

Qualified Buyer's Certificate: What is it and do you need one?

Low interest rates aside, in the current unstable economic climate, even experienced buyers may require some help determining their current financial standing, and what they're in for when buying property.



Rhys Dyer, CEO of ooba

Rhys Dyer, CEO of ooba Home Loans explains, "It's essential to know exactly what you are able to afford, and what your credit rating is. Banks will only approve you for an amount you are able to repay, and credit ratings under 600 will not be accepted."

To give yourself an edge in a buyer-saturated market and ensure you're shopping in the right price bracket, a pre-approval is important.

"One thing that will help you stand out to sellers, estate agents and banks is a Qualified Buyer's Certificate. This involves a more in-depth process than a pre-approval and is executed by financial experts. ooba Home Loans has found that potential home buyers with a Qualified Buyer's Certificate increase their chances of being approved by over 90%," says Dyer.

"To attain a Qualified Buyer's Certificate with ooba Home Loans, an applicant's credit score, income and expenses are examined with the help of our home loan experts. The process is similar to what the bank will look into when processing your home loan application," explains Dyer.



Low interest rates contribute to property market revival

22 Oct 2020



Preapproval vs. Qualified Buyer's Certificate

A pre-approval is the simplest way to determine what you can afford and what your credit score is. A pre-approval increases your chances of having offers accepted by sellers and allows you to make adjustments to your finances as needed. While a pre-approval is useful in providing a clearer idea of where you're at financially, it doesn't guarantee that you'll be approved by the banks.

Simply put, a Qualified Buyer's Certificate is a more robust version of a pre-qualification. It is conducted by a home finance expert who evaluates your affordability in much of the same way that the banks do. Documents are assessed, in-depth credit checks are performed, and your financial position is determined before you receive the certificate.

“What makes a Qualified Buyer's Certificate such a powerful secret weapon is that it mimics the steps a bank will take when analysing your finances once you've applied for a home loan. It is often conducted as a precursor to a home loan application and saves on approval times. Therefore, if you complete a pre-qualification and then apply for a Qualified Buyer's Certificate, your application is already 25% complete.”

What are the benefits?

A Qualified Buyer's Certificate provides an edge to buyers in a few different ways. These include:

- **Competitive edge.** “While preapproval is all but expected by leading estate agents these days, a Qualified Buyer's Certificate lends an extra dimension of reliability which really helps you stand out from the crowd,” says Dyer. If a seller receives multiple offers on a home, they are more likely to choose an offer to purchase from a buyer with a Qualified Buyer's Certificate. The certificate acts as a guarantee that you are able to afford the home and are likely to be approved by banks.
- **Be prepared.** Having essentially already practised each step of the loan approval process to attain the Qualified Buyer's Certificate, you will be able to anticipate any potential roadblocks that might compromise your application or credit score. By the time you're ready to apply, you'll know exactly what each step will entail and that your finances are already in order.
- **Know your affordability level.** Knowing your exact price bracket helps you to narrow your choices to those within your affordability with greater accuracy.
- **No wasted time.** Knowing what you are able to afford means knowing which properties are out of your range. “This will save you the lengthy process of putting in an offer to purchase and completing (legally binding) paperwork involving the seller, agent and possibly the bank, only to be turned down and have to start from scratch,” explains Dyer.



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11 Sep 2020



How do you get a Qualified Buyer's Certificate?

Potential home buyers can apply online for a Qualified Buyer's Certificate by simply selecting to be expertly verified. The experts then assess your documents, such as bank statements and payslips, and perform an Experian credit check.

Once your financial position has been analysed, you will receive a Qualified Buyer's Certificate.

“Qualified Buyer's Certificates are a trend worth investigating for anyone looking to purchase a home. In a competitive market, and during these uncertain times, buyers need to take advantage of every opportunity available to them. This is one of the most effective ways to stand out from the crowd and save yourself the disappointment of being turned down after making an offer to purchase,” concludes Dyer.

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