

Borrowers out for change as rate cut looms Time to refinance?

By CHRIS TOLHURST

ANYONE who refinanced a mortgage a year or so ago, when the big banks' variable interest rates averaged 7.8 per cent, must be wondering whether it's time to refinance again.

Home loan rates will soon be at least a full percentage point lower than in June last year following the decision by the Reserve Bank of Australia earlier this month to cut the cash rate by 25 basis points.

Many borrowers opted to refinance last winter when fixed three-year mortgage rates dipped to a then-competitive 7.38 per cent. But between November and May, the RBA cut the cash rate by 1 percentage point.

RateCity, a rate comparison web service, says that since the RBA

reduced its official rate in May by 50 basis points to 3.75 per cent, the standard variable rate has been at 6.88 per cent.

That will probably fall by only 15-18 basis points now the cash rate is at 3.5 per cent because most lenders won't pass on this month's RBA cut in full.

But with expectations of further rate cuts, more borrowers will be refinancing and focusing on variable, not fixed-rate, deals.

Demand for variable mortgages grew strongly in May, according to national loan approval data from Mortgage Choice.

A spokeswoman for the mortgage broker group, Belinda Williamson, says the RBA's May cut, combined with speculation about further rate cuts, helped fuel borrowers' appetites for variable loans.

RateCity spokeswoman Michelle Hutchison says borrowers are now much more comfortable switching their loans.

The ban on exit fees for new variable rate loans since July last year has worked to increase refinancing.

"It's likely that more borrowers will switch lenders more often than in the past," Ms Hutchison says.

If you're considering refinancing, you first need to assess your financial goals – specifically, how long you expect to stay in your home or hold an investment property.

Some people decide it's better to stay with their current mortgage, particularly if the savings are small or they plan to sell.

Being able to negotiate a new mortgage through a mortgage broker takes a lot of the hard work out of

switching, but there is still hassle involved in refinancing. Expect paperwork and credit checks.

Also be aware that when you refinance, you're not building equity. In fact, it's the reverse: you're starting at the beginning of the amortisation tables.

Amortisation schedules on principal and interest loans are structured so that almost all of your payments go towards interest in the first few years. The longer you have the loan, the more is put towards the principal.

If you want to avoid this, or lower your loan repayments for a set period, consider an interest-only loan. These offer most of the features of principal and interest loans with the benefit of lower repayments.

PROPERTY SALES

- ALFREDTON**
PS Greenedge Dr v/land \$180,000 Hocking Stuart
PS Kallioota St Rend 4rm \$212,500 Trevor Petrie Real Estate
PS Luxford St v/land \$215,000 Hocking Stuart
PS Luxford St v/land \$210,000 Hocking Stuart
- AMHERST**
PS Lillicur Rd v/land \$72,500 PRD Nationwide
- BALLARAT**
SB 206 Lyons Street South 5rm undisc Blue Ribbon Ballarat
PS Dawson St South \$345,000 Hocking Stuart
PS Eye St BV 4rm 440sqm \$320,000 Titheridge Real Estate
PS Inkerman St \$245,000 Ballarat Property Group
PS Lyons St North \$265,000 Trevor Petrie Real Estate
PS Webster St 3rm \$165,000 Ballarat Property Group
- BALLARAT EAST**
PS Maxlyn Av BV 733sqm \$295,000 Harcourts Ballarat
PS Victoria St BV \$287,500 Harcourts Ballarat
- BALLARAT NORTH**
PS Park View Ct BV 8rm 860sqm \$375,000 PRD Nationwide
- BARKLY**
PS Frenchmans Rd And Navarre rural 303525sqm \$65,000 Elders Ballarat
- BUNINYONG**
PS Delaland Av v/land 1522sqm \$200,000 PRD Nationwide
- CANADIAN**
PS Hanly Close v/land 651sqm \$155,000 Ray White Ballarat
PS Hocking Av BV \$230,000 Ballarat Real Estate Pty Ltd
PS Rattray Ct 5rm \$259,000 Trevor Petrie Real Estate
- DELACOMBE**
PS Chifley Dr 6rm \$299,950 Trevor Petrie Real Estate
PS Smythes Rd BV 5rm 780sqm \$260,000 Titheridge Real Estate
- EGANSTOWN**
PS Basalt Rd v/land \$262,000 Hocking Stuart
- GOLDEN POINT**
PS Barkly St WB \$255,000 Harcourts Ballarat
- HADDON**
PS Thomas Rd BV 20400sqm \$520,000 Harcourts Ballarat
- INVERMAY**
PS Millers Rd v/land \$370,000 Hocking Stuart
PS Silverwattle Dr v/land \$275,000 Hocking Stuart
- LAKE GARDENS**
PS Ayrvale Av BV 316sqm \$315,000 Harcourts Ballarat
- LUCAS**
PS Cahill Close v/land 606sqm \$150,000 PRD Nationwide
- MOUNT CLEAR**
PS Horwood Dr \$340,000 Hocking Stuart
PS Pindari Dr \$362,500 Hocking Stuart
- NEWINGTON**
PS Eye St WB \$240,000 Ballarat Real Estate Pty Ltd
PS Eye St \$520,000 Hocking Stuart
- REDAN**
PS Ripon St South BV \$310,000 Ballarat Real Estate Pty Ltd
PS Skipton St WB \$163,000 Ballarat Real Estate Pty Ltd
- ROSS CREEK**
PS Mitchell Rd BV 8rm 40468sqm \$268,000 PRD Nationwide
PS Stonier Rd \$380,000 Hocking Stuart
- SEBASTOPOL**
PS Damon Ct \$260,000 Hocking Stuart
PS Kent St WB 1693sqm \$311,000 Harcourts Ballarat
- SIMSON**
PS Dooleys Rd BV \$465,000 Ballarat Real Estate Pty Ltd
- SKIPTON**
PS Smythe St WB 4rm 10926sqm \$170,000 Peter McErvale Real Estate
- SOLDIERS HILL**
PS Lydiard St North WB 6rm 679sqm \$268,000 PRD Nationwide
- WENDOUREE**
PS Hyacinth Gr \$157,000 Hocking Stuart
PS Leonard St WB \$207,000 Ballarat Real Estate Pty Ltd
PS Linden Av WB 6rm 298sqm \$235,000 PRD Nationwide
PS Norman St 5rm \$255,000 Trevor Petrie Real Estate
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AUCTION: The Ballarat Colonial Motor Inn will be auctioned later this week.

Colonial Motor Inn to go under the hammer

THE Ballarat Colonial Motor Inn will go under the hammer this week.

Just seven kilometres from the Ballarat CBD, the Western Highway property features 26 motel units, 18 strata titled apartments, a restaurant, conference area and commercial kitchen, which is not currently

operating.

It also houses a manager's residence, reception area, indoor heated pool and tennis court.

Resort Brokers Australia has been appointed to auction the 1.55-hectare property on site this Thursday at 2pm.

The motel units consist of 12 studio units, four two-bedroom suites, six one-bedroom apartments and four two-bedroom apartments.

Built on two levels, the 18 strata-titled apartments comprise of 14 two-bedroom apartments and four three-bedroom apartments.

All motel rooms and apartments are fully furnished. The three-bedroom, one-bathroom manager's residence is a separate building adjacent to the restaurant and conference centre.

For more information, visit www.resortbrokers.com.au

PROPERTY ADVICE: more at www.domain.com.au

Q. Agents are displaying privacy notices at inspections that say something like: "We take your contact details for the security of the homeowner and you must provide them to enter, although we will use them as we wish, including for marketing purposes". How do I opt out of the marketing and still be allowed to inspect a property?
A. There's nothing new about agents

taking names and numbers at inspections for security reasons, but this tie-in with a marketing opportunity is going a bit far. If that marketing is for that property specifically – known as the Monday callback – then it is common for people to apply a "don't call me, I'll call you" request, but generalised marketing, such as emails and texts about coming listings, must come

with an opt-out clause.

Q. Our agent is pressuring us to sell our investment unit at an in-room auction where it will be just one of many properties. While that's more convenient for her, isn't an on-site auction a better way to appeal to buyers?

A. Yes and no. It's true the on-site auction is great for exploiting those buyers emotionally bound to the

charming, picket-fenced cottage, if that's what you're selling, but that's not necessarily what is on offer. Take your investment property. Isn't it likely to appeal to an investor? Or first-home buyer? Both of whom are often more interested in the asking price, rental income, renovation potential and any capital gains than the charming facade.

• Sourced from www.domain.com.au