

Top 7 Things you should know before applying for a Home Loan



Applying for a home loan, whether it's your first purchase or an addition to your investment portfolio, can often feel daunting. However, understanding the essential steps to take before submitting your application is key to ensuring a successful outcome.

Here, we outline seven crucial considerations that can help you prepare effectively for your loan journey. Remember, we are here to assist you every step of the way, so don't hesitate to reach out for personalised advice.

■ Get Your Finances In Order

Reducing your available credit can improve borrowing capacity so it may be necessary to reduce or in some cases cancel unused credit cards or store cards. You don't need to do this prior to an application unless we advise you to do so.

■ Maintain A Good Savings/Payment History

To secure a loan, lenders typically require at least three months of documented savings. This evidence must reflect genuine savings, not just funds gifted by family. If you're renting, regular on-time rental payments can also demonstrate your reliability as a payer.

■ Be Aware Of Your Spending Habits

Lenders have access to sophisticated technology to evaluate your spending habits. It's wise to ensure there are no unnecessary expenditures at least three months before applying for a loan.

All lenders expect you to detail your living expenses into categories and this information will be collected by us prior to an application. Some of these expenses such as Private School Fees, Private Health Cover and Personal Insurances are treated as liabilities and so having the correct amounts for these types of expenses is important. The lender will be allocating living expenses to you at the time of application but if your declared living expenses are lower than their benchmark we generally need to provide some commentary on this.

Buy Now/Pay Later facilities such as Afterpay and ZipPay can have a negative impact on your application. If you have a limit on one of these facilities it will be treated the same way as a credit card. If there is no limit on this type of facility we generally suggest that it is closed prior to an application being made. Some banks also have Buy Now/Pay Later facilities on their bank account products – these are visible on your credit file and will need to be included in the application.

■ Check Your Credit Rating

Understanding your credit health is paramount. We suggest that you obtain a copy of your current Credit Report via www.mycreditfile.com.au. A free report is available every 3 months. We will send you a link to complete this when we collect the other information we need to complete your pre-assessment process. Consider reviewing your credit report for any inaccuracies or issues that need addressing.



■ Attend To Credit Repair

If you've defaulted on payments, this may be reflected on your credit file. We can refer you to a credit file repair company who may be able to rectify your credit profile. This may improve your chances of securing a loan if you have defaults on your file.

Your credit report not only contains defaults but also repayment history on most loans and credit facilities. The repayment history is just as important as the absence/presence of defaults so make sure this is accurate as well, and contact the lender if you feel that it is incorrect

■ It Is More Than Just Your Deposit

Beyond the deposit, various costs must be accounted for in a property settlement:

- Upfront Costs
- Lender Fees
- Stamp Duty
- Legal Fees

We can assist you in estimating the total funds required to ensure you're prepared.

■ Gather All The Required Documents

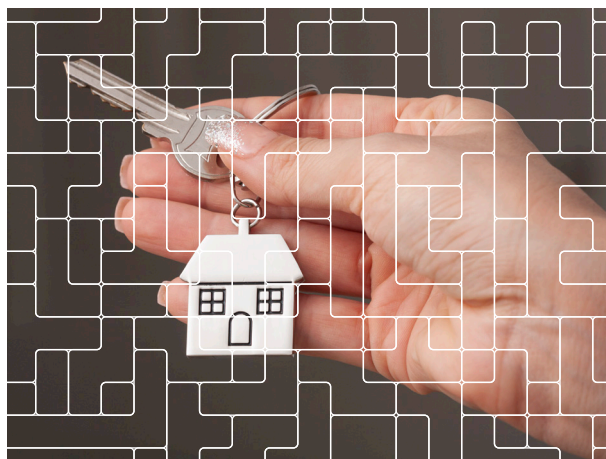
Streamlining your application process starts with collecting essential documents, including:

- Proof of ID (passport, birth certificate, driver licence)
- Employment Verification (pay slips, tax returns)
- Bank Statements for savings
- Debt Documentation (credit card statements)
- Proof of Assets (council rates)
- Rental Statements if applicable

Starting this collection early will make your application process smoother.

Finally

Before you begin house hunting, we can pre-qualify you for a Home Loan. This not only clarifies your borrowing capacity but also helps identify any potential obstacles to your approval, such as high debt levels or a low credit score. Keep in mind that pre-qualification is an indication only, and you will still need to go through the formal application process.



Are you ready to take the next step in your journey?
Feel free to reach out for tailored advice concerning your situation,
it's what we're here for!



Your Lending Experts

Do it once. Do it right.

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