

WHY USE A BROKER?

When deciding to apply for a home loan or a pre-approval it may be an automatic decision to go straight to your bank. While this may get the job done there can be many benefits that could be missed by not visiting a broker first of all. I have selected only a few benefits of using a broker to detail in this article.

Choice – When visiting your bank, the Finance Manager will sit down with you and present the products that they can offer you. This is usually quite limited as the Bank can only offer you products which they sell. When going to a broker they have access to a panel of lenders with a range of products. Everybody's individual circumstances vary and whilst you may have only been in your job for a few weeks or can't borrow quite enough to get the property you are looking for, you can be sure a broker has access to more products than your bank has in order to see if there is a better outcome for these situations.

Lenders Mortgage Insurance – If you are borrowing over 80% of the value of the property then in most cases a Lenders Mortgage Insurance (LMI) premium will apply. This is a one off premium and is an insurance which benefits the lender not the borrower. By this I mean that it protects the lender if the borrower were to default on home loan repayments.

Different borrowers use different insurance companies and the premium will vary. By going directly to a lender you will be quoted by the insurance company that they use. As an example of this if you were looking at purchasing a property for \$400,000 and were borrowing 95% of the value of the property there is a difference in excess of **\$3,500** for the LMI premium in our panel of lenders alone. That's an extra \$3,500 that could have gone towards the purchase costs of the property, assisting to furnish the property or if it is added to the loan a further saving of thousands of dollars over the term of the loan.

Certain occupation categories can borrow up to 90% of the value of the property without having to pay LMI. Again by visiting a broker you can find out which lender would suit best in this situation otherwise again you could be paying thousands of dollars unnecessarily.

Interest Rate - By going directly to a lender you may get an attractive rate, although when using a broker they will work for you and compare rates (as well as LMI premiums).





Brokers have the ability to submit pricing requests. If another lender is offering a better deal a broker can submit a request to match or beat the rate that the opposing lender is offering.

Another example of this is a recent client case, the lender in question is a big four bank and their advertised rate on a 3 year fixed loan is 4.29%, we successfully had a rate of 3.99% approved for this client for the same product by the same bank.

In summary while going straight to your bank may be all you have considered, it may be well worth your time visiting a broker first. The broker will most likely have access to your bank as well as many other lenders and even if they cannot obtain a better rate than your bank has offered they can relieve the stress of paperwork by submitting the loan application on your behalf. Why not take advantage of the expertise a broker can offer. The best thing about it is in general a broker will not charge you a fee as the lender pays the broker.

Contact Us

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