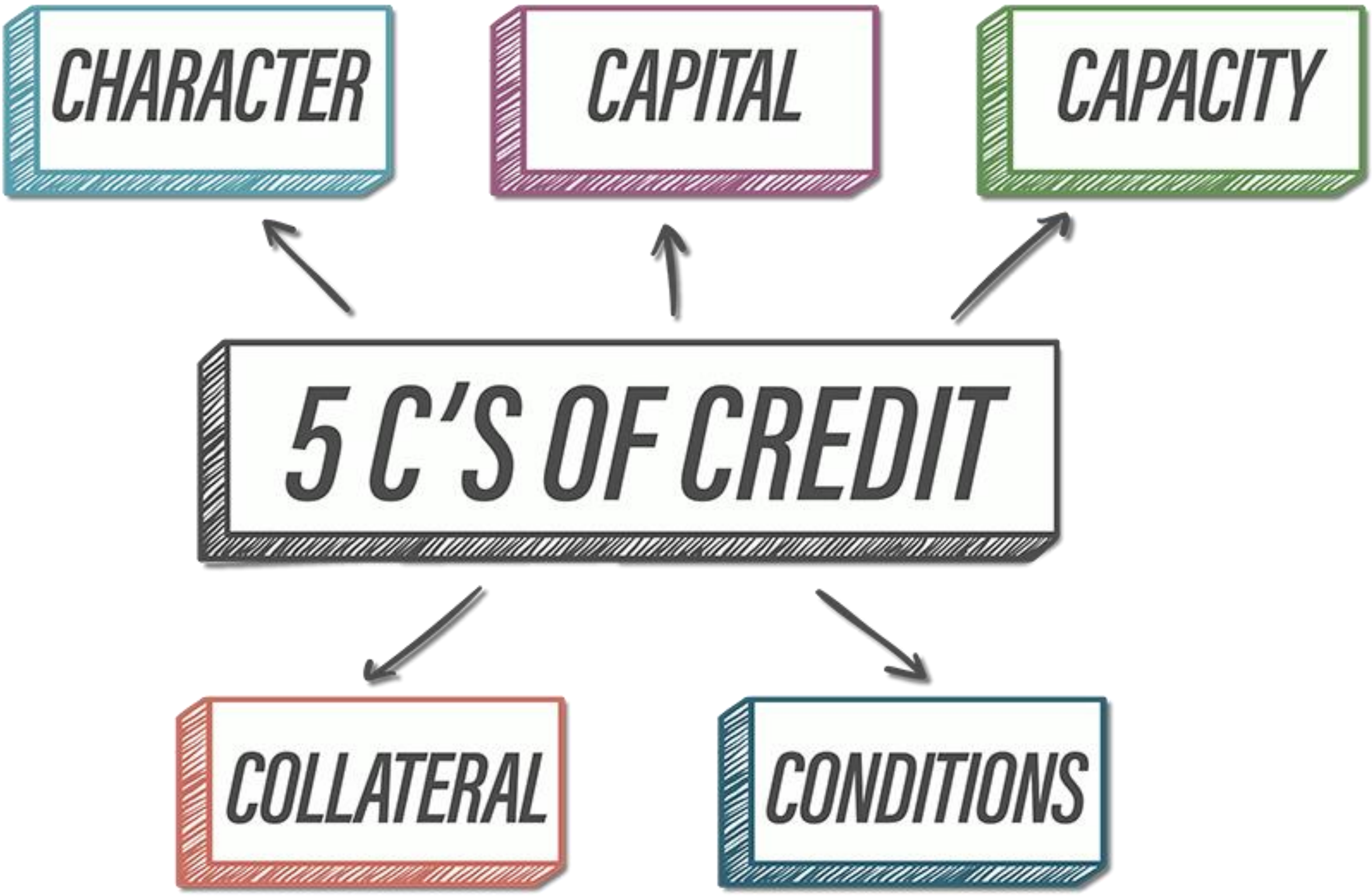
How Lenders Assess Loan Applications

Mortgage Brokers can help connect you to the lender best fit to serve your mortgage needs by shopping around on your behalf.

In order to decide whether or not to provide you with a loan, lenders will generally assess you against five qualities commonly known as the “5 C’s of Credit”.



1. Your financial history. Your credit rating, expenses and debts will help the lender assess your character as a borrower and whether you are worth the risk.
2. How much capital you have up front. Assessing your ability to put down a percentage of the value of the property being purchase up front is standard. The percentages vary though, and lenders may approve a five per cent deposit.
3. Your ability to repay the loan. To establish your capacity the lender will look at your employment history and salary to evaluate whether you have enough cash coming in reliably to pay the loan over time.
4. The property appraisal price. Since the property is used as collateral if you are unable to repay the loan, the lender will value the property. Based on the report, the lender will decide whether the property is worth the loan being approved.
5. Market conditions. Economic circumstances in the market can influence what interest rate you have access to and whether you need to provide extra security. They can also influence the repayment schedule.
6.

MY Mortgage Professionals®

Phone: 0418 119 118
Email: enquiries@mymps.com.au
URL: https://www.mymps.com.au