



FINDING THE BEST FIT: Getting the best home loan deal can be a complicated and tedious process, but an increasing number of mortgage consultants are available to help you decide.

Helping you find the right home loan

Mortgage consultants work with various banks to offer independent advice to prospective home buyers

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WHETHER you are looking to borrow for a new home or to refinance an existing housing loan, a new breed of professionals known as mortgage consultants may be able to assist you.

Professionals who advise homebuyers on the financing of their properties appeared in Singapore about two years ago, when the Mortgage Industry Association of Singapore was set up, said Ms Annie Lim, managing director at mortgage consultancy Global Creatif Financial (GCF).

GCF is also the official trainer for the recently introduced Accredited Mortgage Consultant (AMC) certification. The first batch of 150 AMCs received their professional certificates in March this year.

Mortgage consultants work with various financial institutions to offer independent advice to their customers. Currently, GCF works with six local financial institutions and four foreign qualifying full banks.

"There may be companies claiming to be mortgage consultancy companies, but do take caution. Some are merely booking the home loan business for specific banks," she told TODAY in a recent interview.

One way mortgage consultants can help you is to consolidate all your existing loans in order to find best interest rate for the pooled debt.

For example, you may have five credit cards with a total outstanding balance of \$30,000 attracting an annual interest rate of 24 per cent. If your property financing allows you to borrow more, the excess funds from the mortgage loan can be used to pay off all the credit card bills, explains Ms Lim.

"Mortgage loan interest rates are usually, if not always, lower than credit card interest rates," she said.

Secondly, an AMC can help you to maximise equity from your property, by freeing up the money tied in the mortgage to better invest the funds elsewhere.

Ms Lim related the case of a client who decided to re-mortgage his fully-paid up property to the bank. The client decided to take out the money in the form of a \$5-million term loan with an interest rate of 3 per cent, in the hope of re-investing the funds at a higher rate.

AMCs can also help you to save time on shopping and comparing various home loans in the market. There are nearly 100 different home loan plans currently available.

"Most people don't have the time to go to ten banks to compare ... we are a one-stop shop with access to information from all the banks. Every week, our research department does competitive analyses of these products," she added.

Mr Kevin Lam, Head of Loans at United Overseas Bank (UOB), agree that AMCs serve to supplement the bank's internal sales force. "Accredited mortgage consultants (AMCs) refer their clients to UOB. They therefore are not competing with internal loan sales staff as their referrals bring in additional business volume for the bank," he said.

The service is free for the consumer, as the institution from which he or she chooses to take the loan will have to bear the cost of the service, said Ms Lim.

Given that getting the best home loan deal can be a complicated and tedious process, she expects the number of AMCs

in Singapore to increase to about 300 to 400 by the end of this year.

"Unlike some consumer products such as credit cards and overdrafts, home loan products tend to be a lot more complicated and the implications for the client is for a much longer time frame.

"Hence, it is not a situation of selling a product off the rack,"

she said.

However, not everybody feels that AMCs are necessary. Consumers can look up and compare loans on websites such as DollarDex, or from other channels when they shop for loans, said Mr Benedict Koh, Practice Associate Professor of Finance at Singapore Management University.

"Laymen who are unfamiliar with intricate issues involved in getting a housing loan can also seek help from financial advisors in banks, insurance companies, independent financial planning companies or broad-based accredited mortgage consultants," he said.

Alternatively, consumers can go to the banks and ask for the effective interest rate on their loans. It is the interest quoted on an equivalent monthly-rest loan with identical tenure and amount. Effective interest rates allow borrowers to compare the attractiveness of various housing loans from banks.

Professor Koh advises borrowers to know exactly how banks charge interest on the loan, so that they would not have to pay for unnecessary interest expenses.

"Sometimes, interest accrues even before the full loan is disbursed," he said.

WHAT THEY OFFER

- Save time on shopping and comparing different mortgage plans from various banks
- Help find the best loan package, rather than what appears on the surface to be the cheapest
- Link prospective homebuyers with conveyancing lawyers
- Attain better refinancing terms for existing home loans
- Help with debt consolidation
- Help maximise the equity from your property