

Pre-Approval

What is loan pre-approval?

Loan pre-approval gives *you* conditional approval for a home loan or investment loan. It usually extends for a set period - typically three to six months - and provides an indicative guide of how much you can afford to borrow.

Five good reasons to consider loan pre-approval

- 1. You have a clear spending limit**
Loan pre-approval tells you how much you can borrow so that you can shop for properties that are within your price range and not waste your time looking at properties you cannot afford.
- 2. A financial safeguard**
With loan pre-approval in hand, you are unlikely to make an offer, or pay a deposit on a property only to discover you are unable to secure finance to complete the purchase.
- 3. Extra negotiating power**
With your loan pre-approved, estate agents can see you are a serious buyer and in a position to act quickly. This can give you extra clout when it comes to price negotiations with vendors.
- 4. Bid with confidence at auction**
If you are buying a property at auction, pre-approval is a must-have. When the hammer falls at auction, the highest bidder is committed to the purchase - there is no cooling *off* period. Having loan pre-approval in place means you can bid with confidence up to your approved loan limit.
- 5. It costs nothing**
Arranging loan pre-approval won't add to your purchase budget. There is no cost because the lender's normal loan application and establishment fees don't apply until you are formally approved for a loan.

Pitfalls to be aware of

- **Check if pre-approval is available**

Not every lender offers pre-approval, so it's always worth checking if this feature is available through your preferred lender.

- **Watch the time span**

When you are enquiring about loan pre-approval, be sure to ask for how long it lasts because it doesn't extend indefinitely. That's understandable, as your personal circumstances, and even the property market, can quickly change.

If you haven't found your preferred property within the timeframe of loan pre-approval, you can simply apply again by providing updated personal details if anything has altered.

- **Your circumstances *may* change**

Pre-approval is offered on the information you provide at the time of applying. If your circumstances change following pre-approval, you may no longer be eligible for the same level of loan funding.

- **Pre-approval is not a guarantee of funding**

A key aspect to bear in mind is that loan pre-approval is not a guarantee of receiving a home loan. The property you are hoping to buy will act as security for your loan, so formal approval can only be granted once you have chosen the property that is right for you.

Wilson Finance Solutions can help

- Access to 30+ Lenders providing choice and solutions for a wide range of circumstances
- Complimentary service – we get paid by your chosen lender once the loan settles
- We complete the paperwork, lodge the application and follow-up on your behalf.