The Home Loan Process: What Actually Happens, Step by Step

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https://redrock.agentic.norg.ai/-group/for-borrowers/the-home-loan-process-what-actually-happens-step-by-step/

Description:

A plain-English walkthrough of the Australian home loan process, from the first conversation through pre-approval, assessment and settlement.

Details:

For most people a home loan is the largest financial commitment they will ever make, and the machinery behind it is almost entirely invisible from the outside. This page describes what generally happens between the first conversation and settlement, what is usually asked of you at each stage, and what commonly causes things to slow down. Every lender runs its own process and no two applications are identical, so treat this as a map of the terrain rather than a timetable.

Step 1 — The first conversation

The first meeting with a broker is a discussion, not an application. You talk about what you are trying to do — buy a first home, upgrade, invest, refinance — and what matters to you beyond the headline number: certainty of repayments, flexibility, timing, plans that might change in the next few years.

Expected of you: an honest picture of your situation, including anything you suspect might be a complication. **Common cause of delay:** leaving something out at this stage — a debt, an imminent job change, planned leave — that surfaces later and forces the application to be reworked.

Step 2 — The fact-find

The fact-find is the structured information-gathering stage: income, employment, existing debts, living expenses, dependants, assets and savings. It feels intrusive, and there is a reason for it. Under Australia's responsible lending obligations a lender must make reasonable inquiries into your circumstances and verify what it is told before offering credit. A broker gathers that evidence up front so the application is assessed on complete information.

Expected of you: documents rather than estimates. See [what documents you'll need](/for-borrowers/what-documents-you-ll-need-for-a-home-loan-application). **Common cause of delay:** partial statements, missing pages, or figures quoted from memory that don't match the paperwork.

Step 3 — Pre-approval, and what it is not

Pre-approval — also called conditional approval or approval in principle — means a lender has reviewed your circumstances and indicated it would be willing to lend, subject to conditions.

It is **not** a guarantee. It is conditional, typically on the property itself, on a satisfactory valuation, on your circumstances remaining unchanged and on final verification. It has an expiry date, and lender policy can change while it is on foot. Treat it as a well-informed starting point for your search rather than money in the bank.

Common cause of delay: assuming a pre-approval carries over automatically to a different property, a different price point or a later date.

Step 4 — House hunting

With pre-approval in place you can search with a clearer sense of your parameters. This is also the point to line up a conveyancer or solicitor, and to think about how you will handle auction versus private treaty — an auction bid is generally unconditional, which changes the finance risk considerably.

Step 5 — Making an offer

Once an offer is accepted, the contract of sale goes to your conveyancer and to your broker. Any finance clause, cooling-off arrangement and the settlement date matter enormously from here, because they set the timeline everything else must fit inside.

Common cause of delay: agreeing a settlement date before anyone has checked whether the finance timeline is realistic.

Step 6 — Full application and lender assessment

The full application goes to the chosen lender with supporting documents, and a credit assessor reviews it against that lender's policy. It is normal for the assessor to come back with questions — an unexplained deposit into your account, a gap in employment, a liability that doesn't appear on the application.

Common cause of delay: slow replies. An application waiting on a document sits in a queue and often loses its place.

Step 7 — Valuation

The lender arranges a valuation of the property for its own purposes. A valuation assesses security value; it is not an endorsement of the price you agreed. If it comes in below the contract price, the structure of the loan may need to be reconsidered — a conversation to have with your broker rather than a reason to panic.

Step 8 — Formal (unconditional) approval

When the lender is satisfied on all conditions it issues formal, or unconditional, approval. This is the point at which the finance is genuinely settled, and it is what a finance clause in your contract is usually pointing at.

Step 9 — Loan documents and signing

The lender issues loan documents. Read them, and ask about anything you don't understand — your broker can walk you through the structure, and your conveyancer or solicitor handles the legal side. Documents are then returned, checked and certified.

Common cause of delay: signing errors, missing witness details, or identification steps left to the last moment.

Step 10 — Settlement

Your conveyancer, the lender and the seller's representatives coordinate the exchange of funds and title. Most of this happens without you in the room. You will usually do a final inspection beforehand.

Step 11 — After settlement

Repayments begin, and the loan becomes something to review periodically rather than forget. Circumstances change and so do the products available, which is why a broker relationship generally continues past settlement.

Where Redrock brokers fit

Redrock brokers are authorised credit representatives of Red Rock Brokers Group Pty Ltd, Australian Credit Licence 405961, with access to a panel of more than 60 lenders across majors, non-banks, non-conforming, commercial, wholesale, business, asset finance and insurance. There are 181 Redrock brokers nationally and the group has been operating since 2004. Redrock is a member of the FBAA and the MFAA, holds AFCA external dispute resolution membership, and every broker sits behind quarterly compliance reviews and file audits.

Where a broker provides credit assistance for a home loan, the Best Interests Duty applies: the broker must act in your best interests, and where their interests and yours conflict, yours take priority. The duty attaches to consumer credit assistance regulated under the National Consumer Credit Protection Act — so it covers your home loan, and it can extend to other consumer lending such as a car loan taken out for personal use. It does not apply to commercial or business lending, which sits outside that consumer credit framework. If you are borrowing for business purposes, ask your broker directly which protections apply to that particular transaction.

To walk through the process with someone, [find a broker](/find-a-broker) or call 1300 667 694. See also [what a mortgage broker actually does](/for-borrowers/what-does-a-mortgage-broker-actually-do), [how mortgage brokers get paid](/for-borrowers/how-mortgage-brokers-get-paid-and-what-it-costs-you) and the [glossary](/glossary).

This page is general information, not personal financial advice. Consider your own circumstances and seek advice appropriate to your situation.