



Clear Options Finance

BOOK A TIME TO CHAT

# TOP 5 TIPS TO SECURING YOUR HOME LOAN

Are you looking to purchase a home? That's an exciting time! It does however require a bit of planning. That's why we have prepared the following 5 tips to help you to make the strongest push into home ownership possible.

## 1. PREPARE YOUR FINANCES FOR A MORTGAGE



Live like you have a mortgage well before you apply for a loan. Don't spend your money on non-essentials, like eating out, instead tuck the extra away into savings. That thrifty attitude will look great to a lender.



Lenders love to see a consistent savings pattern! If you have a healthy pot of savings and can show regular rent repayments, you look like a much less risky candidate for the lender!



Look at where you spend your money - your lender is going to! Lender's have to meet certain responsible lending standards to ensure they don't lend money you can't reasonably repay. If they see too many financially unhealthy habits like gambling, eating out or blowing sums of money more than just the odd indulgence, you may be viewed a little less favourably as a customer.

## 2. MAKE SURE YOU HAVE THE INCOME TO REPAY THE LOAN



Have a think about what is a comfortable amount to spend on a home. So many overstretch themselves to the point where they can only just manage their repayments. That means no spare for the fun things in life!



Consider where you are in life. If you're in the early stages of your career with lots of income upside either through promotions or incremental pay increases, go for it. As you earn more money you'll either be able to invest in the property, pay down the debt quicker or improve your living standards.



If you're at the stage in your life where your income has plateaued with little expectation of a salary increase, then be thoughtful about how much debt you want to be in & your ability to pay it down.



Will your circumstances change? Are you looking to get married or start a family? Do you want to travel or even cut your working hours down? Overstretching on your mortgage can put a spanner in these plans. It's wise to invest in a good financial planner who can guide you on funding these big life events

## 3. SETTLE YOUR OTHER DEBTS IF YOU CAN



Most lenders have limits on how much debt they can allow their customers to operate under. As a guide (each lender is different) every \$10,000 of credit card limit can mean \$40-50,000 less borrowing capacity.



If you can't clear your credit card, have you considered dropping the limit down? Dropping your limit can free things up and allow a higher borrowing limit for your new home.



Clear Options Finance

BOOK A TIME TO CHAT

## TOP 5 TIPS TO SECURING YOUR HOME LOAN

Are you looking to purchase a home? That's an exciting time! It does however require a bit of planning. That's why we have prepared the following 5 tips to help you to make the strongest push into home ownership possible.

### 4. DON'T APPLY TO MULTIPLE LENDERS IN THE HOPE OF APPROVAL



It's all too common a story. "If I apply to a heap of lenders, surely one will say yes, right?" Wrong. Applying to multiple lenders has an effect on your credit report as it is noted every time an application is made. This raises red flags for many lenders and can negatively effect your credit score.



Your best asset is research. Find your ideal lender in terms of what meets your needs for the most competitive price. Every little bit counts when it comes to interest however, don't get drawn to the lowest rate. You may find they charge crazy fees instead that end up costing you more money.



Always put your best foot forward. Spend the time to create one strong and articulate application to your chosen lender. List your assets and liabilities clearly and fully understand your finances before applying. Seeing that you are in control and know your stuff will give your lender a greater sense of comfort in you.

### 5. THINK ABOUT YOUR FUTURE



Nobody is expecting you to look into a crystal ball and pull out the answers. We all know life is never certain and circumstances change. My best advice has always been to prepare for the worst & hope for the best. Always craft a safety net for yourself and you will have greater financial security.




Today's lenders are a pretty clever bunch underpinned by some great technology. One of my favourite options now available in some lending products is the offset account. Putting money in your offset account instead of making extra repayments gives you that little extra flexibility as a rainy day fund whilst still making a difference in your interest repayments the rest of the year.

### BONUS TIP




Speak to a reputable and accredited broker! A mortgage broker is an industry professional poised with the experience, knowledge and industry contacts that can help streamline the research and application process for you. A broker is legally obliged under the "Best Interests Duty" to ensure they operate ethically and in your best interest with any financial solution they present to you. With the thousands of products from hundreds of lenders, having the right guide can make a huge difference. At Clear Options Finance, we believe in working with each and every client to take the hassle out of finding a home loan. If you'd like to apply or would just like to learn more, call us today.

For more information, get in touch today!

 0478 732 343

 [info@clearoptionsfinance.com.au](mailto:info@clearoptionsfinance.com.au)

 [www.clearoptionsfinance.com.au](http://www.clearoptionsfinance.com.au)

Credit Representative Number 502207 is authorised under Australian Credit Licence Number 384704.