

Your **Second Chance:**

# How To Overcome Home Loan Rejections



It's disheartening when you're rejected for a home loan. You may feel your goal of getting the keys to your new home slipping away.

Don't despair. It's vital to view your home loan being rejected as an opportunity for improvement. Understanding the reasons for the rejection will allow you to address any concerns by improving your credit score or making necessary adjustments to your financial situation.

Many people who initially face rejection successfully secure a home loan after taking proactive measures to strengthen their financial profile. We can show you what it takes.







# What Happens When My Home Loan Application Is Rejected?

When you apply for a home loan, a hard enquiry goes on your credit file. The more [enquiries you have on your credit file](#), the lower your credit score. One rejected home loan application does not drastically lower your credit score, but things can take a turn when you apply with more than one lender.

It can signal to future lenders that you're a risky borrower, lowering your chances of approval.

That said, a rejection is, thankfully, not a permanent roadblock. With the right guidance, you can get back onto the path to homeownership.

At Home Loan Experts, our mortgage brokers are credit specialists, adept at securing exceptions and negotiating effectively, for higher chances of mortgage approval. With a keen understanding of credit dynamics, we tailor solutions to your unique financial profile, ensuring a smoother path to success.



Call us on **1300 889 743** or complete our

**Free Online Assessment Form**

to talk to us today.



# Why Would A Bank Decline A Home Loan?

Each bank has its lending criteria, and the reasons for declining an application will vary, which can be a confusing and disappointing experience.

Let's delve into some reasons a [bank declines a home loan application](#).



## Poor credit history

1

A low credit score, or a [history of late payments](#), defaults, or bankruptcies, can lower your creditworthiness. Banks use credit reports to assess the risk associated with lending money.



## Insufficient income

2

Banks may deny the loan if your income is insufficient to cover the amount alongside your existing debts and living expenses. A stable, verifiable income is crucial for loan approval.



## High debt-to-income ratio

3

Your [DTI](#) compares your monthly debt payments with your gross monthly income. Lenders may view you as a higher risk if this ratio is too high, indicating a significant portion of your income already goes towards repaying debt.



## Unstable employment history

4

[Frequent job changes](#) or periods of unemployment can raise concerns about your ability to maintain a stable income, affecting your eligibility for a home loan.

# Why Would A Bank Decline A Home Loan?



## Inadequate deposit

5

Banks may see you as a higher risk if you cannot make a [sufficient deposit](#). A larger deposit is often seen as a sign of financial stability and commitment to the purchase.



## Property valuation issues

6

If the bank's appraisal of the property reveals the [property's value](#) is higher or lower than expected, it may result in a loan denial.



## Incomplete documentation

7

Providing [incomplete or inaccurate information on your loan application](#) or missing required documentation can result in a rejection.



## Previous loan defaults

8

A [previous loan default](#) is a red flag, as lenders want to ensure borrowers can repay their mortgages on time and in full.



## Loan serviceability issues

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Lenders assess your ability to make mortgage payments over the long term. They may accept the application only if they know your [repayment capacity](#).



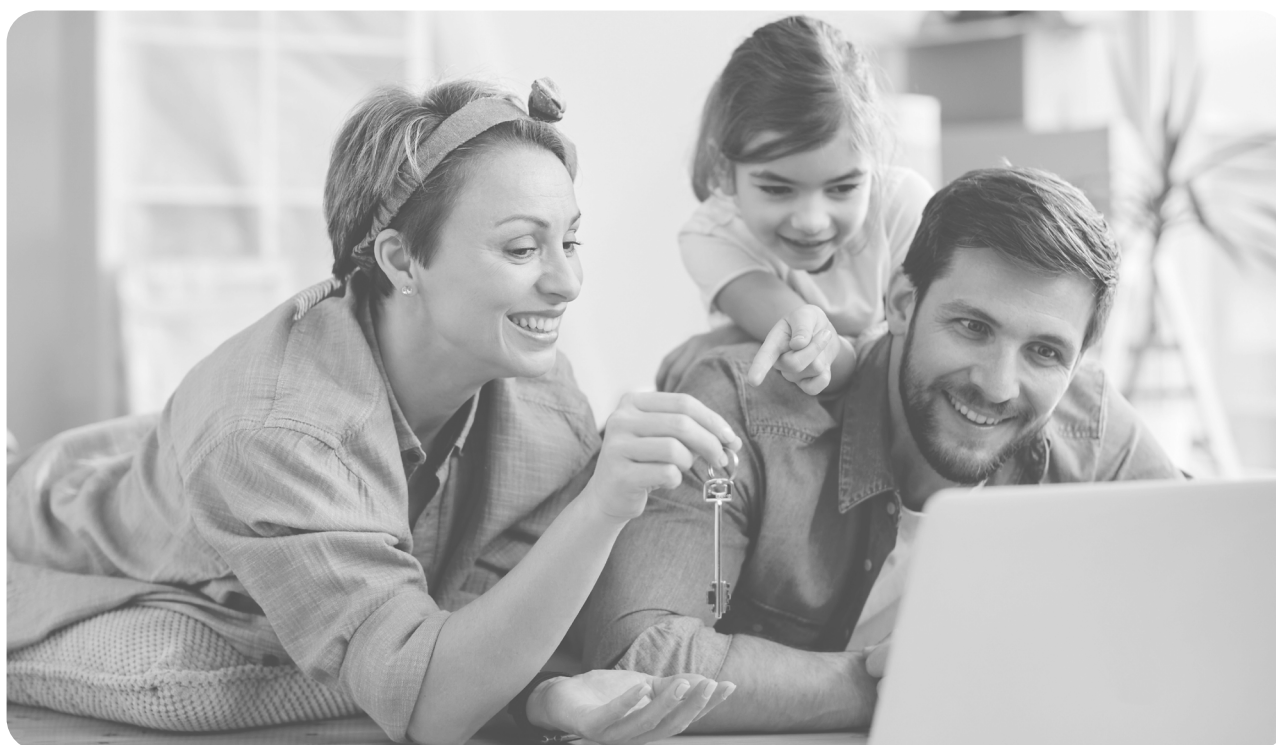
# How To Get Approved After Being Declined

Our mortgage experts will work with you to create action steps to turn rejection into an approval. We will be your mortgage navigator, using our expertise and extensive network of lenders to help you get approved. Here are some examples of how to address common reasons for rejection.

Problem	Solution
<b>Poor credit history</b>	<ul style="list-style-type: none"><li>• Obtain a <a href="#">copy of your credit report</a>, identify any inaccuracies, and work on improving your credit score.</li><li>• Pay off outstanding debts, ensure timely bill payments, and avoid applying for new credit in the short term.</li></ul>
<b>Insufficient income</b>	<ul style="list-style-type: none"><li>• Increase your income by getting a higher-paying job or doing additional work.</li><li>• Consider a <a href="#">joint application with a co-borrower</a> who has a stable income.</li></ul>
<b>High Debt-To-Income Ratio</b>	<ul style="list-style-type: none"><li>• Reduce existing debts to lower your debt-to-income ratio. This can be achieved by paying off outstanding loans or credit cards. Avoid taking on new debts and focus on saving.</li></ul>
<b>Unstable Employment History</b>	<ul style="list-style-type: none"><li>• If possible, maintain steady employment for at least six months to a year before applying for a home loan.</li><li>• Provide a detailed employment history and any additional documentation demonstrating your stability.</li></ul>
<b>Inadequate Deposit</b>	<ul style="list-style-type: none"><li>• Save for a larger deposit, as a <a href="#">higher deposit</a> reduces perceived risk to lenders.</li><li>• Consider <a href="#">government assistance programs</a> that lower the deposit you'll need or explore alternative lending options that may accept a lower deposit.</li></ul>

# How To Get Approved After Being Declined

Problem	Solution
<b>Property Valuation Issues</b>	<ul style="list-style-type: none"><li>• Ensure that the <a href="#">property is accurately valued</a> by obtaining an independent property valuation.</li><li>• If there are discrepancies, provide evidence to support your valuation. Consider negotiating with the seller for a lower purchase price.</li></ul>
<b>Incomplete Documentation</b>	<ul style="list-style-type: none"><li>• Prepare all <a href="#">necessary documentation</a>, including proof of income, tax returns, bank statements, and employment history, before applying for a loan.</li></ul>
<b>Previous Loan Defaults</b>	<ul style="list-style-type: none"><li>• If you have experienced <a href="#">loan defaults</a>, provide a clear explanation of why and evidence of steps taken to rectify the situation.</li><li>• Time can also improve your chances, as older defaults have less impact on your creditworthiness.</li></ul>
<b>Loan Serviceability Issues</b>	<ul style="list-style-type: none"><li>• Lenders assess your ability to service the loan based on your income and expenses.</li><li>• Ensure your <a href="#">budget is realistic</a> and consider reducing discretionary spending to improve serviceability.</li></ul>





# How We Champion Our Customers' Right To Homeownership

At Home Loan Experts, we're not just crunching numbers; we're connecting with dreams and aspirations, and navigating the emotional roller-coaster of homeownership alongside our clients.

The examples below aren't just success stories; they're testaments not just to our expertise, but to the ability of people to overcome seemingly insurmountable obstacles.



## **Blueprint For Homeownership**

We helped a customer who wasn't in a position to make a home purchase but expressed keen interest in getting a home loan once he'd transitioned into permanent employment.

Our mortgage expert developed a comprehensive simulation tailored to the client's circumstances, projecting income, anticipated expenses, property prices, and the required deposit. It's essential to note that this simulation was crafted with a two-year horizon, allowing the client to envision their financial journey towards homeownership. Of course, there were many disclaimers and caveats for the simulation.



## **Using A Credit Repair Company**

A client on a disability pension had a credit issue. Our mortgage broker worked with the client for two years and helped fix her credit through a credit repair company.





# How We Champion Our Customers' Right to Homeownership



## Getting Policy Exceptions

Our strong rapport with lenders empowers us to secure exceptional terms tailored to your unique circumstances.

Recently, one of our Home Loan Experts collaborated with a lender to obtain a crucial exception for a nearly \$5 million construction property, despite its high-risk rating. By strategically presenting previous property data, our expert successfully navigated the intricacies of the case, obtaining a policy exception.

The client, now approved, witnessed our dedication. In this way, our expert forged a connection that transcends the professional realm – the client now regards us as trusted friends in their financial journey.



## Navigating Lender Dynamics

A customer tried to refinance directly with a lender but was declined due to anomalies in data and low risk appetite.

Our mortgage experts know the lending policies of more than 50 lenders and will determine which one can help a client refinance.

Even when the initial documents were deemed incomplete, our resourceful broker rerouted the application through a lender with a streamlined refinancing policy. The result? A fast approval.

This success underscores our proficiency in knowing the right lenders and exemplifies our commitment to finding tailored solutions when others falter.



## How We Champion Our Customers' Right to Homeownership



### Empowering Customer Awareness

Our client inadvertently caused a default by setting up automated repayments for their unsecured loan after the due date each month. Deductions occurred automatically on the 25 of each month, yet the repayments were due on the 22.

Regrettably, the client became aware of the late repayments only two months later, during a statement review, resulting in the default being recorded on their file.

Our broker proactively addressed the issue by meticulously documenting it in the notes for the assessor. This involved providing clear explanations and supporting evidence to prevent delays or additional scrutiny in the loan approval process.



### Getting Approved With Unconventional Income

Our client had a property that was an active Airbnb. Income from short-term rental properties usually face higher scrutiny from lenders.

Despite the unconventional nature of the income source, our broker was able to get the deal across using the current rental market estimate.

This achievement underscores our commitment to navigating complexities and championing the cause of clients with diverse income streams, reaffirming our reputation as brokers adept at securing financing for unconventional scenarios.



# Your Home, Our Expertise

Our mortgage experts will carefully review your financial situation and look at avenues to strengthen your financial standing.

- ✓ A popular tip with our customers is to explore the possibility of asking your loved ones for help. Immediate family members can be guarantors on your home loan, or you could get a gift from them.
- ✓ We can workshop loan structures that suit your financial capacity. We work with lenders that are more flexible with income requirements, which can bring opportunities that you did not get with your initial lender.
- ✓ Remember, your first home does not need to be your forever home. You can buy a home you can afford and then build equity and use it to buy your forever home.

## We'll Give You A Second Chance At Homeownership

We specialise in turning rejections into approval. If you've faced hurdles in securing a home loan in the past, we have the expertise and determination to help you realise your dreams of homeownership.

Our proven track record demonstrates our commitment to helping individuals, even those previously rejected, successfully secure home loans.



Call us on **1300 889 743** or


[Enquire Online Today](#)





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 **Receive a call back** within 24 hours by filling in our online assessment

GET A **FREE** ASSESSMENT