

## **Five things mortgage beginners may not know about getting a home loan**

You may have found the property of your dreams – could be a house, apartment or townhouse! You have saved a decent deposit and you have a job so you feel confident you will be able to get a home loan. Before you jump on that online mortgage site to see how much lenders are prepared to offer you, there are several lesser-known aspects of mortgage lending that you may be interested to learn:

1. Applying to lenders leaves a mark on your credit report which acts as a negative blemish each time it appears. In other words, when you provide your name, address and Date of Birth to these online lenders to find out how much you can borrow, they often will undertake a credit check on you which leaves a mark. Many banks and lenders will not consider your loan application if you have more than 3 of these enquiries on your credit report within a 3-month period. Therefore, don't shop around but engage the services of an experienced Mortgage Broker who will know the best lender for your situation.

2. Home loan lenders look to see what you spend your money on

So, that big night out at the pub last weekend? Yep, the banks and mortgage brokers will be able to see each dollar you spent and will most certainly make a note of it. The occasional lash out is okay, but it won't look good if you are spending up big at expensive restaurants and nightclubs on a regular basis.

Even worse, if your weekly flutter at the local TAB, horses or casino seems like no big deal – it IS a big deal for a lender that's considering providing you money. Even if you merely use the ATM at a gambling establishment, it will be considered a negative mark on your application. So, do yourself a favour and speak to your Chocolate Money Broker about getting yourself ready to borrow money months in advance of when you believe you will need the money.

3. If you own assets through a finance plan / layby / buy now pay later-type scheme, it looks bad for you as it seems you are can't really afford what you are buying and are possibly living beyond your means.

If you are in the process of paying something off it will negatively impact your credit rating as Lenders view finance plans as debt, and it thus limits the amount they are prepared to offer you.

4. You can refinance your mortgage later

In the same way you can shop around due to changing rates, you may be liable to apply for a 'better' rate even after you have begun paying off your mortgage.

In other words, mortgage rates change, and your credit rate improves over time. Refinancing your mortgage can be a powerful move and could end up saving you thousands of dollars over time. Your Chocolate Money Broker is an expert in helping you reduce your loan's interest rates over time as you display a good repayment history by suggesting to your lender that they'll refinance you to a competitor if the lender doesn't provide you additional discounts.

5. Get your taxes in order before applying for a loan

In the same way that it helps to pay off all debt prior to a loan application, you would be well-advised to also get your taxes in order and sort out any outstanding tax returns. Almost every time, a potential lender will want to see at least two years' worth of your tax returns and will also request that you sign a release allowing them to verify those tax returns.

There you have it. The most important thing to be aware of is that it's well worth engaging the services of a professional, independent and experienced Mortgage Broking firm – like Chocolate Money, to help you on your property journey.

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