

# Discover the 7 secrets of buying your first home sooner



## Tired of renting?

Buying your first home can be a daunting task, but follow a few simple steps and you could be opening the door to your dream home sooner than you think.

### 1. Saving

Stop procrastinating and develop a regular savings plan. Lenders like to see that you are able to put money aside on a regular basis. Consider setting up an online high-interest account or if you intend to save for at least four years you could take advantage of a First Home Saver Account where the government contributes additional funds to help you reach your deposit target sooner.

### 2. Stability

As a loan is a long-term commitment, lenders prefer applicants with stability in their personal and financial situation. A consistent income, employment history and living arrangements are viewed favourably by lenders as they mean the borrower represents a lower risk.

### 3. Serviceability

When you borrow significant sums it is important you are able to service the debt at current interest rates as well as in the event rates increase. To free up cash flow, try to pay off any personal loans and credit cards before applying for your home loan. If you have credit cards, be sure to have a sensible limit because lenders have an obligation to assess your application using the limit on your credit card, not the balance.

### 4. Be creditworthy

Pay your bills on time! A lender will check if you have any black marks listed on your credit history. If you have a mobile phone, a credit card or any type of repayment obligation, be sure to keep up with the repayments. If you are having trouble, contact the institution as soon as possible to advise of your circumstances.

### 4. Family help

In certain instances, applicants don't need to prove their savings history - but it always helps. Some lenders will accept a relative's property as additional security for a loan. This means that there may be no need to have a deposit. The extra property will provide the equity needed for the lender to be satisfied with the risk associated with not having a deposit.

The optimum amount of deposit is 20% of the property value. Any buying costs such as stamp duty and legal fees may need to be met by the borrower on top of this amount. For a deposit of less than 20%, Lender Mortgage Insurance may need to be factored in.

Lenders Mortgage Insurance (LMI) is an insurance that protects the lender. If you default on the loan, and the bank is forced to sell the property to repay the debt and there is a shortfall between the sale price and the outstanding debt the insurer will pay the shortfall to the lender.



## 6. Documentation and preparation

The better you are at keeping records the easier the loan application process is. Maintain records of your tax returns, income and bank statements to demonstrate your savings record and you will save yourself a lot of unnecessary time when you are finally ready to apply.



## 7. Pre-approval

This may be the most important step in buying your new home and it pays to get your loan pre-approved before you find your dream property. Buying a home is an emotional and time-consuming exercise and the last thing you want when trying to buy your dream home is added stress. Most pre-approvals are free or at least reimbursed after the loan has settled.

**FOR FURTHER INFORMATION  
PLEASE CONTACT**



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