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# Big banks cut rates for property buyers



Big banks are aggressively competing for home buyers.



by [Duncan Hughes](#)

Commonwealth Bank of Australia and National Australia Bank are aggressively attempting to build market share in lucrative home loans with new offers to their broker networks.

CBA has told brokers it will beat any advertised one to five year fixed rate home or investment loan interest rate from major rivals

Westpac, ANZ or St George.

NAB is offering brokers a discretionary pricing offer, a variable rate of 4.32 per cent for new Homeplus principal and interest variable rate loans where the lender is an owner-occupier with an 80 per cent loan to value ratio (LVR).

Rates on a Homeplus principal and interest loans between \$250,000 and \$750,000 with an 80 per cent LVR are around 4.64 per cent.

"Competition is alive and well in residential lending. They are fighting for market share. These new offers look competitive but borrowers need to check fine print on rates and fees," said Christopher Foster-Ramsay, managing director of Capital Home Loans, a mortgage broker.

For example, many lenders charge a large break fee for exiting a fixed rate, especially if rates have fallen since it was taken out.

Brokers are expecting Westpac and ANZ to launch counter-offers.

CBA's major competitor across the various fixed rate terms is likely to be NAB,

according to an analysis of rates by Canstar, a researcher that provides comparative rates.

CBA's current rate on a five-year fixed investment loan for \$500,000 of 5.04 per cent with a 80 per cent LVR is higher than NAB and Bank of Melbourne, which is a division of Westpac.

For the equivalent residential loan, CBA's 4.74 per cent is equivalent to ANZ and higher than NAB.

"Borrowers need to think outside the Big Four," said Justine Davies, a Canstar commentator. "It's a great marketing

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for example, lowest five year fixed rates on offer from smaller lenders are around 4.39 per cent.

NAB's 4.32 rate is also a competitive rate compared to the other majors. But more than 10 smaller lenders, such as Homestar, Bank Australia and Queensland Police Credit Union are advertising rates below 4 per cent, according to Canstar.

Fourteen lenders have recently increased loan-to-value ratios or slashed investor rates by up to 30 basis points.

But borrowers face tougher scrutiny of their capacity to repay, such as reviews of income from all sources, other debts, expected rental from investment properties and the impact of higher rates on family markets.

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