HOW TO OBTAIN PRE-APPROVAL FOR YOUR NEXT LOAN

The process of obtaining a pre-approval is an essential step in the home buying journey.

A pre-approval is a conditional commitment from a lender that you qualify for a certain amount of financing, subject to certain conditions being met. It's important to understand the pre-approval process so you can prepare ahead of time and set realistic expectations.

Here are the steps to take when obtaining a pre-approval:

1. Gather financial information

The first step in the pre-approval process is to gather all the necessary financial information that lenders require.

This typically includes:

- proof of income
- employment history
- credit score, and
- any debts or other financial obligations you may have.

You may also need to provide information on the property you intend to buy, such as its value, location and condition.

2. Select a preferred lender and submit an application

Once you have all your financial information in order, we can source a range of suitable lenders who may approve your loan. We discuss your options and can then submit your pre-approval to your chosen lender on your behalf.

3. Lender assessment

The lender will assess your application and financial information to determine whether you meet their lending criteria. They will evaluate your income, credit history, debts and other factors to determine your financing eligibility.

4. Conditional approval

If you meet the lender's lending criteria, you will be issued conditional approval. This is a commitment from the lender that they will provide you with finance, subject to certain conditions being met.

These conditions typically include providing additional documentation, property appraisal or any other conditions specified by the lender.

5. Property appraisal

When you are purchasing a property, the lender will require an appraisal to determine its value. This is typically done by an independent valuer who will assess the property's condition, location and other factors that may affect its value.

6. Final approval

Once all conditions have been met, the lender will issue final approval for your eligible amount of finance. Now you can proceed with the home buying process with confidence, knowing that you have secured the necessary funds and not having to worry about any unforeseen situation that may prevent the securement of funds.

It's important to note that a pre-approval is not a guarantee for finance.

Your circumstances may change during the searching and purchasing timeframe and the lender may decide not to provide finance if you no longer meet their original criteria. Additionally, the pre-approval will typically have a time limit, often up to three months, after which you may need to reapply for pre-approval if you have not yet found a property.

We cannot overstate the importance of obtaining a pre-approval for the home buying process.

When your pre-approval is in place, you can move forward with confidence, knowing that you have secured finance and can start the exciting process of finding your dream home.

Disclaimer: This article provides general information only and has been prepared without taking into account your objectives, financial situation or needs. We recommend that you consider whether it is appropriate for your circumstances. Your full financial situation will need to be reviewed prior to acceptance of any offer or product. It does not constitute legal, tax or financial advice and you should always seek professional advice in relation to your individual circumstances. ©2023