

Getting your budget under control and your finances in order is essential for anyone preparing to apply for a home loan especially first-home buyers taking their first step into the property market.

Taking the time to review your financial position and set up a clear, realistic budget can make the loan process smoother, faster, and far less stressful. Here are a few key things to consider to get financially fit for your home loan application:



✓ REASSESS YOUR BUDGET AND GET SERIOUS ABOUT YOUR SAVINGS!

Applying for a home loan, particularly as a first home buyer, it is important to understand your financial situation and establish good savings habits. Lenders will want to see a history of regular savings so you need to take a realistic look at your spending habits and create yourself a budget to ensure your savings will grow at a steady rate.

✓ WORK OUT HOW MUCH DEPOSIT YOU'LL NEED AND SET YOURSELF A SAVINGS TARGET

Set yourself a savings target and stick to your budget. Work out how much you need for a deposit and set your goal. It's recommended that you have a deposit of at least 5% of the purchase price, however if you can possibly save 20% of the purchase price, you'll avoid paying Lenders Mortgage Insurance and get yourself off to a great start!

✓ MAKE AN ACCURATE ASSESSMENT OF ANY DEBTS AND ONGOING EXPENSES

Lenders assess your creditworthiness on the amount of money you already owe, your ability to repay your debts and your capacity to take on more debt. Paying down any credit card debts or personal loans prior to applying for your home loan will improve your borrowing capacity and give you the best chance of loan approval when you apply.

✓ IF YOU HAVE A LOT OF DEBTS, THINK ABOUT CONSOLIDATING THEM

If you take stock of your debts and realise you won't be able to pay them all off anytime soon, it's a good idea to look at ways to reduce your interest liability. Credit cards, and short-term personal loans all carry high interest rates, making them difficult to pay down. Getting your finances in order may mean it's time to consolidate your debts.

Consolidating your debts means rolling all your debts into one, usually using a loan that has a lower interest rate. This can save you money on interest payments, which is money you could use to pay off your debts faster. It could also allow you to spread your repayments over time, making them more affordable.

✉ CONTACT US

Remember, we're here to help you get your finances under control so you can save your deposit and get into your new home sooner.

