

# Herald Sun

---

## Making a quick exit gets easier

- Alex Tibury
- From: National Features
- November 22, 2010 1:00AM

20 retweet



Guidance by ASIC on mortgage exit fees will ensure fewer restrictions for consumers wanting to switch / File  
*Source:* National Features

**RECORD numbers of consumers are looking to refinance out of expensive loans as a result of the super-sized rate rises slapped on to variable home loans by the major lenders.**

Guidance by the Australian Securities and Investments Commission on mortgage exit fees will ensure even fewer restrictions for consumers wanting to switch.

Mortgage & Finance Association of Australia chief executive Phil Naylor says mortgage brokers have been inundated with refinancing inquiries.

"There is no doubt consumer sentiment is building as borrowers look for ways to offset rising interest rates and shop around for a better home loan deal," Naylor says.

He says 40 per cent of consumers already use the services of a mortgage brokers.

Loan comparison website HelpMeChoose.com.au has experienced "a phenomenal jump in overall inquiries as well as those for refinancing and fixed-interest rate home loans".

Chief operating officer Justin Hanka says the lift in website traffic began immediately after the Reserve Bank of Australia's surprise rate hike announcement on Melbourne Cup day.

"We rarely see such a quick response by consumers after a cash rate decision becomes public," he says. "It's terrific to observe Australian borrowers already taking flight to home loan industry resources."

Mark Bouris, executive chairman of Yellow Brick Road, says people need to understand how they can get a better deal.

"We recommend people follow four simple steps," he says.

"Firstly, make sure you know your current home loan interest rate. Then do some comparisons it's as easy as having a look at the rate comparison table in the newspaper. "Then, if you find a cheaper home loan, negotiate with your lender and ask them to match the new rate. Finally, start to switch and save."

A survey by Mortgage Choice found 46 per cent of recent refinancers did not pay any exit fees upon refinancing.

"Also 68 per cent saw their interest rate drop upon doing so. Of these, almost one quarter (23 per cent) were saving over \$300 a month while 88 per cent were saving more than \$50 a month," says Mortgage Choice spokeswoman Kristy Sheppard.

"There is a lot of misplaced fear out there about refinancing. Depending on the current home loan, lender and loan period, most people who refinance don't pay any fees to exit their contract.

"It can also be quite a simple operation. Over four in every five of our survey respondents said refinancing was either very easy or relatively easy."

Sydney businessman John Kolenda has paid a record \$1.2 million for the phone number 1300homeloan as he believes more and more people are looking for independent advice.

His venture links customers to brokers via the 1300 number and their postcode.

They are recruiting nationwide and are looking to have 1000 brokers sign up.

"People are desperate for honest and independent advice to do with their mortgage," he says. "Consumers are faced with an increasingly complex and confusing range of options when it comes to home loans.

"There are more than 20 major lenders, 10 major broking groups, and over 12,000 brokers. No wonder they don't know who to turn to often making the decision based on cost, rather than service."

20 retweet

---

© Herald and Weekly Times. All times AEDT (GMT +11)