



# What is a home loan refinance?

How a better deal and understanding your equity can work for you.

 **LJ Hooker Home Loans**



# What can a home loan refinance achieve?

**A better home loan deal may help you pay off your loan sooner.**

However, sometimes a home loan refinance is not just about a better interest rate or lower fees. Generally, you don't want to put yourself in a worse position, or into a loan that will take longer to pay off. However there may be other things for you to think about such as:

- Are you planning a family and would a different home loan suit your immediate needs?
- Are you investing and would switching your loan help with accessing your equity?
- Do you have immediate personal needs like a new vehicle, holiday, etc?
- Are you self-employed and a refinance will help you access equity for your business?
- You may simply want to pay off your home loan sooner and a lower rate or fees may help achieve this
- Consolidating personal debts like credit cards and personal loans may provide you with monthly cashflow relief

Remaining with your current lender may help you achieve some of the above. Other times you may need to consider other lenders to help reach your goals.



**A lending specialist will listen to your immediate and long term goals, assess your current loan, and provide you with options.**

# Will a refinance work for me?

**The first step could be a simple phone call or meeting with a lending specialist.**

It's important to speak with a professional who understands what you want to achieve. They will do research on your behalf and present options that suit your lifestyle and goals.

A lending specialist will assess your financial position and guide you on your eligibility.

Your equity position is also important. It will determine your loan to value ratio (LVR). The lower your LVR the better home loan deal you can likely obtain. Your LVR will also determine whether you need to pay additional fees like lender's mortgage insurance. These are important factors to consider when considering your options.

A lending specialist will also arrange a valuation on your property and present you with a report that details:

- Options around home loan products and lenders that suit your circumstances
- Details of any fees associated with refinancing your home loan
- What your new repayment would look like and what your loan term would be
- What actual cash amount you could expect at settlement if you are accessing your equity for a worthwhile purpose.

You can then make an informed decision on whether a refinance is the right move for you.



**Ensure you understand what a refinance will achieve and what your financial position will be after settlement.**

# When else should you consider a home loan refinance?

**Initially you may have taken a 30 year home loan term but that doesn't mean you forget about it for 30 years!**

Your life will change over 30 years with ups and downs, and your home loan should be assessed along the way to ensure it's always working for you.

Some milestones that may prompt you to look at your home loan:

- Is your fixed rate about to expire? Before you roll to a variable rate or fix your rate again have you considered others deals in the market?
- Has an initial interest only period on your home loan expired? If so, look into your options
- Have you accumulated savings? If so a different feature may work for you like an offset account
- Are you on a package loan paying an annual fee for features you don't need? Perhaps a basic loan with lower fees will help you pay off your loan sooner

The key is to not just “set and forget” your home loan. Have it looked into at least every 1 or 2 years.



**Your lending specialist should conduct a review with you at least once a year and provide guidance on whether you're still in the right home loan.**



# The home loan refinance approval process.

**A home loan refinance approval is similar to applying for a new home loan.**

A new lender will take you through a full assessment process. This is to ensure you're eligible and have chosen a home loan you can afford.

But don't worry! A lending specialist will make things a bit easier for you.

They'll do research to help you make the right choice. They also help you collate the paperwork a lender will need, and complete an eligibility assessment for you.

Some of the paperwork you will need to collect is:

- Income documents
- 6 months statements on your existing home loan so the new lender can see your repayment history
- If you're consolidating debt likely the new lender will want to see 3 or 6 months on any debts they are paying out to check your past conduct
- Documents required for the identification process

A loan approval can take up to 7 business days. Depending on your lender, settlement may then take an additional 2 weeks. If you want to access funds fast from a refinance, maybe consider a lender that offers digital home loan documents and who uses a fast settlement process like *FastRefi*.



**You should consider all the services a potential new lender offers to help you achieve your main goals.**

# Can I refinance if I have missed repayments or have past credit issues?

**The short answer is YES – but you need to understand and consider your options.**

As a general rule, a major bank or traditional lender will not be keen to give you a home loan if you have current or past credit issues. If you're currently having difficulties making your home loan repayments, there may be better options than a refinance.

You may have had a period in your life where you experienced short term difficulties. This could be from a relationship break up, business issue, or even from when you had a short term employment or health issue.

The good thing is that there are lenders in the market offering home loan solutions for most people – provided you're not currently in bankruptcy or have no income to repay a loan.

A lending specialist will help you access your credit report and provide guidance on home loan product options that may help improve your situation.



**Consider your options carefully to ensure you don't place yourself in a worse off position.**

# Are there risks with a home loan refinance?

**Like any financial decision you can put yourself at risk if you don't understand what you're signing up for.**

A home loan refinance should be about helping you pay off your loan sooner, improving a product to suit your lifestyle, or to access equity for a worthwhile purpose.

Making the wrong choice may put you in a worse financial position. Some tips for you to consider before signing any new home loan contract:

- Have you fully understood your options so you feel comfortable you've made the right choice?
- If your goal is to lower your repayments or pay off your loan sooner, will the new home loan achieve that?
- If you're accessing equity, is the purpose worthwhile and do you understand the impacts of any increased repayments or loan term?
- If you've chosen a fixed rate, does the reduced flexibility suit your future plans and are you aware of any potential early termination fees?

There are many factors to consider and if you are unsure at any point – don't simply sign and ask questions later.



**If you have any doubts or questions always stop and ask questions before your new loan settles.**



# A home loan refinance can provide many benefits.

**Having the right guidance is crucial. A professional will help you understand potential benefits, and also the impact of accessing your equity.**

## **How we work for you:**

- Obligation free assessment of your personal circumstances and options
- 7 day access to your local lending specialist
- Full range of home loans with features to suit all borrower types
- Competitive interest rates with no fee options
- Self-employed borrower solutions
- Help with accessing your equity with fast settlement turnaround

## **Home loans made simple.**

**Speak to your local lending specialist today.**

**[ljhookerhomeloans.com.au](http://ljhookerhomeloans.com.au)**

 **LJ Hooker Home Loans**

It's important you consider your own personal circumstances when applying for a home loan.

Terms and conditions apply. Fees and charges apply.

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