

How does the home loan process work?



Arrange a pre-approved loan

If you haven't started your property search, or are still looking, a pre-approved loan can be useful. It gives you a clear picture of what your spending limits are and gives you peace of mind that if you find a property you're really interested in you can move quickly to make an offer. And it may put you in a stronger negotiating position than other potential buyers who don't have pre-approval. Of course, even with a pre-approval, a subject to finance clause is an important protection in any sale contract.



Find your property

Make sure you do plenty of homework when you're on the hunt for a new property. Research property prices in the area, potential capital growth and existing and planned infrastructure, such as roads, public transport, schools and shops. If you're unfamiliar with property values in the area, consider a full valuation carried out by a registered valuer before making a final decision.



Make an offer and sign a Contract of Sale

Whether you buy property at auction or make an offer on a listing you'll be asked to sign a Contract of Sale. This contract will confirm the selling price as well as any terms and conditions. You will need to include appropriate conditions such as subject to lender approval, a building inspection report and a pest inspection.

The period from signing a Contract of Sale to settlement – when the property becomes legally yours – is usually six weeks (shorter in some states, such as Queensland). **Note: even if you have a pre-approved loan, your lender will still need to complete a valuation of the property you have chosen before issuing full approval and if that valuation is not satisfactory the lender may not give final approval of a loan to purchase that property.**



Appoint a conveyancer

You will need a conveyancer or solicitor to act for you to complete the sale. Your conveyancer should also check all rates and taxes have been paid, check land use or building approvals for the property and order any relevant searches. They may also help sort out any inspections.

On settlement day, the conveyancer will check the correct amount of money has been transferred from your lender to the seller and all fees – such as Stamp Duty – are paid, so you can take legal ownership of the property.



Pay a deposit

A deposit is required once a Contract of Sale has been signed by both parties. You won't yet have access to your home loan, so your deposit will need to come from savings or elsewhere. You may also be able to arrange a deposit bond until settlement.



Cooling off period

If you didn't buy your property at auction, you may have a cooling off period when you can cancel the contract, although there may be a small penalty. Cooling off periods don't necessarily apply in every state so check with your relevant state authority to find out what your rights may be.



Unconditional contracts

Be very cautious about signing an unconditional contract or bidding at an auction especially if you're not certain about whether you'll be able to obtain finance or about buying the home.