
RESOURCE - FAQ

Frequently Asked Questions

Fifteen of the questions I get asked most often - from first home buyers, refinancers, and investors. Short, practical answers in plain English.

Getting started

Q. How much deposit do I really need?

The gold standard is 20%, but with the right lender, scheme, or guarantor support, you can get into the market with as little as 5%. There's no one-size answer — it depends on your goal, the property, and your full financial picture.

Q. I'm a first home buyer — what schemes can help me?

Several government-backed schemes are available that let eligible first home buyers get in with as little as 5% and waive Lenders Mortgage Insurance. Eligibility criteria evolve regularly, so it's worth a chat to confirm what you qualify for.

Q. How long does the loan process take?

From first chat to settlement, you're typically looking at 4–8 weeks for a standard purchase, depending on the lender, the property, and how quickly documents come through. Pre-approval usually takes around a week.

Income & borrowing capacity

Q. What income do banks accept?

PAYG (full-time, part-time, casual), self-employed income, plus additional sources like investment income, rental income, government benefits, and certain allowances. Each lender treats different income types differently — which is exactly where a broker earns their keep.

Q. I get bonuses or commission — does that count?

Yes, but typically with conditions. Most lenders need to see two consecutive years of bonus or commission history, and they apply a discount when assessing how much of it counts toward your borrowing capacity. Some lenders are more generous than others.

Q. I'm self-employed - can I still get a home loan?

Absolutely. Most lenders want two years of financials, but there's an increasing number offering low-doc options using BAS statements or business bank statements instead. The right structure and lender pairing makes a big difference.



Existing debts & expenses

Q. Do my credit cards affect how much I can borrow?

Yes - and probably more than you realise. Banks look at your credit limit, not your balance. Roughly speaking, every \$1,000 of credit card limit reduces your borrowing capacity by \$4,000-\$5,000.

Q. Should I close my credit card before applying for a loan?

No, not necessarily. What matters is being aware of the impact your card limit will have on your borrowing capacity. Often we'll structure a conditional approval subject to credit card closures or limit reductions - meaning the bank approves the loan on the condition those changes happen before settlement. The conversation about your limits should happen up-front, but the closure itself doesn't need to.

Q. What is HEM and how does it affect my application?

HEM is the Household Expenditure Measure - the minimum living expense the bank assumes you spend, based on your household size, income, and location. It varies between lenders and is one of the most misunderstood drivers of borrowing capacity.



Property & valuation

Q. What property types are accepted?

Free-standing dwellings, apartments, units, townhouses, and rural properties with residentially zoned dwellings are all standard. Non-standard properties (high-rise, small studios, unusual zoning, regional locations) can still be financed - you just need the right lender.

Q. Why does my property need to be valued?

To determine the loan-to-value ratio (LVR) - which directly impacts how much the bank will lend. The valuation is done by a third-party company, not the bank itself.

Q. What happens if the valuation comes in lower than the purchase price?

It depends on your deposit. If you've got a healthy buffer (30%+), you may still settle as planned. If you were planning a tight 10-20% deposit, you may need to top up the deposit or accept LMI. Don't plan for a higher valuation - plan for it to come in on contract.



Credit, conduct & approval

Q. Will a missed payment ruin my chances?

One missed payment isn't fatal, but a pattern of missed or late payments will affect your application. Banks look for consistent, on-time conduct as evidence you can handle a mortgage.

Q. I've had defaults or been bankrupt - can I still get a loan?

Yes, in many cases. There are lenders who specifically work with borrowers who have past credit issues. Even being discharged from bankruptcy can be overcome - some lenders only need you to be discharged for one day, provided their other criteria are met.

Q. What is LMI and do I have to pay it?

Lenders Mortgage Insurance is a one-off premium added to your loan when your deposit is less than 20%. It protects the lender (not you) if you can't repay. You can avoid it with a 20% deposit, certain government schemes, or specific professional eligibility waivers.

Got a question this raises?

Every situation is different. Book a free, no-obligation chat with Jonny and let's walk through your numbers.

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