

# essentials

need to know info about:

## The 7 Steps to being “Credit Ready”

Many people begin their search for a new home or investment property without knowing if or how much they can borrow. Others have already been refused a loan and don't know what to do next. In this essentials guide we will discuss why it is important to be Credit Ready and the 7 Steps to get there.

It's a common belief that banks and lenders are pretty much the same with interest rates the only difference, however nothing could be further from the truth. In fact banks and lenders have vastly contrasting credit policies and scoring methods that determine if a loan is approved and the amount that can be borrowed.

Credit Readiness means that you can search for property with confidence, knowing that the banks and lenders are able to look upon your loan application favourably. It also gives you a little extra credibility with Real Estate Agents.

### 1. Your Credit File

Be aware of what is on your credit file. Try to avoid ad hoc enquiries on your credit file from phone providers or electricity suppliers. Loan pre-approval also register as enquiries. Basically avoid doing anything that will result in a credit check. Credit files are held with Veda Advantage and Dunn & Bradstreet. You can download a Credit Report Request letter from our website to get a free copy of your report. Contact us if you have any questions about anything on your credit file or the impact of anything listed. Forewarned is forearmed!

### 2. Lender Relationships

Consider who you are banking with and ask yourself why you're using them? Do they deserve your loyalty? Is this institution helping me achieve my dreams of home ownership or are they assisting me to increase my borrowing capacity? These are critical questions you need to consider before you locate the property of your dreams. Some lenders will need you to have a “relationship” with them for 6 months before they will class you as an “existing customer”. What's the benefit of being an existing customer – some lenders will lend you higher Loan to Value Ratios.

### 3. Savings

Are your deposit funds or savings, “genuine” or “non genuine”. We define this for you and package your application to lenders who recognise this appropriately for you. The definition of “Savings” differs amongst lenders and can include tax refunds, extra repayments to loans and credit cards, and salary sacrifice to super or savings you have for another purpose such as a car, wedding, holiday, or paying off your HECS/HELP. So before you spend these savings or payout the personal loan or credit card contact us and we may be able to get a lender to approve your loan with these existing savings creating a double bonus for you.

### 4. What you own & owe

Your assets must exceed your liabilities. This sounds basic but it is a common mistake made by brokers and bank staff in submitting your loan, as it isn't always obvious what qualifies as an asset. We ensure all assets such as super, life insurance & contents insurance to name a few, plus all liabilities are presented to the lender in the best light. If liabilities are not continuing or have been paid in full, having confirmation of this also provides higher weighting.



## 5. Performance of Existing Credit Facilities

Ensure you do not have any over limit or late fees appearing in the last 3-6 months on your credit card or loan statements as lenders may automatically decline the loan. To avoid this issue set programmed payments or automated B-pay so minimum or set payment amounts are paid automatically before the due date. Participating in a balance transfer with a lower interest rate may be an option to assist with this. An assessment of your objectives and goals will need to occur before we suggest the appropriate option for you.

## 6. Employment Type & Employment Length

Lenders and Mortgage Insurers have differing rules on this, including time with current employer and your type of employment and continuity. It is possible to get a loan approved whilst on probation or in casual employment but this changes the lender options available. We often hear from new clients that they went to their bank and they said “no” because they

### About Great Aussie Dream

Great Aussie Dream is a multi award winning Mortgage Brokerage with over \$350,000,000 in approved loans. The key to our success is working with our clients to package their borrowing to meet their needs, goals and objectives.

Great Aussie Dream has access to over 20 Lenders, including all the major Banks and Financial Institutions. Our knowledge of lender credit policies and policies of the Mortgage Insurers ensures that our clients are in the best possible position when they apply for a loan.

At Great Aussie Dream we believe that the best way to grow our business is to put our clients first. Now I know that lots of people claim to do this but we actually do. In fact, putting our clients first is so successful that 99% of our new business comes from either repeat business or referrals from our existing clients.

We are also recognised as leaders in our Industry, winning multiple National Industry Awards including, Mortgage Broking Business of the Year three years in a row in 2010, 2011, 2012 and 2014 and Best Customer Service in 2008.

At Great Aussie Dream we are constantly striving to bring the best possible service and the best products to our clients. And because we want our clients to be our clients for life, we take a long term approach to their future goals and aspirations. So... our clients tell us we're the best, and our Industry has voted us the best. Why then would you trust your finance to anyone else? Call us now for a free, no obligation chat.

are casually employed, but this needn't be the case. Unfortunately some brokers & lending managers focus on the income & expenses (loan serviceability) and neglect the detail contained credit policies. Great Aussie Dream has access to the rules and credit policies and these are taken into account before we submit a loan application.

## 7. Credit Scoring

Some lenders use “computers” to make the initial assessment of your application which is called credit scoring. Issues such as those mentioned above play a significant part in the outcome of the computer saying “Approved” or “Declined”. At Great Aussie Dream, we make sure that we know what lenders use to credit score and work with clients to ensure a positive outcome. Great Aussie Dream is also aware of lenders that do not use credit scoring which may best suit your particular circumstances. For this reason Great Aussie Dream guarantees that if we take on your business then the engagement fee is fully refunded if we are unable to get your loan approved\*.



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