

# Will the bank love your new job as much as you do?



January and February are traditionally the months we see a peak in job seeking activity<sup>1</sup>. Perhaps a consequence of all those new year's resolutions for self improvement?

Research shows Gen Y is now actively exploring and entering the property market. They are also well known as the job hopping generation with an average of just 20 to 32 months in a job<sup>2</sup>. In fact, the national average job tenure across all age groups is now 3.3 years. Today's job market is a far cry from the days of a 'job for life'.

## So what impact does a new job have on your ability to be approved for a home loan?

For younger generations, a stable job with a secure income can sometimes be the catalyst to buying your first home or investment property. But although you may be delighted with your exciting new job, your lender may not be quite so happy.

When assessing a home loan application lenders will usually consider:

- how often you change jobs
- whether you are staying within the same industry, or
- if you are taking your career in a new direction

These factors influence the lender's assessment of whether you are a good credit risk. They tend to prefer applicants who have a stable employment history with 1 to 2 years of steady or increasing income to determine the loan amount you are capable of repaying.

*Switching jobs shortly before or after applying for a mortgage may make it harder to qualify.*

Most lenders prefer you to be in your current position for 6 to 12 months to borrow 80% of the property value. There ARE a few lenders who allow you to borrow up to 95% of the value of the property (for an owner occupier loan) – sometimes even if you have just started a new job.

## Are there lenders who can help?

Many lenders now understand younger generations are in high demand, are highly skilled and are career opportunists who actively change jobs to seek a higher salary or better working conditions. Not all lenders require you to be in your job for more than a year and some are tailoring products and qualifying criteria to meet these new norms.

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## What if I've only been in my job for 1 month?

Some banks recognise that despite a short employment history, many individuals are in a strong financial position and have industry experience. Your length of time in a job will be less of an issue if you have other sources of income, eg investments, royalties, second jobs etc. The lender may need proof this income has been steady for a couple of years and that you expect it to continue.

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## What if I am changing my career?

If you are considering a career change or have recently changed jobs, it does not necessarily mean you need to put your borrowing plans on hold. **Increase your lending options by talking to us when you first start thinking about any life changes and definitely before making any decisions.**

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## Do you move house often?

The stability of your home address is also considered, along with many other factors in lenders' sophisticated credit scoring analyses to assess whether you are a good long term risk. If you are currently renting and planning to seek finance soon, speak to us before your next move to allow us to prepare your application in the most positive light.

*We can generally find a lender who will help, however if you are changing to a completely new industry or role then this will certainly reduce your chances of securing an approval. That's WHY you need us to help!*

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## What do the banks think?

Most lenders won't approve a loan during the process of switching to a new employer but there are some that may consider approving your home loan before you have commenced your new role. If you can show stability with your prior employers they may take the view you are moving to a new employer to take advantage of a better salary or working conditions.

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## What should I do now?

**TALK TO US!** Our role as your finance specialist is to keep up to date with the constantly changing borrowing criteria of most lending institutions so we can suggest a solution for your individual situation.

1. [seek.com.au](http://seek.com.au)  
2. [mccrindle.com.au](http://mccrindle.com.au)



When you apply for a loan, the lender may ask a number of questions to fully assess your borrowing capacity. Ask us to send you our 'Loan Documentation Checklist' to ensure you are fully prepared.

