

ALL Home Loans

MORTGAGE *MATTERS*

Produced for clients and friends of All Home Loans (Aust) Pty Ltd

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Negotiation tips for buyers

There is room to manoeuvre in any negotiation, and property is no exception. Arm yourself with some basic buying strategies and you could save a tidy sum.

Do the numbers:

Know your market. Once you get a feel for property prices in your chosen area you can bid with confidence. Check prices on line and in the local paper, but don't stop there. Get out and see as many properties in your target area as possible – there is often a big difference between an advertised description and the actual bricks and mortar!

Count your dollars:

Before you begin your property hunt establish your bottom line. Ask your Broker to look carefully at your borrowing capabilities and establish how much you can afford to repay each month.

Remember that there are lots of additional expenses on top of the purchase price: stamp duty, legal fees and other costs all add up.

Know your opponent:

The more information you have about a seller's motivations the better your position to drive down the price. Is it a forced sale? Has the vendor already bought another property? Ask the agent why the vendor is selling – this may indicate how flexible the price is.

Start low and keep it slow:

Always begin with a low but realistic offer. In a buyers' market 10 per cent price reductions are not uncommon. There are also plenty of properties for you to choose from – and the vendor knows it. Don't get pressured into moving too quickly for comfort – keep the negotiating pace on your terms.



Money talks:

At the end of the day an agent is likely to support a bid from a buyer who has cash available. A pre-approval will always give you the edge if you are competing with a buyer without finance.

Don't believe the hype:

There's nothing an agent likes more than a number of buyers trying to out-bid each other. Remember the agent represents the seller – not you. Don't end up bidding more than you should for fear of missing out: it is better to walk away than pay above the market value.

(Source:PLAN Australia)

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Should I refinance?

Moving a mortgage from one lender to another can be a stressful and sometimes horrible experience, so you need to make sure that the end result is worth any hassle you encounter. It's a good idea to weigh up the pros and cons when considering refinancing, as the grass may not be greener on the other side of the fence. You may also want to check with your Broker to see if they have a cheaper or more suitable product in his/her suite of lenders, as refinancing or varying your loan product with the same lender may work out to be a cheaper option.

The pros and cons of refinancing

Here's a simple checklist to help you weigh up the pros and cons of refinancing a loan between lenders:

- What are the application and/or establishment fees on the new loan?
- Is a valuation on your property required? If so, what will it cost?
- How do the interest rates compare
- What are the features of the new product, and do you need them?
- Are there any ongoing fees for the new loan?
- How long will it take you to recoup the costs of refinancing through the savings made in your regular repayments?

Your Broker can supply you with all of this information at no direct cost.

It's a little known fact that many people are paying too much interest on their mortgages, and many are unsure if it is worthwhile to refinance. If you fit into this category, you can use your mortgage broker to conduct a loan check-up to see how your loan compares with others in the market. In the highly competitive mortgage market that exists today, most borrowers can save a minimum of a quarter to a half per cent in interest rate, which can equate to tens of thousands of dollars over the life of the loan.

The do's and don'ts of refinancing

- Do shop around and call your mortgage broker to help you hunt out the most competitive products in the market.
- Do check the exit fees for moving your loan from your current lender.
- Don't refinance into a honeymoon rate without looking at the ongoing rate.
- Don't get a loan product that is fully featured unless they are features that you need or will use, particularly if you are paying extra for them.

- Do take into consideration the Government fees and charges you may incur when switching your loan. You don't have to pay mortgage stamp duty on existing balances when you refinance.
- Do think about whether the new lender is someone who will be willing to help you out in the long run. Do they have products that will suit your future needs?
- Don't go to a lender with high set-up or exit costs.
- Do work out how much you will be saving over the life of the loan and put a plan in place for how you can use this extra money most effectively: paying more off the loan, or investing. Make sure the savings you make do not just get lost in your household expenses.
- Do take the opportunity to review all your loans and expenses and look at other areas where you can make savings.

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To all of our loyal clients, we extend to you our grateful thanks for your continued support throughout the past year. We also thank you for introducing your friends and family to us. It's been our pleasure to help you all.

We extend to you and our friends all the very best wishes for the festive season - May you always be surrounded by your loved ones.

We wish you all the best for the new year and we look forward to catching up with you again.

Colin, Carlo, Eric, Gus & Steve.