

Apply for a HomeBuild Access Subsidised Interest Rate Loan

People's Choice manages HomeBuild Access Subsidised Interest Rate Loans on behalf of the Northern Territory Government and they will help you throughout the application 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.

Examples of income included to work out your borrowing affordability:

- carer allowance/carer payment;
- child support/child maintenance (specific requirements have to be met);
- district allowance;
- family tax benefits and parenting payment (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; or
- wages/salary.

Working out your household budget

Household budgets need to cover a broad range of expenses. As a home owner you are responsible for additional costs such as rates, insurances and, if you are buying a unit, body corporate fees.

The following list of expense examples 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.
- Transport: petrol, car registration, maintenance, AANT membership, bus fares.
- Food: groceries, takeaway, school lunches.
- Medical: GP/Medical specialist bills, dentists, regular medications.
- Sports/clubs: membership fees, game fees, equipment.
- Insurance: contents, car, health, life.
- Other: clothing, entertainment, travel.

Step 2: Applying for a loan

The process for you to apply for a **Subsidised Interest Rate Loan** includes having an interview with a People's Choice lending specialist, and completing a number of forms.

You will need to provide People's Choice with documents to confirm your income and other information, including your loans and savings. You can refer to the **Subsidised Interest Rate Loan** application form and checklist for the full list of the details you will need to provide.

Step 3: Loan assessment and approval

People's Choice's lending specialists will look after your **Subsidised Interest Rate Loan** assessments. You will be updated throughout the application process by a People's Choice specialist and you will be provided with 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.

As a part of the assessment of your **Subsidised Interest Rate Loan** application, People's Choice will do checks on your credit history and an ownership search to confirm that you don't own any other property.

Based on your current income and expenses, People's Choice will calculate the maximum loan you can borrow and purchase price for a home that you can afford.

The following criteria will be used when the assessment of your borrowing capacity is completed:

- your new home loan repayments must not exceed 30% of your total assessable gross income;
- when calculating your new home loan, the repayments will be based on an interest rate higher than the current interest rate (interest rate buffer) to allow for potential interest rate rises;
- your total financial commitments (loans, credit cards), including the new home loan repayment, must not exceed 40% of your total assessable gross income;
- at least 10% of your after tax income must be left over after allowing for all of your financial commitments and your living expenses.

If your loan is approved, an Approval in Principle letter will be issued. The approval will be valid for 90 days, assuming your financial situation does not change. People's Choice may ask for updated information once you have found a property.

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

More information

For more information call People's Choice on 8943 3319 to speak with a specialist who can help you with your enquiry.

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