

WHAT IS A PRE-APPROVAL?

AND WHY YOU NEED ONE

A plain-English guide for first home buyers on the NSW South Coast.
Read it before you start going to open homes.

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Start here

Your number comes first

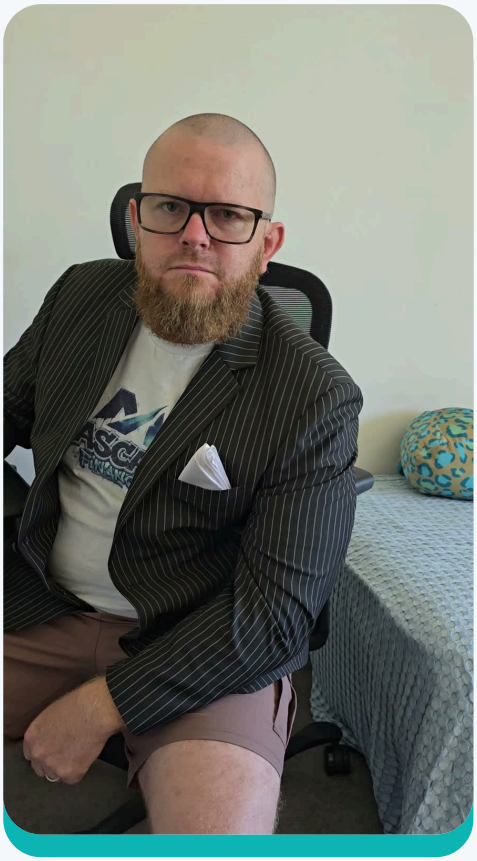
Most first home buyers I talk to start the same way. They scroll listings for months, find one they love, then ring a bank to see if they can buy it.

That order makes it hard. You can fall for a house you can't get, or miss one you could have had because you didn't know your limit.

A pre-approval flips it around. A lender looks at your situation first and gives you a number to shop with. Then the listings make sense.

This guide covers what a pre-approval is, what the lender checks, how to get one and how to keep it valid while you look. It takes about 10 minutes to read.

Joe



Inside

1 What a pre-approval is

2 Why it's worth getting

3 What the lender looks at

4 How it works, step by step

5 Keeping it valid

6 Questions people ask

5.0 on Google *"My partner and I recently got in touch with Joe for our first home loan, he made the whole process really easy for us."* **Lauren T.**

1. THE SHORT ANSWER

WHAT IS A PRE-APPROVAL?

You might also hear it called conditional approval or approval in principle. Same thing.

A lender looks at your income, debts and savings, then tells you in writing: **we'd likely lend you up to this amount, as long as the property checks out.**

It's a lender's yes to you. The house still needs its own yes later.

What it gives you

- A price range to shop in, based on your real payslips
- A letter you can show agents
- A clear picture of your deposit and upfront costs
- A head start on formal approval once you find a place

What to keep in mind

- It isn't the final approval. The lender still values the home you pick
- It expires, usually after 90 days (some lenders allow up to 6 months)
- It can be pulled if your job, income or debts change

WHERE IT SITS IN THE BUYING PROCESS



Pre-approval is step one. Everything after it moves faster because the lender already knows you.

When I'd tell you to wait

If you're 6 months or more away from buying, don't apply yet. Most pre-approvals last about 90 days, so it would run out before you use it. Get a numbers check instead, then apply when you're ready to make offers.

2. Why bother

Four reasons to get one first



1

You shop at the right price

For most first home buyers, borrowing power is the limit, more than the deposit. Know yours before you fall for a house above it.

2

Agents take you seriously

Agents ask if your finance is sorted. Saying yes, with a letter to back it up, puts you in the group of buyers who can act.

3

You can offer or bid with a clear head

You know your ceiling, so you can set a walk-away price before the auction or negotiation and stick to it.

4

Problems show up while there's time

A forgotten credit card limit, a buy now pay later account, payslips that don't show your allowances. Better to find them now than the week your offer is accepted.

3. Behind the scenes

What the lender looks at

Six things decide how much you can borrow. None of them are a mystery once you know where to look.

$ Income

Your base pay, plus overtime, shift allowances and penalty rates. Lenders count these differently.

J Your job

Full time, part time or casual, how long you've been there, and whether you're on probation.

D Debts and limits

Car loans, HECS, buy now pay later, and the limit on every credit card, even one with a $0 balance.

L Living costs

Your bank statements show what you spend each month. The lender reads them.

S Savings

Your deposit, where it came from and how long you've been building it.

C Credit history

Bills and repayments paid on time, and any defaults on your file.

Different lenders, different answers

Your own bank gives you one lender's view. Some lenders count overtime and allowances in full, some only count part, some want two years of it. For shift workers that gap can change your price range. Finding the lender that fits how you're paid is my job.



Get these ready

- Photo ID (licence or passport)
- Your last 2 payslips
- Last tax return or income statement
- 3 months of bank statements
- Statements for any loans and cards
- Proof of savings for your deposit

4. Step by step

How it works with a broker

Four steps. Your part is mostly the first two.

1

A quick chat

A phone call about how you're paid, what you've saved and what you owe. I'll tell you roughly where you sit before you send anything.

2

Send your documents

The list on the previous page. Photos or PDFs from your phone are fine.

3

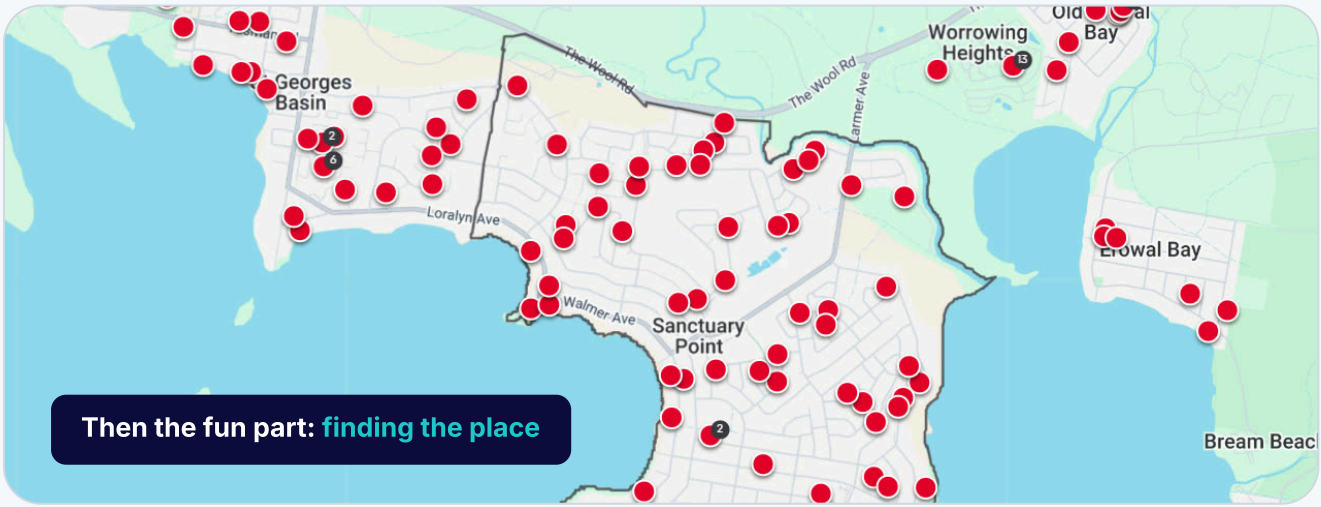
I compare lenders and apply

I check which lenders suit your income and what each would lend, then apply with the one that fits. I check first so you're not stacking up credit enquiries on your file.

4

You get your letter

Usually somewhere between a few days and two weeks, depending on the lender. Then you go house hunting with a real number.



5. While you look

KEEP YOUR PRE-APPROVAL VALID

The lender approved you as you were on the day you applied. Keep it that way until settlement.

Hold off on

- A new car loan or personal loan
- New credit cards or buy now pay later accounts
- Changing jobs or moving to casual (call me first)
- Big cash deposits or transfers you can't explain
- Missing a bill or a repayment

Keep doing

- Saving into the same account
- Checking the expiry date on your letter
- Sending me a listing before you offer or bid, so I can check the lender is happy with it
- Getting a building and pest inspection

Pre-approval to formal approval

Once your offer is accepted, the lender values that exact property. If it checks out, you get formal approval. Some properties get extra scrutiny, like small units, acreage or unusual zoning, which is why it pays to send me the listing early.

Where you can, make your offer subject to finance. At auction you can't, so check with me before you register to bid.

6. Fair questions

QUESTIONS PEOPLE ASK

Will it hurt my credit score?

Each application shows up as an enquiry on your credit file. A lot of them close together can look bad to lenders. That's why I work out the right lender before applying, so you apply once.

How long does it last?

Usually 90 days, sometimes up to 6 months. It can be renewed, but the lender will re-check your payslips and statements.

My bank already pre-approved me. Do I need another one?

Not always. It's one lender's view of you. Another lender might treat your overtime or allowances differently. A second look before you buy is worth it.

Is an online calculator the same thing?

A calculator is a guess from the numbers you type in. A pre-approval is a lender checking your actual payslips and statements.

What if I get knocked back?

Then you found the problem before you found the house. We work out what needs to change, and when it makes sense to try again.

WANT TO KNOW YOUR NUMBER?

Text me three things: how you're paid (plus any overtime or allowances), what you've saved and what you owe. I'll tell you roughly where you sit, and if now isn't the right time, what to work on first.

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WHAT CLIENTS SAY GOOGLE REVIEWS, 5 STARS

> *"Joe wasn't just after the sale. He gave us* **honest advice** *... He explained everything clearly and took the stress out of the whole thing."*
>
> Sarah E.

> *"My partner and I recently got in touch with Joe for our first home loan, he made the whole process* **really easy** *for us."*
>
> Lauren T.

> *"Joe is an absolute legend ... always happy to answer any questions and* **explains things very thoroughly**."
>
> Mitchell D.

> *"Dealing with Mascaro Finance has been* **straight forward and stress free**."
>
> Todd B.

General information only. Figures are illustrative and don't consider your personal situation. Lender policies change; check the details for your situation before you act.