

What is an alt doc home loan and how can it help me?

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An alt documentation loan (alt doc) or a low documentation loan (low doc) are mortgages that can be taken out using different sorts of paperwork to the kind needed for a full documentation (full doc) loan. Self-employed borrowers, who can find it difficult to provide standard documentation as proof of their income, often use these sorts of alternative loans.

The low down on alt doc loans

Once upon a time, a 'low doc' loan was just that: a mortgage that could be taken out using less documents to get it. But, after the global financial crisis (GFC) and the tightening up of lending rules that came after it everything changed.

After the GFC in 2008 the introduction of National Consumer Credit Regulations in 2009 changed how low doc loans could work. One of the most important parts of it was that a lender can't lend to a customer unless they (the lender) have met what are called the 'lender's responsible lending obligations'.

This means that today every loan has to pass a test that says the borrowers are in a position to manage their loan repayments. As a result of this rule, low doc loans became quite a lot like regular full documentation loans. The main difference being not the amount of documents but the type of documents that can be used as evidence to satisfy a lender's loan suitability and credit assessment criteria. That's why they get called Alt Doc.

If, for example, you can't provide up to date tax returns, with big non-bank lenders like Pepper Money, you can provide alternative income documents to support your loan application. When they assess your 'Alt Doc' application some of the things they will look for are:

- Has your business been ABN registered for at least 6 months?

- Has your business been GST registered for at least 6 months?
- Business Activity Statements (BAS)
- Bank Account Statements
- An Accountants Letter.

Of course, different home loan products need different levels of supporting documentation. For this reason, the best thing to do is to talk to us. We'll go through the income verification documents you do have, talk to you about what the options are and work with you to find a home loan provider that meets your needs.

If you'd like more information on alt doc loans talk to us today about how we may be able to put you in touch with a lender that can help if the major banks say 'no' to your loan application. 0422 300 324

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