

A home of one's own

Are you flying solo and starting to think that buying a property will never be possible? There's really no need to wait for a knight, or lady, in shining armour to come along, as securing finance on a single income does happen.



Of course, just as if you were a couple, your borrowing capacity will depend on your income and commitments. But there are some differences. A single will probably have different requirements of a property than a couple would. So consider: are you looking for a residential or investment property? What kind of deposit are you considering? Do you have dependents or children?

You may also need to take extra precautions without a second income to fall back on. Some MFAA Approved Credit Advisers recommend that single-income clients sign up for mortgage protection insurance <link: <http://www.essentialsofborrowing.com.au/how-to-buy-without-a-20-deposit>>, in case they lose their jobs or suffer from an accident that could impact their ability to make repayments.

One MFAA Approved Credit Adviser recently helped a single first-home buyer who wanted to live in the eastern suburbs in Sydney. She decided to downsize from her large rental and buy an affordable studio in which to live.

"We looked at how much she's paying in rent and what she's currently saving. Then we looked at what was a good, comfortable spend for her and worked backwards from that," the MFAA credit adviser explained.

"It wasn't as if she had to sacrifice everything, she just went smaller. As a single person, she decided she'd be happy in a studio, as opposed to a bigger apartment in a location she wasn't as happy with."

Another happy client this MFAA credit adviser recently helped was a young professional who purchased her first investment property.

"She used her 10 per cent savings on stamp duty, mortgage insurance and her initial deposit. The property is now being rented out and is a good investment with borrowed return."

An option for singles is to consider purchasing or building outside metropolitan areas in order to lower costs. When deciding whether such a purchase would be owner-occupied or an investment, you need to weigh up relocation or commuting costs, as well as any income losses associated with moving away from a city, against benefits available to first-home buyers <link: <http://www.essentialsofborrowing.com.au/how-much-is-the-first-home-owner-grant>> who plan to live in their properties.

An MFAA Approved Finance Broker, like myself, can use industry expertise to help you find a property that matches your lifestyle and income.

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