



TotalCHOICE

home loans

Money-saving SOS: Effective tips to help land that home loan

Looking to enter the property market and worried about how you're going to secure your first home loan? It's time to start making your money work for you so you can land that loan.

Qualifying for a home loan isn't always an easy path. Aggressive interest rates, competition in the market and less than rigorous saving habits can often push people out of the property game completely – but it shouldn't.

Saving enough money for a sufficient deposit is possible with the right guidance and plenty of diligence.

Budget, budget, budget!

It goes without saying that creating an airtight budget – and sticking to it – is key when you're looking to save money for a home loan.

If you've done your homework or met with a mortgage broker, you'll know that the minimum deposit you'll need is likely to be a minimum of twenty per cent of the total cost of your home. Saving for the deposit is an important step but you should factor in other upfront costs that come with buying a property. Stamp duty, conveyancing, title search and registration fees, building inspections and insurance are all associated costs that will need to be covered. With the mean house price in Australia [sitting over \\$600,000](#) you might have to save over \$100,000 to cover the deposit and costs.

As daunting as it may seem, saving to buy a home is possible if you budget. Filtering a percentage of your salary into a high-interest savings account can be a smart first step and can grow into a sizeable amount more quickly than you think. But whatever you do, avoid dipping into that savings account at all costs.

Assess your debt

Along with mastering a budget, paying off your debts is a practical step towards building that deposit. Whether it's a credit card, a car loan or student loan, getting rid of any debt hanging over your head not only saves you money in the long run, it will help make your financial standing more appealing to a mortgage broker and lender.

However, it's important to remember that eliminating debt is not a quick fix – it takes time and patience, and even a few years to complete.

Luxuries be gone

'Work hard now, have fun later' will become your new mantra when securing a home loan. Being able to save enough money for a deposit means cutting down on life's unnecessary luxuries. Saying goodbye to dining out, takeaway coffee, \$10 sandwiches for lunch and cable TV for the next few years can save you hundreds and even thousands of dollars.

If you've been living under the guise of having a high disposable income, the time to curb your spending is now. Living within your means is about questioning your wants and needs: Do you really *need* that pricey leather couch or would you prefer to have a house to put it in first?

Lenders Mortgage Insurance

Saving for a deposit can be a huge undertaking, especially as the median house price continues to increase. With Lenders Mortgage Insurance (LMI), borrowers are able to purchase a property with a smaller deposit. You may be able to get a loan with a deposit as little as 5% of the property's purchase price. There is a premium fee associated with LMI, but it can be paid upfront or over the term of the loan. It's a good idea to speak to your broker if you are considering LMI.

Saving money for a home loan deposit is one of the biggest and best decisions you'll make and will certainly pay off in the long run. Making financial sacrifices now will reap very pleasing rewards and potentially set you up for life.

Contact your mortgage broker today about your home loan options.