

# What is a Low Doc Loan? Can I apply???



**A low doc (or low documentation) home loan is a type of home loan that can be approved without the normal income verification requirements.**

What this usually means is that you sign an income declaration and provide reduced income evidence often in the form of [BAS, business account statements](#) or an [accountant's declaration](#).

Your bank will accept this as proof of your income without the need to see your tax returns and other financials.

## Is this for self-employed people?

*Low doc loans are only for self-employed borrowers.*

If you're self-employed then you'll know from experience that the banks see you as a higher risk and tend to be more conservative when assessing your loan application.

They'll ask you for the last two years' tax returns and assessments for yourself and your business, two years financial statements and in some cases BAS statements or interim accounts. As you can imagine the paperwork really begins to pile up!

On the other hand, with a low doc loan, you state your income on a form, provide reduced income evidence in the form of BAS, business account statements or an accountant's declaration and that is it!

Do you need a loan? Send us an [online enquiry](#) or call us at **0481197817** to speak to one of our expert mortgage brokers.



## Why use a low doc loan?

The main reason to use a [low doc home loan](#) is because you cannot prove your true income. For example:

- You may not have up to date tax returns.
- Your income may have increased since your last tax return.
- You may have large deductions such as depreciation which are not a real expense.
- Your company structure may be too complex.
- You may have distributed income to family members from your trust.

Some other businesses such as restaurants, taxi services, tradesmen or retail outlets receive most of their income as cash which doesn't show up in their tax returns. Obviously if they were to show their tax returns to the lender then they would be declined as their income would appear too low to service the debt.

## Who can get a low doc loan?

When they were first introduced, low doc loans were only available from a select few lenders at very high interest rates, with restricted lending criteria. Modern day low doc loans are far more readily available.

Self-employed borrowers are normally required to have a valid ABN that has been running for at least two years and is registered for GST. Some lenders will now accept ABNs that have been registered for just 1 day.

Some of our specialist lenders can consider lending more than 80% of the property value and can consider borrowers who have had defaults or other black marks on their credit file.

## What is an Income Declaration Form?

An Income Declaration Form is a method for the banks to verify your income when applying for a low doc loan.

Typically, the form will ask you to state your name, your business's name, your business's ABN, the amount you are borrowing and the indicative repayments. At the bottom of the form is usually a declaration confirming that you believe that the income you are stating is true and that you can afford to make the loan repayments.

Every lender has their own Low Doc Declaration, so it may vary. Some lenders will also ask you to verify your assets and liabilities, while others have a [no doc](#) option that will allow you to not even declare an income or anything about your asset position.

## Accountant's Letter

What does a low doc [accountant's letter](#) need to say?

The accountant's letter low doc loan declaration is a template provided by the lender in addition to its normal low doc loan declaration. This template is attached to the original low doc loan declaration so the accountant can input his details and fill in the necessary blanks.

The main content of an accountant's letter low doc declaration confirms the accountant's details and registration details. In addition, the accountant confirms they are aware that the borrower has made an *income declaration*, and that this income declared is 'not an unreasonable estimate of the borrower's income.'

The accountant does not necessarily have to say what the borrower's income is, rather just confirm that the income stated by the borrower is 'not unreasonable'. Many practicing accountants will be familiar with the new declarations since they began in 2011.

Leave us your details and you can [Download a template of accountant's letter:](#)

[CLICK HERE](#)

## How do I apply for a low doc loan?

Our brokers are specialists in low doc loans and can help you find the right lender for your loan application. Just send us an [online enquiry](#) or call us at **0481197817** to speak to one of our expert brokers.

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