



# READY TO BUY? HAVE A PRE-APPROVAL IN PLACE.

If you have decided now is the time to buy, congratulations! It is a big decision, but we are here to help you find your way through the maze of information and actions to take before you go house hunting.

The most expensive mistake home buyers make is committing to a purchase and being unable to finance the property in the end.

The most important action you can take before you buy is to seek a mortgage pre-approval.

Why? A home loan pre-approval means a lender has agreed, in principle, to lend you money towards the purchase of your property. This means you know how much you can afford and you won't waste time drooling over properties outside your budget.

But beware, a pre-approval is an indication – not a guarantee – from the lender of how much you can borrow, ie it is a 'conditional approval'.

There are many reasons why a mortgage may be declined even AFTER pre-approval: Job change, change in income, incurring additional debt, not meeting the lender's criteria (eg the property valuation falls short of the sale price) and late or missed bill payments.

The disastrous consequence of not being able to finance the purchase of a property without a 'subject to finance' clause is that you will lose your deposit.

## Your pre-approval checklist

### *Proof of identity*

- Current passport or birth certificate (also required if you are applying for the First Home Owner Grant)
- Current driver licence or Over 18 card if no driver licence held
- Other – including pension card, Medicare card, citizenship certificate, current utility invoices, recent tax assessments etc

### *Employment and income*

- Payslips for the last three months
- Most recent ATO notice of assessment
- Latest group certificate
- Letter from employer – base hours worked, income and regular bonus/overtime amounts

### *If self employed*

- Last two years' financial reports
- Last two years' income tax returns and ATO notice of assessment (for each applicant)



### ***If buying an investment property***

- Copy of lease agreement with current tenant or letter from property manager confirming estimated rental income
- Confirmation of net rental income received from any other investment properties

### ***Savings and cash flow***

- Three months' bank statements confirming regular income/wages
- Centrelink payments (if any)
- History of excess funds (your savings)
- Detailed record of cash flow
- Sufficient funds to complete settlement

### ***Expenses***

- Details of rent/board payments
- Evidence of satisfactory rental history
- Council and water rates for all properties owned
- Electricity and gas bills
- Applicable monthly expenses such as food, clothing, recreation etc.
- Additional regular expenses, eg private school fees/child maintenance

### ***Assets***

- If using settlement from another property for deposit, you will need letter from solicitor confirming net settlement amount
- Latest superannuation statements
- List of all assets owned including shares and managed investments
- Latest insurance statements confirming sum insured, eg life, motor vehicle, home contents etc

### ***Liabilities***

- If you have a current mortgage, provide minimum three months' loan statements
- Most recent statements from credit cards/store cards/Buy-now-pay-later or personal loans

**Need more help? Contact us today and we can step you through the pre-approval process to make you mortgage ready.**

