

Applying for a HOMESTART NT loan

Before you start looking for a home it is important to find out how much you can afford and get pre-approval for a loan. This will not only give you peace of mind, but also let you know what homes you can afford to look at.

TIO delivers and manages all HOMESTART NT loans and they will help you throughout the process.

Step 1: Find out what you can afford

Before you start looking at homes, you need to know how much you can afford to borrow based on your household income and budget.

Income you need to include to work out affordability

- Carer allowance / carer payment
- Child support / child maintenance (specific requirements have to be met)
- District allowance
- Family tax benefits and parenting payment (how much used depends on the age of your children)
- First aid allowance
- Housing allowance
- Net profit (loss) from business (if you are self employed)
- Newstart allowance (as a supplement to other income)
- Regular overtime, higher duties allowance and shift penalties
- Age, disability and veteran affairs pensions
- Vehicle allowance
- Wages

Working out your household budget

Household budgets need to cover many things, and as a home owner you will be responsible for additional costs such as rates, insurances and body corporate fees (if you are buying a unit). The following list of expenses is a guide to help you develop your own budget.

Household	water, electricity, telephone (home and mobiles), Internet
Repayments	credit cards, personal loans, car loans etc
Medical	GP bills, dentists, regular medications
Transport	petrol, car registration, insurance and maintenance, AANT membership, bus fares
Food	groceries, takeaway, school lunches
Social events, entertainment and hobbies	eating out, movies, DVDs, magazines, Pay TV, concerts, gym membership, sporting teams, club memberships
Insurances	car, contents, life, income, health
Children	childcare, school fees, child support / maintenance, their hobbies
Clothing	school uniforms and work-specific clothing and shoes
Celebrations	birthdays, Christmas, anniversaries, holidays

When TIO assesses your application, they will allow for expenses associated with owning a home such as rates, water, sewerage, maintenance, repairs, building insurance, Body Corporate fees and regular pest inspections.

Step 2: Apply for a loan

Your application includes completing a number of forms and having an interview with TIO. To support your application you will need to provide TIO with documents to confirm your income and any other debts or loans you may have. Refer to the HOMESTART NT loan application and checklist for the full list of requirements.

You will need to pay a fee of \$25 when you submit the application.

Step 3: Loan assessment and approval in principle

TIO has a dedicated team to look after all HOMESTART NT loan assessments. You will be given their direct contact details at the time of application, so you can call them at any time to find out how your application is going.

TIO will do a credit reference check to make sure you have a good credit history and an ownership search to confirm that you don't own any other property.

Based on your current income and expenses, TIO will calculate the maximum loan you can borrow and purchase price for a home that you can afford. The following criteria will be used.

- Home loan repayments must not exceed 30% of gross income.
- Total financial commitments (loans, credit cards etc) must not exceed 40% of gross income.
- At least 10% of your after tax income is left over for miscellaneous and unexpected expenses.
- Applications are assessed above the current interest rate to allow for any possible interest rate rises.

If your loan is approved, an Approval in Principle letter will be issued. This will be valid for three months, assuming your financial situation does not change. Sometimes TIO will ask for updated information once you have found a property.

If your loan is not approved, TIO will explain the reasons in writing. They may also offer some practical suggestions on what you can do to be successful in the future.

Step 4: Now you can start looking for a property in your price range