

# 5 reasons why **now** could be the time to refinance

After a few months stuck at home, you've probably put a lot of time to good use; whether it's ticking off the last item on a very long and overdue to-do list, or perhaps you just hid in a couch fort and trawled the darkest corners of Netflix...

**R**efinancing might be the last thing **R**on your mind with everything that's happening, but here are five solid reasons why it should be first.

## 1 You can (most likely).

You might not even be aware you could do it. But since many home loans are refinanced with the intention to save money, the timing could be better than ever.

However while that sounds too good to be true, the decision made by your bank or lender will be based on your eligibility for refinancing. So, for a lot of Australians facing job loss or reduced hours, now may not be the best time. But if you have experienced minimal impact financially from COVID-19, it's worth a look.

## 2 Lockdown the low rate.

In 1989-1990 (when the original Full House was airing – you probably 'never saw that' either), home loan interest rates hit an all-time high at 17% p.a.

At the time of writing, the RBA interest rates are at the lowest they've been in 60 years, at just 0.25% p.a.

There is no doubt that COVID-19 has delivered a serious financial blow to many homeowners, however now could be the time to take advantage of the lowest rates in Australia's recorded history and start saving big bucks.

## 3 Help with cash flow.

It is a pretty unpredictable time financially, and while a few months off expensive cocktails, fine dining out and new threads to show off have helped, there's always other ways to keep on track.

Perhaps you'd like to release some equity to have some cash on standby? You may continue the lockdown into renovation mode. Plus, domestic and international flights will reopen and if anyone deserves a holiday in 2021, it's absolutely everyone.

Or you could be wanting to consolidate your debts into your home loan, reducing your repayments and likely interest on credit cards or personal loans.

Speaking of cash, there are a number of cash back offers available for differing lenders. We can help you work out if you are eligible for these, and if they are worthwhile in your instance.

## 4 Make sure you're in the right loan for you.

You've probably stumbled upon enough dating reality shows recently to know that not everything's a perfect fit – and the same goes with you and home loans.

You could be on a variable loan and want to take advantage of the current low fixed rates.

You may want to access different features or flexibilities of a loan that you currently can't, such as extra repayments without penalty. Or your bank or lender just isn't wooing you the way you deserve.

Whatever your reason, it may be time to make the move to a different home loan.

## 5 You've never refinanced – or haven't in a long time.

If you've had a home loan for a while and never refinanced, turn off Netflix immediately. Because studies show 58% of Australians spend about the same time watching an episode of their favourite show as they do inspecting a property. And if Australia's putting that little effort into finding their dream home, imagine how little they're putting into choosing their loan. Refinancing and saving thousands could even be done on the couch when you're not in charge of the remote.

The five reasons above are all worthy considerations, but the main one is just to make sure you're not being taken for a ride. It quite literally pays to look around. Turns out all that time locked down at home might've been the perfect time to start saving on it?

Please be aware that you should always consider getting advice first and be aware of the potential downsides. Talk to us today.





# Get ahead of the house-buying competition

We found a whopping *one-in-five* Australians plan to buy a home this year. That means pitting yourself against a whole lot of other buyers including experienced upgraders and even investors.

The good news is, three simple strategies can put you ahead of the pack – no professional wrestling moves required.

## 1. Get smart about building a deposit

Here's an important tip: don't aim to save 'spare' cash. We found 49% of Australians wait until regular bills have been paid to save whatever is left over. It's an approach almost certainly doomed to fail.

### *Treat saving as a priority.*

Set up an automatic transfer that allocates a fixed percentage of your pay packet into a dedicated savings account each pay day before you've had a chance to spend it on brunch. While you're there, make sure you've got the right account. Sixteen per cent of people use everyday accounts to grow their savings, and that means earning little or no interest and possibly paying higher fees.

The money remaining in your everyday account is yours to spend. As long as you don't dip into your savings, you'll grow your deposit relatively painlessly.

## 2. Know market values when buying your first home

Your competitors are doing their research. They know the market can be intense, so they're entering the arena armed to the hilt with information, statistics and probably pie charts. To make sure you're paying the right price, you've got to think competitively.

Talk to a wide range of agents. In a fluctuating market, they may be more willing to offer insights into sales prices and expectations. Check out lots of homes firsthand, not only to understand list prices but to see what kind of crowd they're drawing. Go to auctions, even if you're not intending to buy. Invest in suburb profiles and historical figures so you can see how the market is changing. We can do complimentary desk top valuations for you, so let us know the address, and we can send you a report with an estimated value.

## 3. Be ready to act fast

When you find the perfect first home to buy, be prepared to act. That means having as much as possible done ahead of time, including pre-approval on your loan.

We can help get all your home loan requirements together so you can turn things around quickly. A competitive offer that's ready to go can be the difference between a casual contender and a real contender.

While it may be stressful to be up against so many other buyers, buying your first home should be exciting, even momentous. Following these tips will set you apart from the other 20%. People will watch you sign your contracts and wonder if the other guys were even at the open inspections. Victory is sweet.

Contact us for more ideas on how you can beat the pack to the pick of properties.



## Your first home: To **build** or to **buy**?

Building a new home can be a great way to get what you want – a spacious master suite, open-plan living or a place to keep your weird doll collection. On the other hand, buying something established can take out the guesswork of when you can move and what your money will buy.

There's no right or wrong answer. Both options can work for first-time buyers, and each has its pros and cons. Whether you're planning to build or buy your first home, make sure you follow our checklist for success.

### Know what your budget covers.

There's no easy rule about one option being cheaper. It all depends on the size, style and location of the property.

An established home will show you what you're buying upfront. With a building inspection and bank valuation, you'll avoid unexpected surprises and know exactly what your money is buying. It's not always so clear-cut when you're building. Be sure to look for clauses that could let the builder change the price on completion. There could be variations to the plan, delays caused by permits or weather, unreliable contractors, or last-minute upgrades to the fancy tapware you saw on TV. Plus, it means continuing to rent while the build is going on, which means every month that passes costs you real money.

However, there are other savings to be had with a new build, which we'll talk about later.

### Choose a location that suits your needs.

Outer suburbs are growing via new builds and housing estates and this can make home sites more affordable for first-time buyers. On the other hand, local facilities like transport links, entertainment, options for late-night burger runs and even shops and hospitals can be limited. Capital growth can also be slower in outer suburban areas, so you might have to stay in your first home longer before you can afford to move.

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Established homes might offer less flexibility when it comes to making a property your own, but they tend to have amenities close by. If you buy in an up-and-coming area, you'll also have the option to knock down and rebuild later (and brag to your friends about what a clever decision you made).

### Building a new house isn't always straightforward.

Besides the hidden costs of building, the actual process can be super stressful. Scope creep and budget blowouts are common, so make sure you're protected in writing. Site visits, approvals and arguing over the tiles for your splashback can be time-consuming, too, especially if you're building a long way from your current home.

If you're demolishing an existing property to build, expect to add an extra six months to your schedule. Again, get as much evidence as possible before you start. Working drawings with site boundaries, easements and inclusions could save you a lot of heartache.

### Create a home that reflects you.

Building a new property can mean a chance to tailor your home to suit your needs and select the fittings and finishes that you like. Always wanted rose gold tapware? Go for it. Laundry cupboards for days? Done. A dedicated nook for watching horror movies? You can have it.

When you buy an established home, you inherit the design, layout and even décor that suited the previous owner. Sure, you can always renovate – that's one of the joys of home ownership – but it all comes at a cost.

Fixed Rates

best in market at  
time of going to print **1.84** % PA

comparison  
rate **3.38** % \* PA

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## Your first home: To build or to buy? (Continued)

### Save on stamp duty when you build your first home.

Stamp duty is based on the value of the land at the time of sale. The more house that's on the block, the more you're likely to pay. Buying off the plan or choosing a vacant block to build on later can put money back in your pocket. That could mean funds for higher ceilings, professional landscaping, or soft plush carpets instead of the stuff that makes your toes feel kind of scratchy.

### The First Home Owner Grant.

In a number of states/territories, the First Home Owner Grant (FHOG) is now only available on newly-built homes. As a first-home buyer, any savings you make now can have a real impact on the home you can afford, and the FHOG can be tempting. But don't let it cloud your judgement. 'Free' money might appeal to you now, but taking the time to save a bit extra or making compromises on the house itself could be a better long-term strategy. Make the decision that is based on your needs rather than the availability of the FHOG.

Finding the perfect place for you means making lots of challenging – but exciting – decisions. Whether you build or buy your first home, you'll need a great home loan, and your choices can have an impact on the product that's right for you. Speak to us early on, so you'll know much you can afford to borrow and have the right loan features to make your money work harder.

#### Winners of our monthly customer satisfaction survey draws:

**Sep** - S Raes

**Dec** - S Dicker

**Oct** - Y Gade

**Jan** - D Brown

**Nov** - S Jackson

**Feb** - G Jauncey

These wonderful **imfs** clients each receive a \$100 voucher. We thank all of our clients for taking the time to complete the survey and provide us with invaluable feedback.

\*The comparison rate quoted in this publication is based on a secured loan of \$150,000 over a term of 25 years. This comparison rate is only true in this example given, and may not include all fees and charges. Different terms, fees or other loan amounts may result in a different comparison rate.

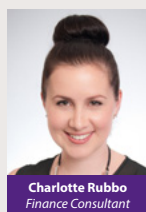
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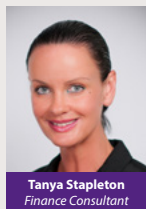
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