

Checklist for borrowers

Estimating the cost of refinancing on equity

How much equity do I have in my home now? \$

How much will I be charged to refinance?

By the lender \$

By the broker \$

Are there any other costs? \$

Total cost of refinancing

Outcome 1—Sell after 12 month loan finishes

If I sell after 12 months how much equity will I have left?

If property values stay the same \$

If property values go up by 5% \$

If property values go down by 5% \$

Outcome 2—Default and the lender sells up

If I default and the lender sells me up after 3 months how much equity will I have left after legal and court costs of \$5,000?

If my home is sold for current value? \$

If my home is sold for 10% less than market value? \$

Questions to ask the broker

- What will my repayments be under the new loan? Will they be less than my current repayments?
- What are your brokerage fees?
- What is the total amount in fees and costs I will have to pay to refinance? If you are not sure, what is the maximum amount?
- How long is the loan for? If it is only for 1 or 2 years what will happen when the loan ends? Will I have to sell my house anyway? If I have to sell my house what extra costs will I have to pay?
- Will the Consumer Credit Code apply or do I have to sign a declaration the credit is for business or investment purposes? Why do I have to sign this if the money under my first loan was used to buy my home?
- Are you a member of an ASIC-approved External Dispute Resolution scheme? Which scheme is it, and how do I contact it?