



Boosting your borrowing prospects

With tougher lending standards now in place, borrowers need to be more prepared. Ensuring you have a good savings and employment history and the necessary documentation, can help smooth the path to home ownership.

The days of 100 per cent loans are all but gone so borrowers now need to ensure they have some savings at their fingertips.

Borrowing 100 per cent of the cost of a home was once a commonplace however home buyers today are facing substantial deposit requirements as lenders adjust their lending standards.

The majority of mortgage lenders now require a deposit of between 5 and 10 per cent, with many requesting evidence that the deposit was saved overtime, which is commonly referred to as 'genuine savings'.

For many would-be home buyers these changes are disappointing as many have the income to service a mortgage, but just don't have the cash to stump up the deposit.

While your new home may now be a little harder to secure, don't despair. Here are some tips to help you enter the market sooner.

Beating tougher lending standards

- **Start a regular savings pattern now** – banks will look for a good savings history; it shows that you're able to manage your money.
- **Lenders are implementing tougher requirements when it comes to lending** – this might include looking deeper into your employment history (i.e. how long you've held a position for); so if you have a good job, stick with it.

“ **Reduce your credit card limits and cancel those you are not using to improve your borrow potential.** ”

- **Boost your borrowing power by eliminating other debts and liabilities** – pay off any outstanding loans, reduce and eliminate credit card debts and reduce credit card and / or overdraft limits; even if you're not using them, high limits will reduce your borrowing power.
- **Documentation is also more important** – be sure to have all supporting documents ready to fasten the process; this includes payslips and group certificates.
- **Be realistic** – don't seek a loan size you know you cannot service.
- **Be prepared for knockbacks** – getting a home loan is no walk in the park.
- **Give us a call** – we'll be able to assess your borrowing capacity as well as advice on the appropriate lender and product types to suit your needs.