



## Refinancing Guide

A complete guide to refinancing your home loan.

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## An introduction to **refinancing**

Refinancing your home loan means switching your current mortgage over to another mortgage product that might be better suited to your needs at that time. Your old mortgage is repaid in full and replaced by a new mortgage product.

While most people associate refinancing with switching to a different bank or financial institution, it's also possible to refinance with your current lender.

**If your thinking about refinancing your home loan,  
you've certainly found the right guide to help you!**

At Assured Home Loans, our finance consultants live and breathe home loans every day. For more than 30 years we have assisted thousands of Australians find the best home loan to suit their needs.

Let's face it, when you first got your mortgage, chances are rates were competitive and the loan terms were acceptable. If you're like many home owners, you probably haven't thought much about your mortgage after you got it.

The mortgage market changes constantly. Interest rates change, loan terms change, new loan features are added, flexibility increases.

If you've had your home loan for a few years, or if your financial circumstances have changed, now is the time to review your home loan with a professional. This review will allow you to compare your current home loan against current products available in today's market.

# Common reasons for refinancing

Refinancing gives you the ability to restructure your home loan to ensure it is better aligned with your financial circumstances and goals.

No matter what your reasons are for refinancing, the finance consultants at Assured can provide you with expert service.

We have access to over 30 lenders and over 1,400 loan products so we can help you to compare options easily and quickly.

We'll spend time to explain the refinancing process and any fees that might apply. We will also help you to understand the various products, repayment options and how each option could impact your financial future.

In many cases, refinancing your home loan to a new mortgage product could offer some positive financial benefits.

Lets take a look at some of the common reasons for refinancing:

## Cheaper interest rates

Perhaps the most common reason many people consider refinancing is to take advantage of more competitive interest rates. A cheaper interest rate can reduce your monthly repayments, and potentially save you thousands of dollars over your loan term.

## Fixed or variable rates

You might want to switch from a variable rate to a fixed rate, or vice versa. A fixed rate home loan locks in your interest rate for a specified period of time, so you know that you won't be affected by future interest rate rises.

Variable rate loans tend to offer more flexibility and features than most fixed rate home loans.

If you're not sure which option is right for you, you might prefer to split your loan, so that some of your loan balance is on a fixed rate, while the rest of your loan remains on a variable rate.

## Access different loan features

Not all home loans offer the same features so refinancing could give you access to a variety of different options. For example, you may want access to a redraw facility, or perhaps you would like an offset account. When refinancing we can find a loan that meets your current needs.

## Unlock equity

Refinancing your mortgage can give you access to the equity you have in your home. You can use equity to pay for home renovations, go on a dream holiday, purchase a new car or use it as a deposit for an investment property. Whatever the reason, refinancing could offer the option to access the equity you need.

## Consolidate debt

If you have other types of debt with higher interest rates such as car loans, personal loans or credit cards, you might be able to roll these debts into your mortgage.

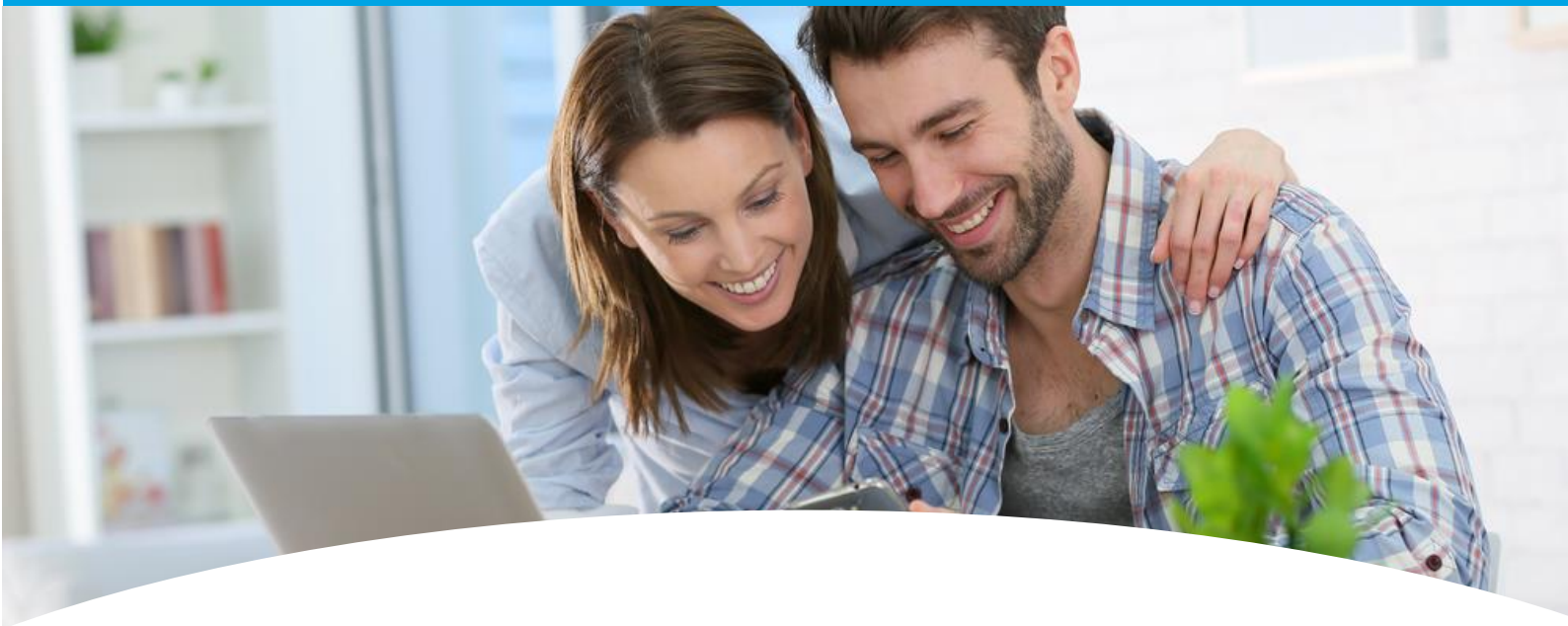
Not only could you reduce the amount of interest charged on your outstanding debts, but it is possible to reduce your total monthly repayments too. It will also streamline your banking as you will only have one repayment to keep track of each month instead of several.

If you are looking at this as an option, an Assured consultant will show you how this works.

## Debt reduction

Refinancing your current home loan to a different type of mortgage could be the key to paying off your mortgage faster. Not all home loans are the same, so it pays to review your home loan with an Assured consultant. It might be possible to switch to a loan type with terms and features that help you to pay off your debts faster.





## Choosing the right home loan

Not all home loans are the same. Even two home loans that appear to offer the same interest rates on the surface can offer completely different terms, fees, payment options and added features when you look more closely.

When it comes to refinancing, it can be easy to focus solely on the advertised interest rate, yet there is so much more to consider than just the interest rate.

Your Assured finance consultant can provide you with the options to help you understand the various products to suit your needs and make the right home loan decision.

Below is a summary of various things to take into account when deciding to refinance your mortgage:

### Interest Rates

The interest rate you're charged for your home loan is usually the first thing you look at, after all nobody wants to pay more than they need to in interest charges.

Lenders charge a variety of different interest rates for various home loan products. From standard variable and basic variable rates to fixed rates. All will vary on the lender, term, loan features and whether the loan payment type is Principal and Interest or Interest Only.

### Package Discounts & Features

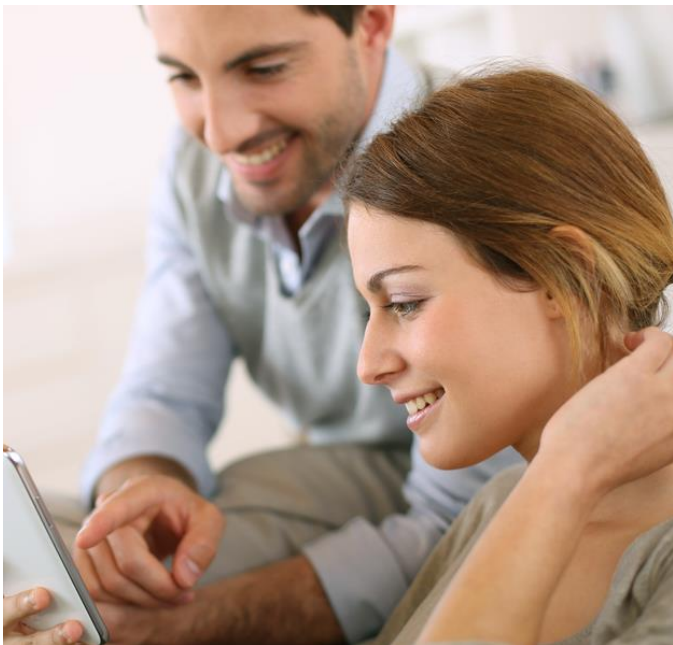
Some lenders offer discounts off your interest rate if you're willing to package several banking products together. There can also be additional discounts available based purely on your loan amount.

For example, you may have the option to bundle together a home loan, offset account and a credit card in return for a discount off of your home loan interest rate. Some lenders may charge an annual package fee so it is important to take this into consideration before proceeding.

## Fees & Charges

Before you settle on a mortgage, it is important to take the time to understand the real costs associated with your loan.

Most lenders will charge application fees, valuation fees, legal documentation fees and settlement fees. Some may charge monthly or annual account fees, while others may charge exit fees. Depending on your personal situation you might also have to pay Lender's Mortgage Insurance (LMI).



## Loan Features

Each home loan will offer different features or added extras. When refinancing you need to consider the loan features available and how they might affect your financial goals.

Some popular features to consider are:

- Flexibility to make extra repayments
- Redraw facility
- 100% Offset

## Repayment Types

Most people immediately think about whether they would like to pay weekly, fortnightly or monthly. But do you know how the repayments on your home loan are calculated?

There are two primary repayment types you can choose from: Principal and Interest or Interest Only.

**Principle and Interest payments** are comprised of two components. One portion of each payment you make covers the interest charges and the remaining portion pays down the loan balance a little. Each time you make a repayment the loan balance reduces.

**Interest Only payments** are calculated on your outstanding loan balance and charged at the end of each month. Your repayment only covers the interest accrued to the loan account, but your repayments do not reduce the loan balance.

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## Loan Structure

The loan structure you choose could affect your future financial goals in a big way.

For example, if you are thinking of turning your first home into an investment property in the future, it's important you understand how your loan structure could impact your taxable situation in the future.

Likewise, if you're thinking of refinancing your current loan to raise funds to purchase an investment property, it's crucial to establish the right loan structure to suit your needs.

Structuring your loans correctly can help to reduce your risk and maximise your efforts to achieve your financial goals.

## The Lender

Some people might have a strong bias either for or against certain lenders, this might be from previous experiences or from word of mouth from family or friends.

Some may want a lender that has local branches or ATM's.

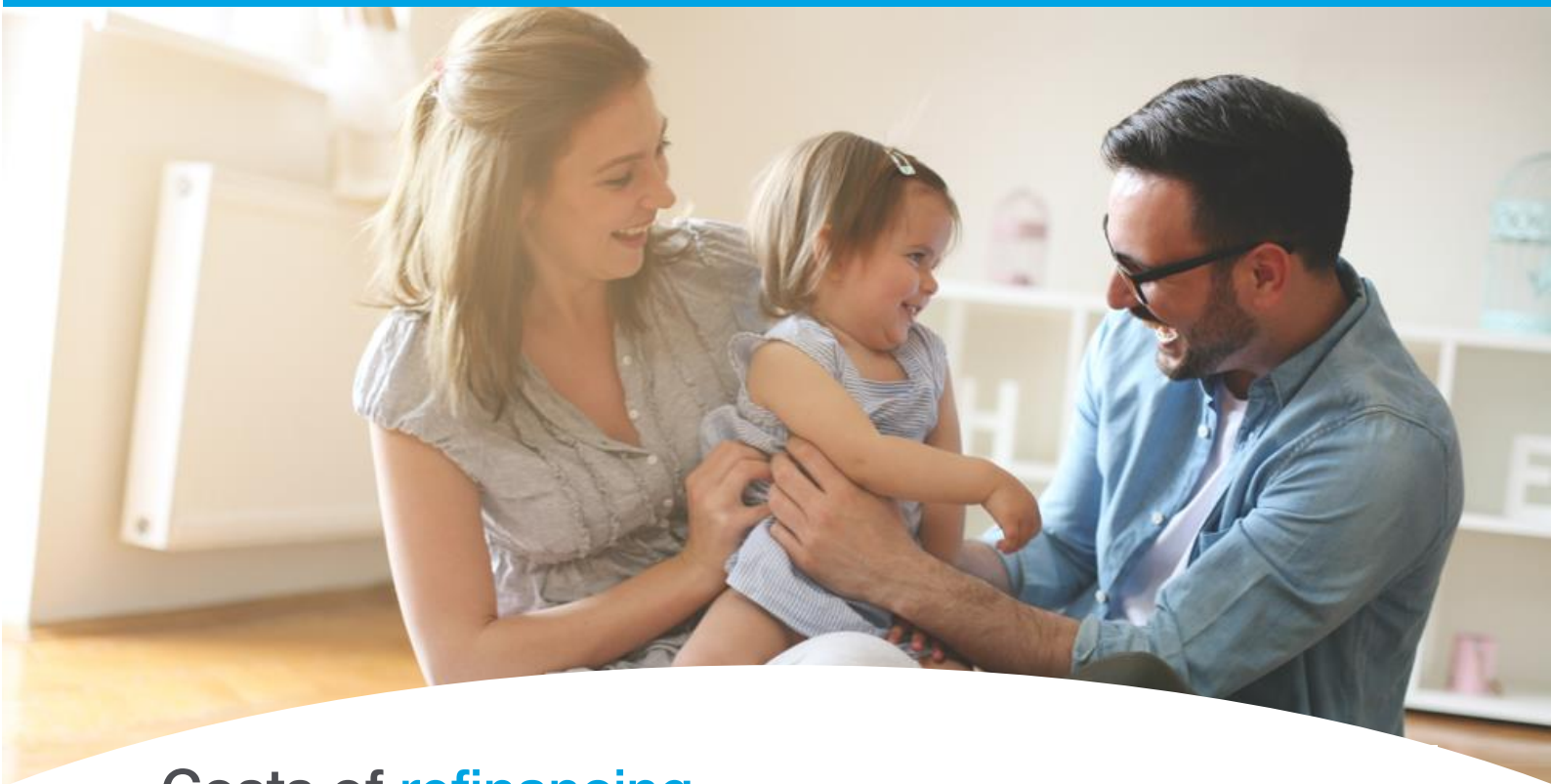
No matter what lender you choose, you need to ensure that the home loan product will help you to achieve your financial goals.

If you are serious about finding the best possible home loan for your needs, consider all the options available equally.

Your Assured consultant will be able to help you assess all your available options.







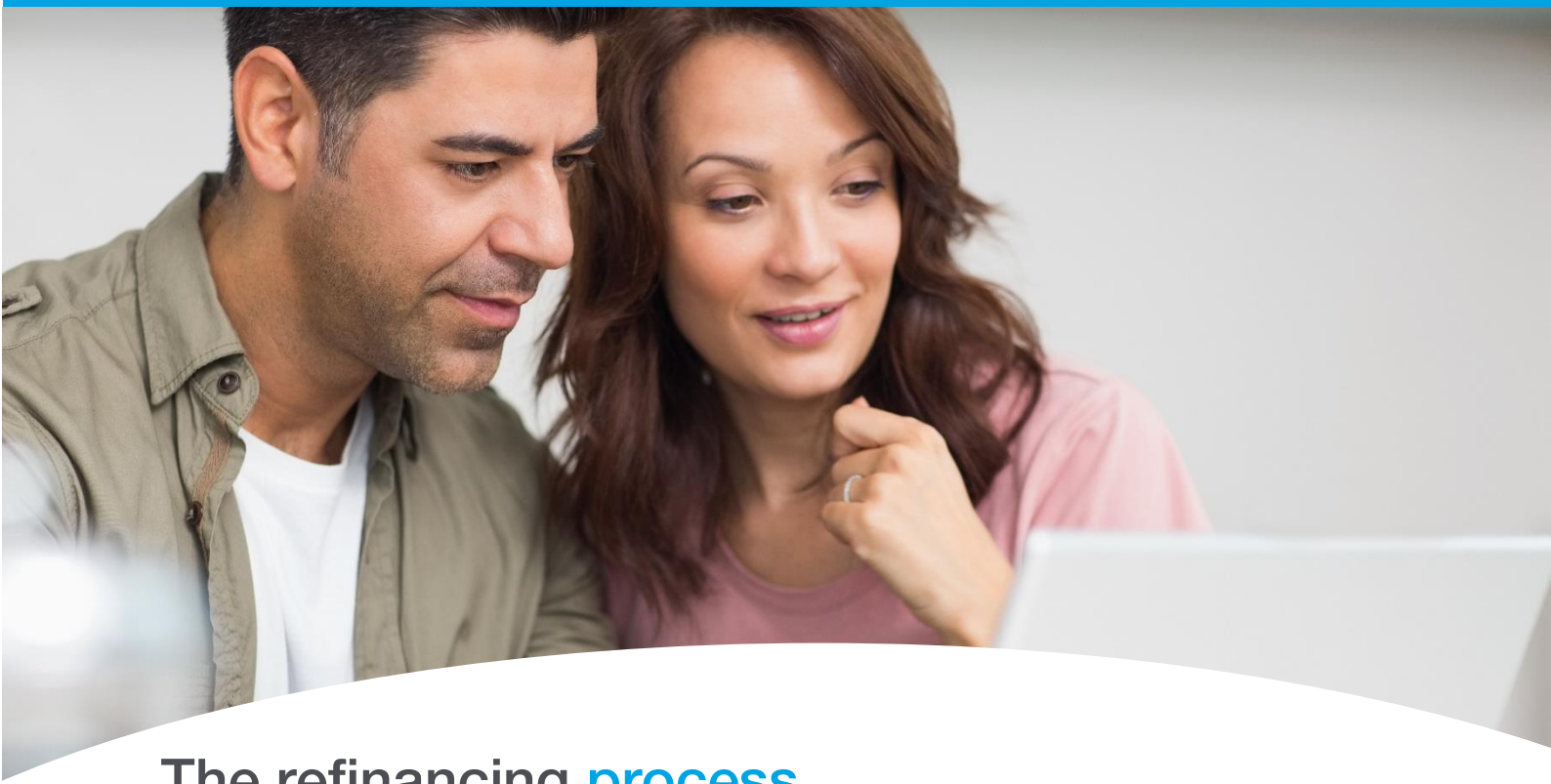
## Costs of refinancing

Before proceeding with refinancing, it is important to understand the costs associated. The last thing you want is to pay more than you expected by switching mortgages.

Paying out your old mortgage and establishing a new one may incur some costs you might not have foreseen. These costs will depend on the lenders involved. These costs include:

- Establishment or application fees
- Valuation fees
- Legal documentation fees
- Settlement fees
- Government and statutory fees
- Charges that may apply to specific account features
- Exit fees (exit fees are usually applied if your current loan is a fixed rate home loan and you are exiting before the fixed term ends)
- Ongoing monthly account fees
- Annual package fees
- Lender's Mortgage Insurance (LMI) (If you borrow more than 80% of your property's value, chances are you will be charged a LMI premium)

**The easiest way to work out any refinancing costs is to speak with an Assured consultant. We are experts at refinancing and will be upfront with any costs involved.**



## The refinancing process

We understand that refinancing may seem like a complicated process. When you work with our professional and friendly consultants, our objective is to make the entire refinancing process as easy and smooth as possible.

We work to simplify the process.

Below is a guide to the steps involved in refinancing:

### 1. Enquire

Make an Enquiry with Assured.

Simply call us on (08) 83 600 200 or alternatively submit an enquiry form on our website and we will contact you.



### 2. Consultant chat

Your Assured Consultant will have a chat about your current situation and financial goals. They will want to know the reason for refinancing (e.g lower interest rate, unlock equity, consolidate debt or would like more flexibility with your loan). Understanding the reasons for refinancing will help find the right loan for your situation.





### 3. Appointment confirmation

Your Assured Consultant will arrange a time and date to meet with you. You will receive an email with anything you need to have ready for the appointment such as identification, pay slips and bank statements.



### 4. Appointment with consultant

At the appointment your consultant will discuss with you your requirements for the loan and will obtain all the details required for an application.



### 5. Explore loan options

You will be provided with loan options and your consultant will explain each product to you. You should carefully consider all available loan options, including interest rates, additional features and costs, and aim to match your financial goals. You can then make a decision as to which product you would like to go ahead with that will best suit your goals and situation.



### 6. Application finalisation

Your Assured Consultant will finalise your application and provide your application to you for review and signing.





## 7. Submission to lender

Loan application submitted to lender. (It can take 1 – 10 days to receive an approval depending on the chosen lender). Your Assured Consultant will keep you updated on the status of your application.



## 8. Conditional Approval

If you are issued a conditional approval this means that the lender requires more documents to support your application.



## 9. Property Valuation

Your lender may require a valuation to be done on your property. Your consultant will advise you if this is required.



## 10. Unconditional Approval

Congratulations your loan has been fully approved by the lender. It indicates that your application is not subject to any conditions by the lender.







### 11. Mortgage documents issued

Your mortgage documents will be issued by the lender and your Assured Consultant will arrange a meeting with you to read over and sign the documents.



### 12. Prepare for loan settlement

When your current lender has determined the exact date of settlement, they'll issue a final payout figure for your old mortgage. Your new lender will agree upon a settlement date and pay out your outstanding loan balance.



### 13. Settlement

Your new lender will transfer the title deed to your property from your previous lender and will also lodge a discharge of Mortgage document with the Land Titles Office. Your new home loan is then used to pay off your current home loan.

Remember, your Assured consultant will be there for you each step in the process.



## Are you ready to **refinance?**

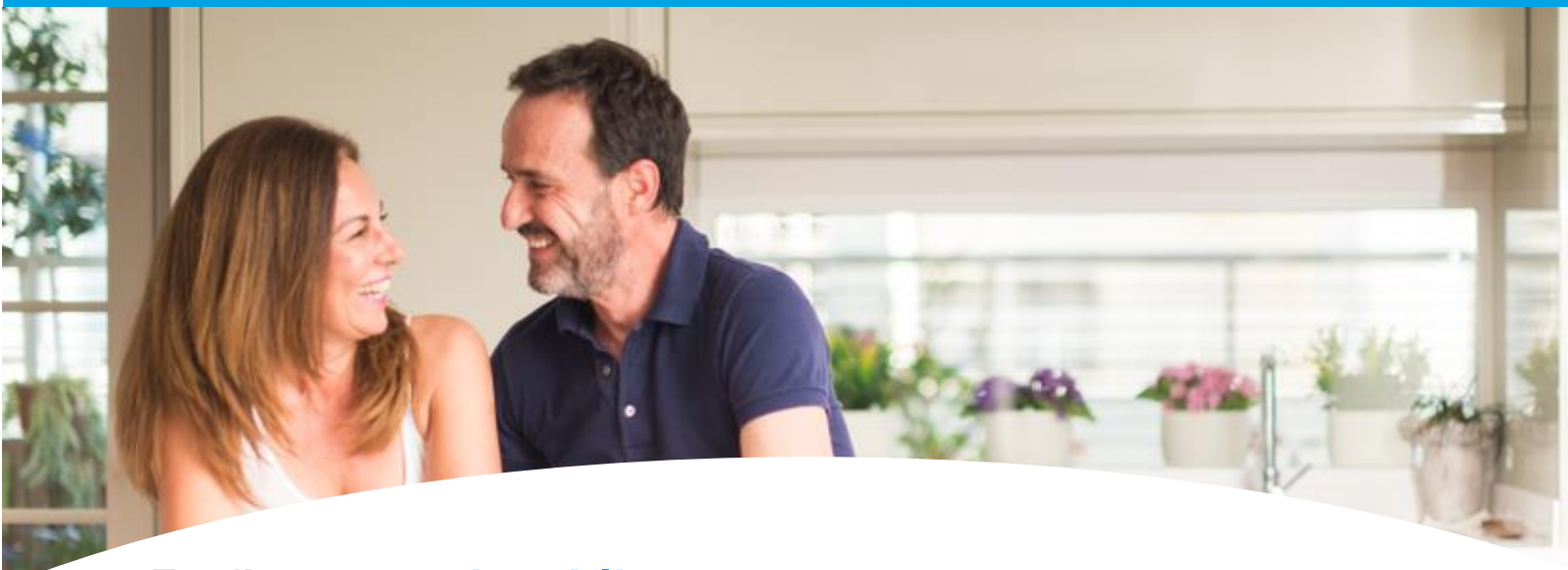
We hope you have found this guide useful, and have realised that there can be many benefits to refinancing.

If you are ready to refinance or if you have any questions, speak with one of our professional finance consultants.

We are here to help, and to make the process simple. We will work through the process with you to ensure it is a stress free experience.

Call Assured today and take the first step in the refinancing process to get the right advice and assistance to suit your needs. We're here to help.





## Refinance **checklist**

This checklist provides a guide to the types of documents that may be required when refinancing. What you are required to supply will depend on your individual circumstances. When you speak with an Assured broker they will let you know exactly what you need.

### 100 points of ID

- ☐ Passport
- ☐ Birth Certificate
- ☐ Drivers Licence
- ☐ Medicare Card
- ☐ Utility Bill

### Liabilities

- ☐ Current home loan statements
- ☐ Credit card statements
- ☐ Personal loan/car loan statements
- ☐ Any other loan statements

### Assets

- ☐ Approx. value of current home
- ☐ Approx. value of cars
- ☐ Current rates notice
- ☐ Transaction account statements
- ☐ Savings account statements

### Income

- ☐ Payslips
- ☐ Group certificates
- ☐ Centrelink documentations
- ☐ Rental income statements
- ☐ Proof of share dividends
- ☐ ATO assessments





## Contact us

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Information is offered as an example only. The information provided in this guide is intended as general information only. It does not constitute advice and should not be relied upon as such as it does not take into account your personal objectives, financial situation or needs. You should consider what is appropriate for your circumstances. Professional advice should be sought prior to any action being taken in reliance on the information in this guide. As the information provided here is not specific to you, we cannot accept responsibility for any actions you choose to take without first getting professional advice. When applying for a home loan, lending criteria, terms and conditions apply. The information in this brochure is current as at September 2019 and is subject to change.