

Applying for a loan

All lenders are likely to ask for the same information. If you're approaching a lender for the first time you'll need to be 'identified'. When you apply for a home loan you have to show identification up to the value of 100 points. A driver's licence earns 40 points, a credit card can earn 25 points and a birth certificate 70 points. Only original documents qualify.

It's not unusual for a home loan application form to take up to ten pages.

Your lender will want to ascertain your:

- capacity to repay,
- financial risk,
- collateral (will the property you are buying be adequate security for the amount borrowed?), and
- existing assets.

You will also be asked:

- if you have dependent children,
- how long you have lived at your current address,
- what you owe and own,
- your personal insurances, and
- your credit card details.

It is compulsory to have:

- your two most recent pay slips,
- group certificates for the past two years, and
- documentation from your employer detailing income and length of employment.

Have you had a change of name?

If you are a couple preparing to apply for your first home loan together it is equally important that all required documentation reflects your new marital status and/or any change of name.

As a minimum you will require 100 points of ID **in your new name** including:

- Marriage Certificate
- Medicare card
- Driver licence
- Passport etc

While not a requirement it is recommended you have the documents certified to avoid delays once they are in the lender's hands.

Are you self employed?

Self employed applicants should provide their past two years' tax returns or past two years' financial statements and accountant's details. Some institutions may even ask for a profit and loss statement certified by a registered accountant.

Also needed are:

- savings details,
- bank statements including transaction, saving or passbook accounts,
- investment papers including managed funds or term deposits,
- details of personal loans, car loans, credit cards or charge cards, and
- tax liability if self-employed.

Details of life insurance policies and superannuation as well as approximate value of other assets such as furniture and jewellery should also be included.

Loan approval

It is best to have your loan pre-approved before you make any offers. Knowing that your finance is pre-approved will mean you are able to concentrate on a price range and give your full attention to the purchase. Remember that a vendor may also accept a lower than advertised price knowing that your finance is organised. They may want a quick and hassle free sale. Once your loan is formally approved, we arrange mortgage documents for you to sign. We will go through the mortgage contract with you to ensure you understand the contents.

It is essential you contact your finance specialist to discuss the process BEFORE lodging any loan application documents.