

## Improve Your Borrowing Capacity

Any financial liabilities will have an adverse effect on your borrowing capacity.

In contrast, every \$1 of income can help to improve it. The checklist below serves as a useful guide to these principles.

- ✓ **Save, save, save!** In general, lenders want at least six months proof of your savings history. Regardless of the amount, make savings a regular habit.
- ✓ **Make sure all income is accounted for** Lenders generally disregard overtime and bonus payments, but every \$1 of annual income will allow you to borrow more. Even part-time employment, government allowances and other benefits can dramatically increase your borrowing capacity.
- ✓ **Avoid lease or hire purchases** Lease or hire purchases are considered a liability and decrease your disposable income.
- ✓ **Pay off personal loans** Any personal loan, no matter the amount, will decrease your borrowing capacity.
- ✓ **Reduce your bank overdraft limit** If you don't need it, get rid of it.
- ✓ **Resolve any credit history 'blemishes'** A marked credit history will severely limit your borrowing options. We can check your credit history for you.
- ✓ **If renting, check the lease** If you're renting, ensure the lease is in the name of all tenants not just your own. Otherwise, a lender may consider you liable for the whole rent payment which will impact your expenses.
- ✓ **Reduce your credit card limit** As a rule of thumb, every \$5,000 reduction in your credit limit will increase the amount you can borrow by \$20,000.
- ✓ **Get rid of any non-bank 'credit' cards** Department store cards can be viewed in the same way as credit cards, get rid of them if you can, especially as the interest rates are usually very high.
- ✓ **Self-Employed people need a minimum of 1 to 2 years** tax returns. If you don't, please contact us there are often are still options for you.
- ✓ **PAYG employees a minimum of 12 months** employment or completion of probation helps. However if you don't please contact us there are often are still options for you.