



Secure Your Home Now In 5 Simple Steps

Finding your dream home or an ideal affordable investment property is tricky at the best of times, but in this fast-paced market it can be even tougher. But all is not lost. We reveal how you can increase your chances of successful home ownership.

Why is the market so attractive to buyers right now?

New loan commitments have taken a sharp rise during the first months of this year – with the sharpest being with owner-occupiers¹. This demand has been reflected in higher auction clearance rates in many Australian capital cities.

Contributing factors for this demand include:

- record low interest rates (not expected to rise until 2024?!
There is much speculation of late though)
- buyer incentives (first home buyer owner-occupier grants, 5% deposit and no lenders' mortgage insurance under the First Home Loan Deposit Scheme, plus other lender and government incentives)
- fear of missing out (FOMO), and
- the 'escape from the city' trend we are seeing.

and it's little wonder some buyers are finding it challenging to buy their dream home.

But if you are one of the two-thirds of Australians who believe it is a good time to buy³, then we have five steps you can take now to nudge out competing buyers and secure your new home sooner.

Serious about buying? Then..

- 1. Gather all your important information** – Daily living expenses, income (salary, money from investments and rent), a list of your assets, savings, shares, vehicles etc and debts (credit cards, loans and buy-now-pay-later accounts).
- 2. Consider the type of property you plan to purchase** – Consider the type of property you would like to purchase (home, unit), the nature of the purchase (home versus investment), the locations you would consider and the features and inclusions you desire (pool, number of bedrooms, views, etc). Once you have determined all of these you will be well positioned to determine the likely market values of similar properties and other financial considerations, eg possible rental if for investment, strata fees, council rates.
- 3. Review your credit report and score** – Your credit score is based on financial and personal information in your credit report. Lenders use your credit score to decide whether they will lend you money. Knowing your credit score can help us negotiate a better deal for you. **The higher your credit score, the more chances a lender will offer you a home loan.**
- 4. Approach your mortgage professional (us!)** – Mortgage brokers are legally required to act in your best interests under a new 'Best Interest Duty' (BID). BID does NOT apply to banks or other lenders who will only offer you their own loan products which may be limited when compared to the many other choices available in the market. With the above information you have collected, we will be in a position to determine the



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likelihood of loan approval and be able to consider who best to approach for a loan and the loan products available.

5. Obtain pre-approval – This could be the clincher!

Having selected a lender and appropriate loan product we can assist you in obtaining a pre-approval. Pre-approval for a home loan is not essential, but it can potentially be the make or break when securing your home loan. Why? It establishes your financial position with your lender and indicates how much they are willing to lend to you.

While a pre-approval is NOT binding and usually stipulates conditions, it can give you more confidence before committing to a sale or bidding at auction. It is especially important to know your limit at an auction as auction bids are legally binding. A pre-approval may also allow you to move more quickly in a 'private treaty' scenario as the lender has in effect already started considering your loan approval. This could place you ahead of your competitors who may not have started the process.

But beware, most lenders' pre-approvals are only valid for between three and six months. It is best to only seek a pre-approval when you are serious about buying. It is important to note that a loan pre-approval is a 'hard enquiry' and can affect your credit score if requested multiple times.

Did you know there are two types of pre-approval?

1. You may have heard that **system generated** pre-approvals can be quicker, but there are risks. They are not always accurate and can often come with more terms and conditions.
2. We prefer to help our clients through the **full assessment** pre-approval process with the lender. A much more thorough process, the lender assesses your finances and completes a credit check (although a lot of lenders aren't doing full assessment pre-approvals at the moment).

Picture this: you have followed steps one to five above, you have secured a pre-approval from your lender AND you have your deposit ready. This is attractive to motivated vendors and real estate agents and could put you a few feet ahead of other potential buyers.

A pre-approval could give you the edge in securing your dream home or investment! Still not convinced? Read our guide to the pros and cons of pre-approvals.

In this active property market where some borrowers are facing (sometimes lengthy) delays with home loan approvals, it is important to follow these five steps to make it as easy as possible for you to secure your home.

We have experience dealing with many lenders and products and understand the nuances of their application processes and lending practices. We will guide you through the process and will always act in your best interests.

Sources

1. Lending indicators, January 2021 | Australian Bureau of Statistics (abs.gov.au)
2. RBA nails 0.1pc cash rate until 2024 (afr.com)
3. Most Aussies believe now is a good time to buy property, but are they right? (domain.com.au)

Contact us to read about the 'Pros And Cons Of Pre-approvals'.

