

5 Tips to Set You Up For Your Home Loan

Many Australians will be looking to buy property, but what happens if you fall in love with a home and then discover the bank won't lend to you? Even worse, what happens if the bank turns you down and it's your fault?

Here are 5 tips to make sure you are properly set up for that home loan.

1. Check your credit file

Some of my clients were recently declined by a mid-tier bank because they had a couple of gas payment defaults on their credit file. Trouble is, this was the first that my clients knew about it because the defaults related to their old home. Thankfully, we got them approval with lender – but it took a lot of work.

All the stress could have been avoided if they had checked their credit file before they applied for a loan. The good news is, it's free to check your credit file, check out the details on www.mycreditfile.com.au

2. Get your savings in order

Lenders like to lend to people who can show they are responsible with money. So, they like to see money in an account for at least 3 months without the account holder having succumbed to the temptation of spending some of it. If say, a relative is going to help out with the deposit, then holding the cash in your account for some time before you apply for a home loan makes it so much easier.

3. Pay your bills as soon as possible

When you apply for a home loan, the first thing a bank does is check your credit file. Once upon a time, the credit file just showed if you were in default or had made too many credit inquiries. Now, under a new law, credit files can show who is a prompt payer. So from now on, it's in your interest to pay any bill as soon as you can.

4. Reduce your credit card limit

It might boost your ego to have a platinum credit card with a \$30,000 limit, but do you need all that money? When the banks are assessing how much they will lend to you, they will take that credit card limit as money already lent (even if you pay it off every month). As a result, they may well reduce how much they will lend you based on that limit. You may want to reduce your credit card limit if you don't need all that money. Banks have been known to first request clients to reduce their credit card limit, before giving a final loan approval.

5. Know your limit

Not all banks are the same. For example, if you were a brand new customer and you walked into an ANZ branch then the most they would lend you is 90 per cent of the value of the property (others may go up to 95 per cent) – even if you are a multi-millionaire (it's just their policy).

You could be a good home loan candidate. But if you just go to your own bank because you think that all banks are the same, you could be in for a shock. Good brokers know what each bank's lending policy is and now where you are most likely get home loan approval.

For further information about how 1300whatloan can help you with your Home Loan, then why not 'spring' onto our website <http://www.1300whatloan.com> and fill out a contact form or call us on 1300 942 856 for further information about how we can assist you to get your home loan.