

Published based on [Top Four Secret Reasons Why A Property May Not Be Accepted By Lenders](#)

Top Four Secret Reasons Why A Property May Not Be Accepted By Lenders

While this may not be widely known it is an issue that is important enough to cover when you are in the process of getting a home loan. The fact is that there may be properties that are just not acceptable to lenders as security for home loans. It may seem foolish at first, and perhaps it is. When your primary focus is finding the house of your dreams you may not have the patience to accept the arbitrary decisions of a lender.

All lenders in Australia have particular criteria regarding the types of homes they will finance. If one does not meet these guidelines, then it is possible that your loan application will be denied. This may happen even if you have a pre-approved bank loan. In order to head this conclusion off, you must read the fine print of any agreement to determine what conditions must be met. In particular, find out whether subsequent approval of the loan is dependent on whether your lender accepts your chosen property as collateral.

More Information

Since it is likely that the criteria for approval may vary widely from one lender to the next, you should contact the lender directly and request a complete list of conditions that a property must meet in order to be accepted. It would be great if you ask them to provide you a facility of [home loan calculators Australia](#). Below are just a few conditions that you may encounter that banks use to just the fitness of a property for financing purposes.

1. Is it smaller than 50 square meters? Some lenders are reticent to deal with you if the property is smaller than 50 square meters since this compact space does not normally accommodate additions or even parking. Some lenders simply turn you down, while others may take a closer look. Check on this condition if you want home loans during the pre-approval period that can be used to buy these small units.
2. Is it larger than 2 hectares? As with the first condition, the issue is size. Some lenders simply will not accept your property as collateral for a loan if it is larger than two hectares. You'll need to check into this with your lender since the size of land is such a variable figure and acceptance terms may differ among banks and other financiers. Some lenders will accept land up to 50 hectares in size or more.
3. What is its zoning status? Lenders catering to the Australian housing market may also express hesitation about approving property that is legally zoned as residential purposes. Similarly, should the property come with a non-standard title such as a strata title, freehold, or Torrens title, you may encounter resistance. In such cases, it may be beneficial to contact lenders or other experts if they are willing to discuss the stratum or company title. This option may be based on whether the LVR (loan value ratio) is high or not.
4. What about a rural property? If you've decided to buy a home that is some distance outside of major cities or towns, you may encounter lender resistance (or outright rejection) to your loan application. The commonly cited reason is that the LVR is too high. If you want to find out the viability of pursuing a property, you should check with the lender about acceptable LVR levels. After this, you would find out your eligibility using a loan calculator.

More Conditions

You are certain to encounter other contract conditions that may make a property unacceptable to a lender. It is your task to do the research and take the appropriate amount of time to read the fine print or ask lenders about their policies. Get some research over the internet, go to some good comparison websites and will surely find a best [personal loan calculator](#). Only then will you be able to keep moving forward towards the goal of home ownership.

If you are trying to find information about the topic of [retirement investing](#), then please check out the page that was mentioned in this passage.