

Redraw facilities let you draw on any additional mortgage repayments you have made. You can access these funds for any purpose you like.

Can I pay less tax?

When you earn interest in a saving account, it's taxable. However, when you put your savings in a home loan offset account, you get a double benefit. You'll be reducing your home loan interest bill at the same time as cutting your tax bill.

What if I don't like any of the broker's proposals?

First off, we'll be very surprised. But to answer your question, nothing. Nothing happens.

You can walk away and owe us nothing. We only get paid if we provide you with a refinancing agreement that you sign up to. In other words, all the risk is on us to provide you with true value or you pay nothing.

What are the refinancing traps I need to be aware of?

By refinancing, could you actually finish up being worse off overall? Yes, it's possible. For example, if one of your current loans has exit costs which could cancel out any benefit derived by consolidating it with your home loan.

Or if you end up paying more overall because of spreading your repayments over a longer period of time.

Also, there are government fees. Stamp duty may be payable on a larger loan and you may have to pay a Mortgage Registration Fee to the Land Titles Office (or your state equivalent). If it's applicable, your mortgage broker will include this information in his presentation.

CONCLUSION

Will refinancing through a mortgage broker save me money?

These days it's common for home owners to refinance their loans to get a lower interest rate, reduced monthly repayments and a loan that better suits their lifestyle and their needs.

When you talk to a bank about refinancing, they will typically try to get you into another of their loan products. A broker has no such restrictions. His database will include hundreds of loan products from dozens of lending institutions.

If you haven't reviewed your mortgage lately, make today the day you get the ball rolling. Call us or use our online contact form.

We look forward to serving you. And no, you don't have to come to us. We'll connect digitally or by phone, whatever works best for you.