

The Mortgage Process

Blue Key Finance offers you expert advice and support from interview right through to the settlement of your loan and beyond. We help you work out how much you can borrow, find you the most suitable loan, submit your application and guide you through every stage of the mortgage process.

To help you understand the loan application process, the following steps illustrate the process involved in purchasing or refinancing a property and the approximate timeframes for each stage. Please note the steps below are indicative and times may vary based upon the lender selected and the complexity of the loan application.

Step 1 – Pre-Interview: providing the necessary documents

We encourage you to gather supporting documentation before our initial appointment. This is essential for organising your preapproval letter or refinance request from your preferred lender quickly.

Step 2 – Interview

During the interview, we will identify your aims and discuss with you the various different types of home loan products available to you. We will explain the credit policy, repayments and fees, features and benefits that will ultimately match you to the best lender and home loan that suit your specific circumstances. We will evaluate the loan application to ensure you qualify for a home loan with your chosen lender. We will need to confirm and verify the information provided by you.

When structuring your home loan we look at what is best for you now as well as in the future. We look at your future plans as they can have an effect on your ability to repay the loan.

Once the appropriate lender and loan product has been selected, the loan application process begins.

Step 3 – Loan application process

Your loan application will be packaged and lodged with your chosen lender immediately upon receipt of **all** your required supporting documentation. Once lodged, we will receive confirmation of receipt from the lender within 24 hours. Please note, your preferred lender may ask for further documents from you after we've submitted your preapproval or refinance request.

Step 4 – Conditional Approval (pre-approval)

We will receive a conditional approval letter from the lender on your behalf. Depending on the lender that you choose, this letter will normally be issued within 2 - 4 business days of initial lodgement of your loan application. Several lenders on our panel accept online lodgement and can provide a preapproval within 10 minutes. We keep you up to date with the progress and approval of your application.

The preapproval is normally valid for 90 days and can be renewed with lodgement of recent savings statements and two recent pay slips.

Step 5 – Unconditional (full) approval

Once you purchase a property you need to do the following:

Engage a solicitor / conveyancer

If you haven't yet secured the services of a solicitor or conveyancer, now is a good time to do so. Friends and family can be a useful source of referrals or simply look up 'Solicitors' in the Yellow Pages.

Obtain a copy of the contract of sale

The selling agent will provide you with a copy of the property's sale contract. Arrange for your solicitor or conveyancer to check the contract carefully before you make an offer. This offers protection from any legal restrictions you may not be aware of.

Arrange pest and building inspections

It is advisable to arrange a professional building and pest inspection of any property you are considering. This will ensure the property is structurally sound and free of pests.

Make an offer / bidding at auction

If you are purchasing by private treaty, you can make your offer to the agent either verbally or in writing. The agent will relay your offer to the vendor (seller), and what follows may be a period of negotiation during which both you and the vendor arrive at a price you are both comfortable with.

If you are bidding at auction, remember to bring your cheque book as you will need to pay a deposit on the spot if you are the highest bidder.

Secure final loan approval

Make sure your broker arranges a final approval from your lender. We will give the lender a copy of your contract note and request an unconditional approval on your behalf. The lender will in most circumstances order a property valuation to obtain its market value. Once the valuation has been determined, the lender will seek their mortgage insurer's approval (if required).

We will receive unconditional approval from your lender within 5-10 business days from receipt of the contract note. We will then notify you, your solicitor and the estate agent of this.

It is a good idea to arrange insurance cover for the property as soon as you exchange contracts. At the same time, you may also want to arrange contents insurance – to commence from the date you move in.

If purchasing with a pre-approval already organised

When you sign a contract of sale to buy your property, remember to put ***“Subject to Finance”*** and on the same page but under ‘Purchaser’s Finance’ remember to put ***“Blue Key Finance”*** and not your chosen lender. These two clauses will buy you time and provide you with an exit strategy if needed. However, if buying through an auction this is not relevant.

Depending on your specific circumstances I’ll be asking you most of the following questions once you’ve signed a contract of sale:

1. Are you still happy with the home loan product you chose on your pre-approval?
2. When is the ‘Finance approval due’ date?
3. What is the date of settlement?
4. What does the real estate agent want as an upfront deposit once you receive unconditional approval?
5. Do you need to apply for a deposit bond (only if you don’t have the required upfront deposit)?
6. What do you want to put down as your overall deposit by settlement?
7. Name & contact details for valuation access of the property you bought?
8. Do you want to pay a ‘rate lock’ fee to lock your fixed rate in?
9. How often would you like to make home loan repayments?
10. What is the account name and number of where the direct debit will be coming from for your home loan repayments?
11. Questions in relation to the details of the property you bought.
12. What are your Solicitor or Conveyancer’s details?
13. When do you intend to move in to your new property?

Secondly, depending on your specific circumstances, in order to organise your unconditional approval I’ll be requesting most of the following documents from you once you’ve signed a contract of sale to be faxed to me immediately:

1. Contract of Sale. If you’re a first home buyer then the original certified copy in the mail too
2. FHOG (original application in the mail too)
3. I.D (NB: If you’re a first home buyer then the original certified copy in the mail too)
4. 2 recent pay slips (only if the preapproval states this)
5. Updated proof of genuine savings / deposit contribution
6. Up to date confirmation of rental income for new purchase and / or existing rental income

Points to note about certified copies:

Take your full original 'contract of sale' (the vendor's signature not necessary at this stage) along with a photocopy of the first page of the 'Particulars of Sale' and take along your original '100 points of identification' along with a photocopy of your I.D to be sighted by an authorised person (i.e. a legal practitioner, JP, Magistrate, Police Officer, Dentist, Veterinarian, Pharmacist, CPA, Minister of Religion, or a Medical Practitioner). On the photocopied document the certifier writes the following: **'I certify that I have sighted the original document and this is a true copy of it'**. This certification must also have the certifier's name, title, and be signed and dated. The certified copies I want within a week of you signing your contract of sale.

NB: When you sign a 'contract of sale' it usually will not have the vendor's signature on it. Having said this, I still require those pages with the vendor's signature(s) on it within 1 week.

Secure your purchase

To secure your property purchase you will need to sign the sale contract and pay a deposit – usually equal to 10% of the properties agreed sale price, alternatively Deposit Bonds can also be used at this time.

Until you and the vendor have signed and exchanged contracts, the property can still be sold to another buyer offering a higher purchase price. It's a practice known as 'gazumping', and the possibility of being gazumped is one reason why pre-approval is a good idea. It allows you to move ahead with the buying process rather than risk missing out to another buyer.

Cooling off period

If you purchased your home through private treaty, you may be entitled to a 'cooling off' period following exchange, during which you can opt out of the purchase and still be entitled to a refund of your deposit. Do note though, the availability and length of a cooling off period varies between states and territories – ask your solicitor or conveyancer for full details.

There is no cooling off period for properties sold at auction. Once the hammer falls, you are committed to buying.

Step 6 – Pre settlement

Your chosen lender's solicitors will send your mortgage contract and letter of offer to you. These documents outline the agreement between the lender, yourself and the State Revenue Office. They also outline the terms and conditions and costs of the loan. Your solicitor/conveyancer and ourselves are available to answer any questions relating to these documents. You are also required to take out building insurance (a certificate of currency) on your property. Should you require assistance with this, we can arrange our insurance broker to find the cheapest building insurance premium for you. Once you receive your certificate of currency send this along with your signed mortgage contract in the reply paid envelope back to your chosen lender's solicitors so your loan can proceed to settlement. Once you've signed your mortgage contract, you've now entered into a credit contract.

During this time your solicitor or conveyancer will conduct a range of title and property searches to ensure everything is in order prior to title (ownership) of the property being transferred to you. Use this period to make arrangements for furniture removal and to organise utilities connection and mail redirection.

Step 7 - Settlement

After you have returned your signed mortgage contract, your solicitor/conveyancer will liaise with the lenders solicitor to effect settlement on the desired date.

At all times we will keep you updated of the situation and will be available to answer any questions. We will always endeavour to make the process as smooth as possible.

Remember, if you have any concerns call us.

Step 7 – Congratulations!

Settlement is the final legal stage of your home purchase. On the settlement date, representatives of the seller, the buyer and the lender all meet to complete the deal. The keys to the property are handed over to you – the buyer – and at last you have purchased your own home!

Your name and lender are noted on the certificate of title and settlement has been effected and your loan is in place.



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