



What are the costs of Refinancing?

People often think refinancing is difficult and expensive. It doesn't have to be.

Using an experienced Mortgage Professional can simplify the process as they guide you through the transaction and explain any fees or charges before you sign for a loan. Some of the fees are outlined below:

Lenders are NO longer allowed to charge Exit fees

Lenders are NOT allowed to charge exit fees on loans taken out after 30 June 2011. If you did get your loan before 1 July 2011 your lender will be able to tell you if exit fees still apply on your loan. However, if you are on a fixed rate loan, be aware you may need to pay a break fee.

Establishment Fees

An Establishment fee may also be known as 'application', 'up-front', 'start-up' or 'set-up' fee. This fee is a one-off payment when you start your loan.

Lenders Mortgage Insurance (LMI)

Lenders mortgage insurance is an insurance that Lenders take out to protect themselves from borrowers not being able to repay their loan. It only applies if there is less than 20% equity in a home. If you paid LMI on your existing loan, before refinancing you will need to ensure that there is more than 20% equity in your property to avoid paying LMI again.

Ongoing fees

These are sometimes also known as administration fees. They may be a monthly charge or may be a fee that applies to a specific service. Not all Lenders charge ongoing fees.

Choosing the right loan for you

A Mortgage Professional will work with you to find out your requirements for a loan and will then present you with a comparison sheet of at least three Lenders that meet your needs. This comparison sheet is set out to allow you to easily compare loan features, fees, interest rates, comparison rates and other important information. They will also explain to you the advantages and disadvantages of refinancing so you are able to make an educated decision on what is right for you.