

## **The West Australian**

### **Maximize your appeal to lenders**

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Securing finance to buy or build a home has become increasingly difficult and tightened criteria mean lending institutions are knocking back more mortgage applications.

Potential homeowners can take steps to maximize their chance of securing finance and minimize possible rejection by the banks.

**MyRate.com.au** is an online information resource and direct mortgage lender funded by ING Bank (Australia) Limited, and managing director Kevin Sherman has tips to help applicants avoid rejection:

- The most important aspect of a home loan application is the deposit. Most lenders expect at least 5-10 per cent and a strong savings history.
- If you have servicing issues, such as not having a steady income or being on work probation, discuss with the lender before they run their credit check.
- Find out whether the property you want to buy will be considered suitable by lenders. Ask the estate agent for a "pending finance approval" clause in the contract of sale — and a cooling off period to search for alternatives if necessary.
- Ensure there are no credit-history issues that may raise suspicion when your application is assessed. A late payment on an account could put doubt in the lender's mind. People with credit-file defaults should try to save a 20 per cent deposit.
- Be organised and over-prepared — you'll come across as a great candidate if you can demonstrate your ability to repay the loan.

Broking firm The Mortgage Gallery has 25 branches in WA, working with more than 20 banks and other lenders to help people find the right loan for their needs, and managing director Ryan Dhue has advice to give borrowers the best chance of securing housing finance:

- People looking to borrow need to save. Proving a history of saving is an important factor in securing a home loan. Saving 10 per cent of pre-tax income is vital.
- Eliminate credit card debt — it's expensive and something you don't need when applying for a home loan and planning to pay a mortgage.
- Be thorough. Working with a broker will help you gather correct documentation. Provide all necessary information and be absolutely truthful to avoid delays.
- Understand how much you are able to borrow and what type of loan you need. A broker can be sure you apply for relevant products and amounts.
- Understand the market. Lending criteria have tightened. A broker can provide information to help you make the best decisions and apply for the right products.

Potential homeowners can take steps to maximize their chance of securing finance.