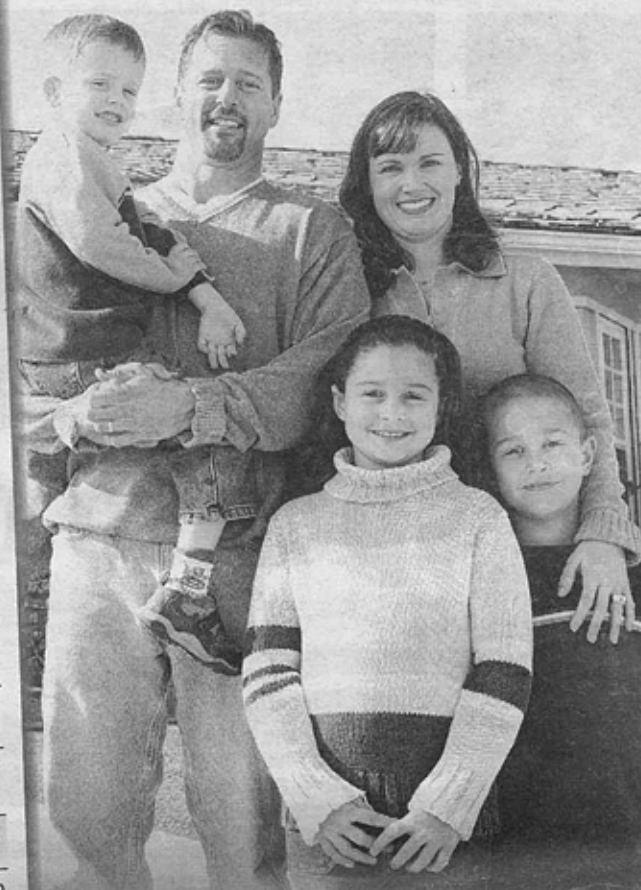


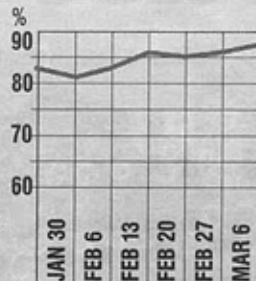
Company/product	Commonwealth Bank, Economiser Home Loan	Westpac Flexi First Option	Vic Teachers Credit Union, Basic Home Loan	Bendigo Bank, Standard Variable Home Loan
Advertised rate	6.35%	6.31%	5.82%	6.70%
Total upfront cost	\$600	\$600	\$600	\$710
Ongoing fees	\$8/month	\$0	\$0	\$8/month
Comparison rate (which includes upfront costs and ongoing fees)	6.40%	6.33%	5.84%	6.75%
Monthly repayment at current comparison rate	\$2675.89	\$2658.49	\$2538.23	\$2763.65
Total cost after 25 years at current rate	\$802,766.32	\$797,547.84	\$761,467.83	\$829,093.90
Total interest paid	\$402,766.32	\$397,547.84	\$361,467.83	\$429,093.90
100% mortgage offset available	X	X	X	✓
Additional repayments allowed	✓	✓	✓	✓
Split option available	X	✓	✓	X
Mortgage portable	✓	✓	X	✓
Lump sum repayments allowed	✓	✓	✓	✓
Payment frequencies	Weekly, fortnightly monthly			

*Compiled by RateCity.com.au on March 5, 2010.



KEY FIGURES

Private sales	686
Auctions this week	230
Sold	147
Sold before	50
Sold after	3
Passed in	30
On vendor's bid	15
Auctions last week	907
Auctions last year	133
CLEARANCE RATES	%
Overall yesterday	87
Overall last week	86
Houses yesterday	84
Houses last week	85
Flats/apts yesterday	93
Flats/apts last week	88



MARKET REPORT

YESTERDAY: PRICES SHINE, RAIN OR HAIL

TENNIS ball-sized chunks of ice falling from the sky did not stop Victorians storming the 250 auctions and posting the highest clearance rate this year.

By 6.30pm agents had reported the results of 230 auctions, of which 87 per cent sold.

This compares with 133 auctions and a clearance rate of 74 per cent on Labour Day weekend last year.

Four bidders fought for a four-bedroom, Cape Cod-style house at 19 Church St, Canterbury, that sold for \$1,396,500 — almost \$300,000 above reserve.

"It was a small block of land, only 584sq m, but yes, potentially (the buyers will rebuild on the site)," Fletchers director Tim Heavyside said.

"This result reflects the heat of the market."

"People know if they missed out today they are going to have to pay more next week because of the rising nature of prices in the market."

Agents reported big crowds at open-for-inspections ahead of the next two weekends, which will see almost 2000 auctions held.

Parkinson Property successfully beat five rivals to buy a run-down, four-bedroom Victorian at 91 Cruikshank St, Port Melbourne, for a local couple. The property was on the market at \$1.06 million and sold for \$1.23 million.

Vendor advocate Frank Valentic helped a client sell 11/16A Cromwell Rd, South Melbourne, for \$623,000 — \$88,000 above the asking price.

"They were pretty happy after only owning it a couple of years," Mr Valentic said.

Barry Plant's James Hatzimoisis said a two-bedroom house at 12 Broadmeadows Rd, Tullamarine, went on the market at \$470,000 and sold for \$605,500.

Save on loans

CAROLINE JAMES
Key editor

Shop around for the best deal on your mortgage

IF YOU need proof that shopping around for home loans pays off — here it is. We asked an online mortgage comparison website to compare four lenders' off-the-shelf rates — two big banks and two smaller players — to find out if borrowers who browse banks can save big money over 25 years and, if so, how much. The short answer is yes.

NUMBER CRUNCH

According to RateCity.com.au research, someone who borrows \$400,000 stands to save almost \$70,000 by 2035 by reviewing like-for-like loans and choosing one with the lowest rates and no ongoing fees.

Our findings clearly show Victoria Teachers Credit Union is the standout winner. But this result is based on a comparison of only four lenders' entry-level products. And, via the web, it is possible to compare hundreds of lenders' products.

DIY home loan comparison tools will appeal to homebuyers who do not want to waste time contacting myriad banks for rates data and those who do not want to see third-party brokers.

RateCity and InfoChoice reputedly have the most home loan data in Australia linked to their websites.

RateCity monitors more than 250 lenders and more than 1300 home loan products, says chief executive Damian Smith.

InfoChoice compares more than 100 lenders, a spokesman estimates.

TIME FOR A STOCKTAKE

This week homeowners copped the rate rise most experts saw coming.

The Reserve Bank lifted the official cash rate by 0.25 per cent on Tuesday to 4 per cent, adding about \$60 each month to the average \$400,000 retail home loan.

The good news is it is not too late for homeowners to review their mortgages.

Whether a prospective first-time buyer, established homeowner or experienced property investor, the most overlooked way to save on real estate is to pay less for the money on loan.

"People agonise over paying an extra \$5000 at the time of a home's sale, but often do not see the huge savings they can have

out there... even if you decide to personally go to the banks you should at least go armed with information about fees and charges that can help you haggle the best deal possible."

SO IS BIG THE BEST?

Not necessarily.

While the big four banks — Commonwealth, Westpac, National and ANZ — typically offer the widest range of home loan products and some of the lowest advertised rates, crunching figures shows they can be beaten in the long term, Mr Smith suggests.

"When I look back at our

meaning it cannot be moved from one property to another.

But it does have perks similar to equivalent CBA and Westpac loans including penalty-free lump sum payments.

Critically, its interest rate beats its closest rival in our study by about \$36,000 in saved interest payments.

Fellow niche player Bendigo Bank, with its Standard Variable Home Loan, does not fare quite as well. RateCity's comparison shows a homeowner making minimum payments will pay interest worth almost \$430,000 by 2035.

"Bendigo Bank does have other products with lower rates,

to annually compare their home loans to a cross-section of rival products.

He agrees "breaking a fixed loan can be problematic" because of steep break fees.

"There was a brief period last year when the variable rates were so low you may have broken and still come out ahead — that time has now passed," Mr Smith reflects.

"Having said that, break fees are very different from loan to loan so do the sums before ruling it out.

"And in the case of a variable rate loan, it is definitely worth thinking about."

KNOWLEDGE IS POWER

The best way to get the most from your home loan is to know your figures.

Work out what matters most to you — interest savings will usually seal the deal — and strip out all the extras.

If you do want an extra, such as an offset account or penalty-free redraw facility, go to prospective lenders with comparison data and negotiate these mortgage features.

Ask lenders to include these extras free while matching rivals' interest rates.

"You can point to it (data comparison report) and put it to lenders that 'X-lender has no upfront fees, can you better that?'" Mr Smith says.

"Those are the kinds of questions you should be able to ask your bank and the more information you can arm yourself with, the more you can haggle a better deal.

"There are plenty of people you may want to give money to in your life, but giving it to the banks is not usually one of those people."

Smaller banks are far more aggressive with their rates... and offer a lot of the same features as the big banks

simply by finding the most competitive home loan," Mr Smith stresses.

The comparison site boss says "the magic of compound interest" means homeowners with mortgages can "easily" save \$20,000 or more over the period of a home loan if they find a lower rate with fewer extra costs at the start.

"If you told someone they can save \$25,000 on a home purchase simply by driving around for a few hours comparing houses, they will do it without question.

"The same savings apply when comparing home loans.

"Ten years ago it would have been extremely hard to compare like-for-like products.

"Today there is plenty of data

search results over time, it is consistently not the big four who come out on top and the big four acknowledge that," Mr Smith says.

"The big guys do not have a strategy of having the lowest interest rates.

"They jointly have about 80 per cent market share and because of that people naturally assume they will be cheapest.

"But the smaller guys are willing to be far more aggressive with their rates."

Victorian Teachers Credit Union's Basic Home Loan, which has no ongoing fees and the lowest upfront fee of our four scrutinised home loans, had both the lowest advertised and comparison rates on Friday. This loan is not portable,

but in an effort to show comparative products we picked ones you can choose off the shelf," Mr Smith explains.

"While the differences in upfront costs may not appear huge, if you know about them you can negotiate waiving fees and in one year alone you will save about \$1000.

"These days a lot of the smaller guys offer a lot of the same features as the big guys — the gap is definitely shrinking."

BREAK LOANS, NOT HEARTS

Talk of saving thousands of dollars in bank costs is heartbreaking for anyone committed to a home loan — but do not give up hope.

Mr Smith advises borrowers