

# Fact Sheet - The Home Buying Process

A helpful ProSolution Fact Sheet on the steps to smarter home buying.

**Step 1. Work out where, what and how much.** You will need to have a think about the potential location, type (house, apartment) and maximum purchase price of your desired property. The best way to do this is by having a quick scan of property websites and the local newspapers.

**Step 2. Arrange finance.** This involves contacting your lender or mortgage broker to work out exactly what you can afford. It is advisable not to rely on verbal indications. Always lodge a pre-approval with your chosen lender just to be sure. This will result in a written pre-approval. It is not iron clad but it's better than nothing.

**Step 3. Search for property.** This is the hard part and can take from one week to over a year. If you build strong relationships with real estate agents you might be able to get a jump on the market by seeing properties before they are advertised. You may even think about engaging the services of a buyers advocate to do the leg work for you.

**Step 4. Contract review.** Once you have found a property that you are interested in, it is always advisable to get your solicitor to review the draft Contract of Sale (which can be obtained from the agent). Your solicitor may suggest some changes to include with your written offer. The solicitor can draft your first written offer to kick-off negotiations.

**Step 5. Arrange valuation and building/pest inspection.** If negotiations are going well you may like to order building and pest inspections. Some lenders will also be happy to value the property before you sign a Contract of Sale. However, you will have to pay for this valuation if you do not proceed with the purchase. The advantage is that you can make your next offer unconditional (i.e. not conditional upon valuation).

**Step 6. Finalise negotiation.** After you have completed the valuation process and building inspection you should have more evidence about the quality of the property. This will allow you to decide how much you actually want to pay.

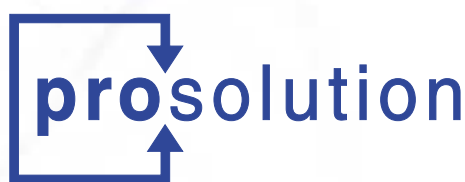
**Step 7. Sign Contract of Sale & pay deposit.** Once you have decided on a price it is now time to sign a Contract of Sale. If the lender has not undertaken a valuation then you may want to sign "subject to a satisfactory bank valuation". You will also have to pay a deposit (usually 10%) when you sign the contract so make sure you have access to the required funds (or deposit bond).

**Step 8. Unconditional finance.** Your lender and solicitor will then require a copy of the final signed Contract of Sale. Once received, the lender will then unconditionally approve the loan. Confirmation of unconditional approval should be obtained in writing.

**Step 9. Loan documents and settlement.** The lender will now prepare mortgage documents for signing. Once these documents are signed your solicitor will need to contact the lender to book in settlement. If you have to contribute additional funds these can either be paid into the solicitors trust account or deposited into the lenders bank account (but confirm this with your solicitor).

**ProSolution.** We have available for new clients a more extensive report that describes the property buying process in more detail and includes further checklists and tips.

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