Home Loan Refinancing Guide

REFINANCING GUIDE

Reduce your monthly home loan repayment obligation by following simple and easy to follow guidelines.

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HOW TO PAY OFF YOUR HOME LOAN FASTER

THE POWER OF OFFSET ACCOUNTS

A **mortgage offset account** is a savings or transaction account that is connected to your mortgage with a variable interest. Since the money in your offset account is deducted from the outstanding balance of your home loan each day before interest is computed, it can help you pay less interest.

Every dollar added to your offset account saves you on interest from your monthly or fortnightly home loan repayments. Expert mortgage brokers and experienced home owners often have their paycheck or any other large deposits made in to their offset account, which decreases the overall interest cost on your home loan, which in return saves you money.

Having money in your offset account doesn't mean you loose acces to that amount, as a customer you can access the funds of your offset account with your debit card, and make transactions. Therefore, allowing you to save money on monthly interest repayments, as well as having access to your funds, and having financial freedom.

Without 100% Offset

Home Loan Balance

$ 400,000

Paying Interest on this Amount

With 100% Offset

Balance in 100% Offset Account

$20,000

Home Loan Balance Less With 100% Offset Account

$380,000

Paying Interest on this amount only

It is important to know the terms of your home loan, as fixed interest rate home loans aren't eligable to link their offset accounts, and can only do it once the period ends.

Having an offset account isn't the only way to save money on your monthly or fortnightly repayments, and it is important to explore options suited to you.

Offset accounts are a great way to make small and consistent saving on your repayments, as you start saving from every dollar that you put into the account.

MAKE MORE FREQUENT REPAYMENTS

Extra payments on your Home Loan can cut the period of your loan by years. On a typical loan period of 25-30 years, the first five to eight years go towards paying off interest. Putting your tax refund or bonus in to your mortgage repyament can help you make payments from your principle amount, and therefore descreasing your monthly interest repayment on your home loan.

If your current loan terms allow to change repayment plans, and you're currently paying a monthly repayment, consider switching to a fortnightly repayments. You have to pay half of your monthly repayment every fortnight, and you will make equivalent of an extra months repayment each year. This decreases your interest payment each month, and saves you a lot with your repayments over the entire period of youe home loan.

MAKE STEADY AND CONSISTENT PAYMENTS

Original Loan

3.5 % Interest Rate

$2,918.79 Monthly Payment

Refinanced Loans

2.85 % Interest Rate

$2,688.12 Monthly payment

What you could have saved

$230.67 Per Month

$83,040.29 Complete Loan Period

With a variable interest rate on your home loan, you can expect the interest rate to drop. When it does, it may be appealing to make the minimum monthly payments, but it's still a good idea to try keep paying your home loan at a higher interest rate. This means that the extra money is coming from off your principle and you complete paying your home loan sooner. At the same time conducting an annual health check, to ensure you are getting the best deal, or consider **refinancing** for it.

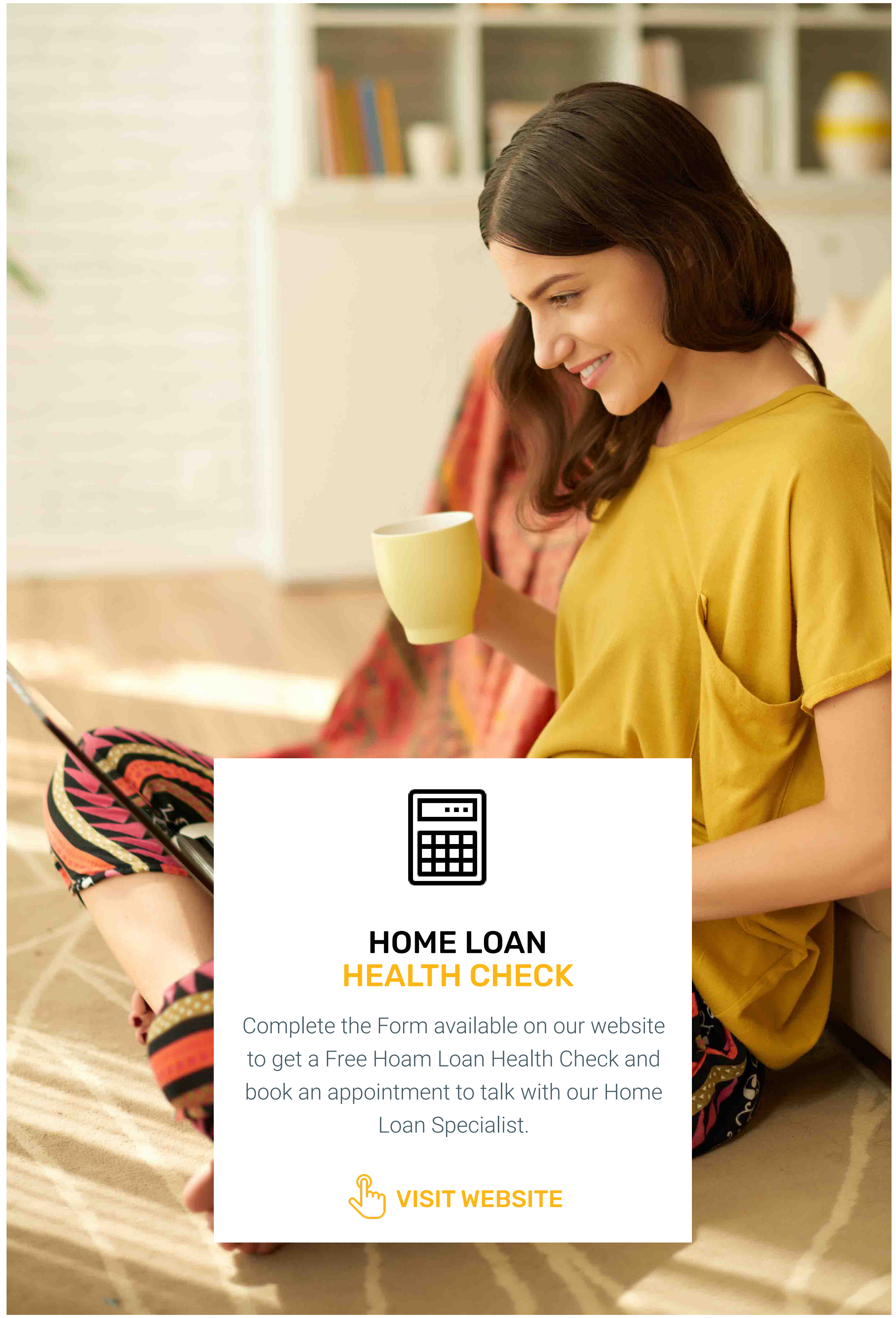
HOME LOAN HEALTH CHECK

ITS IMPORTANT TO GIVE YOUR LOAN AN ANNUAL HEALTH CHECK

Why is it important to have an Annual Home Loan Health Check?

Home loans, just like people, need to be checked and tested to see if they are healthy and fit. Never set and forget your home loan. The interest rate you got for your home loan at the beginning may no longer be viable. Assessing your home loan health welcomes you to better terms on your repayments. This gives you more financial freedom and better control over your funds.

Financial circumstances and goals constantly change around people's lives. Due to this your current home loan may not be suitable to such circumstances and require an expert look in to it so you can get the best deal out of it. With constant new loan products and lenders coming into the market, conducting regular and timely health checks can help you take advantage of these products. Not only would you be saving money from them, but also recieve additional benefits that lenders or mortgage brokers can provide you with.



HOME LOAN HEALTH CHECK

Complete the Form available on our website to get a Free Hoam Loan Health Check and book an appointment to talk with our Home Loan Specialist.

VISIT WEBSITE

REFINANCE LANGUAGE AND GLOSSARY

Fixed Interest Rate:

A fixed interest rate for a certain length of time, such as two or three years. If you have a fixed-rate home loan, you'll know exactly how much your monthly payments will be for this duration.

Equity:

The difference between the market value of your home and the amount you owe on your mortgage is your equity.

Buffer Amounts:

The FASTRefi® method necessitates the use of buffer amounts. To limit the risk of a shortfall, they are added for each predicted payout sum. The buffer amounts are as follows:

Interest that has accrued since the date of funding is calculated. In lieu of this calculation, the highest interest rate is applied at the time of application.

The average monthly repayment is calculated over the period of three months.

OFI Discharge Fee Estimated at $500 buffer

Mortgage:

The minimum payments only cover the loan's interest rates. Only interest payments are made for a set period of time.

Everyday Offsets:

You can link a transaction account with an offset function to an eligible home loan. The money in the offset does not accrue interest; instead, it is used to offset your loan debt and reduce the amount of interest you pay.

Home Loan top up:

You can borrow amounts exceeding $10,000 in addition to the original loan amount with a top up - subject to the equity in your home and our approval.

Comparision Rate:

This is the rate that allows you to see the exact cost of a home loan, making it easier to compare rates from other lenders. It's computed using a standard formula that takes into account the interest rate as well as various home loan fees and levies.

Interest Only Payment:

The minimum payments only cover the loan's interest rates. Only interest payments are made for a set period of time.

Split Loan:

When a single loan is divided into two or more loan accounts, each with its own loan type, repayment type, and interest rate.

Loan to Value Ratio (LVR) :

The total amount you've borrowed as a proportion of the value of your home.

Example: If your property is valued at $500,000 and you took a loan of $380,000, your LVR% is 76%.

($380,000 divided by $500,000)

OFI:

Other Financial Instituition

Payout Shortfalls:

When using the FASTRefi® process all efforts are made to ensure that the Estimed Payout figures matches the OFI payout figures. However, when there is an outstanding on the amount, they are referred to as Payout Shortfall. Such Payout Shortfalls usually occur because:

- Direct debits linked to your Loan Account have not been cancelled.
- Balances that are advised are not current loan balances
- Funds have been withdrawn from your account after you have executed the BAUPA
- Not all debts or guarantees linked to your security property have been discolsed in prior

If such a Payout Shortfall occurs the lender will notify you, and work with you to have it cleared.

Settlement or Settlement Date:

When the sale of the property is completed and the ownership of the property is transfered.

Lenders' Mortgage Insurance (LMI) and Low Deposit Premium (LDP):

LMI is an insurance premium that is collected by the Bank or the Lender, which is passed on to their own insurance providers. LDP is a Bank or Lender Fee that you directly pay to them.

Depending on the terms of your home loan, you would either pay an LMI or LDP, but not both.

Principle and Interest Repayments (P&I):

The loan principal is the amount of money you borrow and the interest is the cost charged to borrow this money. The interest rate on your loan, the amount you borrow, the length of the loan term and the required repayment amount on your loan will determine how much interest you pay over the life of the loan.

Surpluss funds:

These can occur during the FASTRefi® process. They are leftover funds in your account when you repay your current home loan using the estimated payout figure. Any surplus funds will be added to your new loan account by your lender.

Variable Interest Rate:

It is an interest rate that can go up and down over the period of your loan. Your repayments can change when the interest rate changes.

Valuation:

Valuation is an estimate of the market value of a property on a specific date, made by a person authorized to undertake for security reasons.

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