



GUIDE TO THE MORTGAGE PROCESS

Every person seeking a home loan has to undergo a number of steps from start to settlement. Understanding what happens in each step helps you prepare for the process and can hopefully get you into your new home faster.

Preparation

- Know your finances and budget inside and out and prepare a list of your assets.
- Do some initial research about home loans and mortgages.
- Make sure any mortgage provider you approach or are recommended is a member of the MIAA.

Initial Contact

- Get additional information about the mortgage provider¹.
- Find out what lenders are on your mortgage provider's panel or what loan products your lender offers.
- Advise how much money you are seeking to borrow, outline your finances and personal details.
- Organise a time and place (preferably their office) to meet.
- Determine what documents you need to bring to the meeting.

The more information you can provide your mortgage provider in this step the more prepared they are for your meeting.

The Meeting

There are usually five stages of the interview:

1. **Introduction:** will cover what will happen in the interview, information about the company you're dealing with (their panel of lenders, or their products if a lender) plus their commissions and fees.
2. **Qualification:** provision of documents to support your financial situation and budget; discussion about the size of the loan you require and its use i.e. investment or principal place of residence.
3. **Offer:** discussion of loan products, matching you to a loan product/s, if using a lender a discussion about the types of loan products, other mortgage providers will also discuss products and compare the different loan products from their panel of lenders. Use of calculators to determine repayments and upfront and ongoing fees. Deciding what loan/s to apply for.
4. **Application:** Completing the application form, and declaring the information provided is correct.
5. **Close:** advises what happens next, and up to settlement, expected time frame for the next contact, and returning original documents.

The Application

Your mortgage provider will:

- Review the application, check details and complete any missing information.
- Attach supporting documents.
- Complete a serviceability sheet to demonstrate your ability to pay back the loan.

- Send onto the assessor.

The lenders assessor will:

- Log the application, allocate a file number to it and confirm receipt of application.
 - Check it is completed correctly and has all relevant documents (or return it if incomplete).
 - Undertake detailed review and complete relevant checks.
 - Log all the information onto your file.
 - Pass the file to the team leader with a recommendation to approve or decline the loan.
- If approved by the lender a pre-approval or conditional approval is sent back to the mortgage provider to inform the borrower.

Pre-approval or Conditional Approval

Advises your loan is approved subject to certain conditions i.e. finding a property. The conditional approval usually lasts for about three months and should not cost you anything.

Valuation

The lender will conduct a valuation on the property you have chosen to show its market value and ensure they are lending within their guidelines.

Unconditional Approval

Granted when all the conditions of the loan have been met, and all costs are determined such as establishment fees, stamp duty, and lenders and solicitors fees.

Letter of Offer

Delineates the terms, conditions and costs of the loan. Get your solicitor to review the Letter of Offer and if okay, sign it and send it back to the lender so their solicitors can proceed to settlement. Once signed, it becomes the credit contract.

Mortgage Documents

Sent with the Letter of Offer, they outline the agreement between the lender, borrower and the Office of State Revenue. The details of the mortgage are recorded on the Certificate of Title along with the name of the borrower/owner and the mortgage lender. This process will be managed between the lender and your solicitor.

Settlement

Settlement occurs when the loan funds are drawn down to pay for the remainder of the property and the relevant costs. The date of settlement will be managed between the lender and your lawyers.

For More Information contact us at:

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