

MEDIA STATEMENT

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TIPS ON REFINANCING YOUR HOME LOAN

By Lisa Corlett, Licensee of Mortgage Solutions Australia

The latest home loan figures show that Western Australians are now refinancing at high levels. Each month in Western Australia homes loans valued at more than \$400 million are refinanced.

There are currently a large number of home loan options open to homeowners considering refinancing their home loans and they should carefully consider the following points before making a decision on a new home loan package.

* If you are considering refinancing your home loan, it might be worthwhile looking at your overall financial position. For example, if you have significant personal debts these could be refinanced as part of the home loan at a much lower monthly interest rate.

* During a time of rising interest rates, more home owners consider fixing their mortgage. If you're locking into a long term fixed interest rate for 3 or 5 years consider what your personal circumstances might be over such a long period of time. By fixing your home loan over a longer period of time you reduce your financial flexibility, which may prove difficult, if, for example, you want to move to a new home.

* Fixed home loan products also limit the amount of money you can pay off the home loan. This can prove a problem if you want to reduce your home loan borrowings in a shorter period of time.

* If you would like to take an advantage of long term fixed interest rates then it might be more preferable to fix part of the home loan. This will give you the advantage of being able to pay off your home loan faster and also give you an insurance policy against the impact of rising interest rates.

* Check the break costs of your existing home loan. If you have enjoyed a discounted home loan rate for a short period of time (honeymoon rate) then it is likely there will be stiff penalties for breaking the home loan contract. The breaking costs of the existing home loan may be greater than the savings from moving to a new home loan provider.

* Check the fine print of any new home loan products being offered by competitors. You may find that there may be establishment fees and longer-term higher interest rates under the terms of a new home loan contract.

* Consider speaking to a qualified mortgage broker about a home loan

product that might be more appropriate to your personal circumstances. Financial institutions are constantly bringing new products into the market and they may have launched a new product.

* If you have a number of home loans, it may worth consolidating these loans with one lender who will offer a discounted home loan rate as well as additional features if the combined amount is above a certain level of borrowings i.e. \$250,000..

* Decide what features are really important when choosing a home loan. Additional facilities such as off set accounts or line of credit may carry additional costs. However, if you want 'no frills' loan with a low interest rate then consider choosing a budget style variable home loan product.