

# A Practical Look at Refinancing Loans Perth Homeowners Should Consider

## When your home loan no longer fits, it might be time for a change

I have been around mortgages long enough to know that most people sign up for a home loan and then forget about it. They set up the direct debit, watch the repayments come out each month, and assume they are getting a fair deal. But the lending market shifts. Rates change. Your own financial position evolves. And the loan that made perfect sense three or four years ago might now be costing you more than it should.

That is where refinancing comes in. For homeowners in Western Australia, especially those looking at refinancing loans Perth options, the process is more than just switching lenders for a lower rate. It is about resetting the terms of your debt to match where you actually are today. And if you have not reviewed your loan in the last two years, there is a good chance you are leaving money on the table.

## Why people hold back from refinancing

The most common reason I hear from people who avoid refinancing is fear of the paperwork. They remember the mountain of documents from their original home loan application and assume it will be just as painful the second time around. But the reality is different. Many lenders now accept digital verification of income, assets, and expenses. The process can be completed in a fraction of the time it used to take.

Another reason is the misconception that refinancing always costs too much. Yes, there are discharge fees, application fees, and sometimes valuation costs. But when you run the numbers over the full term of the loan, the savings from a lower interest rate almost always outweigh those upfront costs. The trick is to do the math properly and factor in how long you plan to stay in the property.

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## What refinancing actually achieves

Refinancing is not just about getting a lower interest rate. It can also let you consolidate other debts, like credit cards or personal loans, into your mortgage. This can simplify your finances and reduce your total monthly repayments. But it comes with a trade-off. Rolling unsecured debt into a secured loan means you are now paying off that credit card debt over 25 or 30 years, which could cost more in interest over the long run if you are not disciplined about extra repayments.

Refinancing can also let you tap into the equity you have built in your property. That equity can fund renovations, a deposit for an investment property, or even a major purchase like a new car. But again, you need to be careful. Drawing out equity increases your loan balance and your monthly repayments. It is a tool, not a free pass.

## What to look for when comparing lenders

When I help someone evaluate [refinancing loans Perth](#) options, I tell them to look past the headline rate. The comparison rate is more useful because it includes most of the fees and charges. But even that does not tell the full story. Some loans offer offset accounts, redraw facilities, or flexible repayment options that can save you more in the long run than a slightly lower rate.

Here are a few things I recommend people check before switching:

- The break cost or exit fee on your current loan. Fixed-rate loans often have a penalty for leaving early. Variable loans usually do not, but check the fine print.
- The ongoing fees on the new loan. Some loans have monthly or annual fees that eat into the rate advantage.
- Whether the new loan lets you make extra repayments without penalty. This is a big one if you plan to pay off your mortgage faster.
- The turnaround time for the new lender. Some lenders can settle a refinance in two weeks. Others take six weeks or more.
- Whether the lender offers a package that includes a credit card or offset account, and whether you will actually use those features.

These factors can make a real difference to your bottom line. A loan that looks cheap on paper might not be the best fit for your lifestyle.

## How the Perth market influences your options

The property market in Perth has its own rhythm. Values have climbed in many suburbs over the past few years, which means more homeowners now have enough equity to refinance without needing lenders mortgage insurance. That opens up more lender choices, especially for people who bought with a small deposit a few years ago.

At the same time, interest rates have been rising nationally, which has pushed many variable-rate borrowers to look for better deals. If you are on a standard variable rate from one of the big banks, you could be paying a full percentage point or more above what some smaller lenders are offering. That difference adds up quickly.

For homeowners in Mandurah and the Peel region, the local market has its own quirks. Properties in coastal areas can be harder to value, and some lenders have stricter criteria for certain postcodes. That is where working with someone who knows the local lending landscape can save you time and frustration.

## **The process step by step**

If you are considering refinancing loans Perth, here is what the process usually looks like. First, you gather your documents. Pay slips, bank statements, and your most recent loan statement. Second, you get a valuation on your property. Some lenders do this automatically based on data, others send an actual valuer. Third, you submit the application and wait for approval. Fourth, the new lender arranges the settlement. They pay out your old loan and the new loan starts.

The whole thing can take anywhere from two to six weeks, depending on the lender and how quickly you respond to their requests. The key is to keep your current loan payments going until the new loan is active. Do not cancel any direct debits early.

## **When refinancing does not make sense**

I also think it is fair to talk about when you should not refinance. If you are planning to sell your home within the next year or two, the upfront costs of refinancing might not be worth it. Similarly, if your credit score has dropped since you took out your current loan, you may not qualify for the best rates. And if you are already close to paying off your loan, refinancing to a new 30-year term just resets the clock. You would be better off staying put and making extra repayments.

Another scenario where refinancing can backfire is when someone uses it to lower their monthly repayment by extending the loan term. Yes, it frees up cash flow in the short term. But over the life of the loan, you end up paying significantly more in interest. It is a short-term fix with long-term costs.

## **One final thought on timing**

If you have been thinking about refinancing for a while, the best time to act is not when rates are at their lowest. It is when your current loan is no longer competitive. That moment might be right now. The market moves slowly for people who are not paying attention, but for those who act, the savings are real and immediate.

I have seen borrowers cut their interest rate by over a full percentage point, saving hundreds of dollars a month. That kind of money can go towards your kids' school fees, a holiday, or just padding your savings account. You do not need a perfect credit score or a huge deposit to

refinance. You just need a loan that is not working for you anymore and the willingness to do something about it.

If you are ready to look at your options, a local broker like Wanna Finance, based at 42 Ferguson St, Wannanup, can be reached at 0413 999 286 to help you through the process.