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FINANCE BROKERS

The Home Loan Process Explained

Buying a House can be one of life's greatest stressors. With so many elements to consider – finance, contracts, building and pest inspections, insurance – the process can be overwhelming. Below we have listed the key steps and explained what is involved when purchasing a house.

1. 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 are really interested in, you can move quickly to make an offer. Also, it may put you in a stronger negotiating position than other buyers who don't have pre-approval. At Ourloan we can take care of all the paperwork to lodge your loan application.

2. Find your property

Ensure you do plenty of research when you're on the hunt for a new property, including property prices in the area, potential for 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.

3. Make an offer and sign a Contract of Sale

Whether you buy a property at auction or make an offer on a listing, your agreement with the vendor only becomes a legal commitment when a Contract of Sale (Offer of Acceptance in WA) has been signed by both parties. This contract will confirm the selling price as well as any terms and conditions. Your commitment will usually be subject to lender approval, a building inspection and 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.

4. Pay a deposit

A deposit is required once a Contract of Sale has been signed by both parties (sometimes called 'exchanging contracts.') This can range from 5% to 10%. You won't yet have access to your home loan, so your deposit will need to come from savings or elsewhere (e.g. family pledge or gift). You may also be able to arrange a deposit bond until settlement. Speak to one of our Mortgage Brokers about your deposit options.

5. Appoint a solicitor or conveyance

You will need a solicitor or conveyancer to check the legalities of the Contract of Sale. Your solicitor or conveyancer will 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.

