

Four things you need to ask your property-partner before you buy a property together

Before you apply for a home loan with your partner or mate, there are a few discussions that you need to have that go a little beyond what you may know already.

You've found someone you want to spend your life with or you may know this person for a very long time already and want to get into the property market together. You may already know a lot about each other but there are some things which often are never discussed and cause a lot of issues for mates, partners or married couples.

You may know each other well enough to know whether you each blow the budget every month, but you probably don't know each other's complete credit history. So, before you buy a property together, there are plenty of discussions you need to have. Here are four questions to ask each other:

Question 1. Have they defaulted on any payments?

He or she might be relatively debt free now, but has this always been the case? One bad mark on a credit file, such as a late car payment or a default on a credit card, will change the approach you need to take when applying for finance.

It doesn't mean you can't secure finance, but it may mean you need to apply to a specialist lender for an alt-doc loan. Your Chocolate Money Finance Broker can help you find the right lender and craft an application to avoid the heartbreak of continual rejection by providing a background report explaining a credit blemish.

Question 2. Where have the savings come from?

If your partner has savings towards a deposit, that's fantastic. But the balance is only one part of the equation that lenders consider.

If he or she has managed to build up those savings over a good period of time, making regular contributions and managing their savings well, lenders will consider this a positive indication of an ability to make repayments regularly.

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If, however, the savings are the result of a redundancy payout, a gift from family or backing a good horse, they are still helpful as a deposit, but don't indicate that ability to make repayments.

Again, this is not the end of the world. You'll be in a better position than you would without that balance, but may need expert help to put your application in the best light.

Question 3. How would you handle financial issues?

You must plan for every eventuality, even one you think is not likely. Having said that, this discussion isn't so much about having a solid plan in place for the worst, as seeing how your partner would deal with difficulty.

If one of you lost your job, or you had unexpected bills that seemed overwhelming, would they try to struggle through, not wanting to talk about it with you or with your finance broker, and potentially default on the loan? Or would they tackle it head on by visiting a finance broker or lender with you to make a plan to get through it without defaulting?

Question 4. What is their objective with the property?

You may want to begin a property empire built on purchasing a property every couple of years and then retiring on the rental income or you may just want to buy your first property to get into the market.

Discussing the reasons you and your property-partner are buying a property are critical at the very beginning. This may influence the type of loan, the terms of the loan and the type of property you purchase. If your partner is in it for short term gain by 'renovating and flipping' properties, you may be at cross roads already if your strategy is to 'buy and hold'.

Before you start looking for a home to share with someone, an appointment with a Chocolate Money Finance Broker can help you iron out the details and secure the finance that suits both of you. Contact Chocolate [here](#).

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