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Your Home Loan Guide for Buying or Refinancing

By Mary Nebotakis, Managing Director, Natloans, B. Eco, Dip. Financial Services

Buying or refinancing a home are quite different decisions, but the preparation overlaps more than most people expect. Both depend on understanding your borrowing position, getting your documents together early, and knowing what lenders look at before they say yes.

How the Home Buying Process Works

Most people start with a rough budget. The difference between that number and what a lender is willing to approve is often the first surprise.

Your borrowing capacity depends on income, existing debts, living expenses, and the size of your deposit. A broker can estimate this fairly quickly—sometimes without touching your credit file—so you have a real working number before you start attending inspections.

From there, the process is largely similar, regardless of where you live. You apply for pre-approval, which gives you a confirmed ceiling to work within. You make an offer. The lender orders an independent property valuation. Your conveyancer or solicitor works through contracts and title searches. Then the lender runs its full credit assessment and moves to formal approval.

If all goes well, settlement usually follows four to six weeks after that. Timelines can vary depending on what you've negotiated with the vendor and the complexity of the title.

For first home buyers, there are extra considerations like government grants, stamp duty concessions, and scheme eligibility. Some of those programs have property price caps and income thresholds that affect which end of the market you're realistically shopping in, so it's worth checking what applies to you.

How Long Does Each Step Take?

Pre-approval typically takes a few business days to a week, depending on the lender and how complete your paperwork is. Formal approval after an accepted offer generally runs one to two weeks. Settlement then follows on the contracted date.

The timeline can compress or extend at any point. A missing payslip or a complex property title can add days. The most reliable way to keep things moving is to have your documents ready from the start.

When Home Loan Refinancing Is Worth Exploring

Refinancing means replacing your existing home loan with a new one. This could be from the same lender or a different one. The value in doing this comes down to whether the potential saving outweighs the cost and effort involved.

Rate Changes and Fixed-Period Endings

A rate reduction opportunity is the most common reason for exploring this option. If you're coming to the end of a fixed-rate period, your loan will revert to a standard variable rate that may be significantly higher. That's a good point to review what else is available.

The costs to account for include:

Discharge fees from your current lender

Application and settlement fees on the new loan

Any break costs if you're leaving a fixed rate early

For most borrowers, the break-even point falls somewhere between six months and two years, depending on the loan size and rate difference. A broker can run that calculation before you commit.

Equity Access and Debt Consolidation

If your property has increased in value, home loan refinancing can also be a way to access that equity. The lender orders a new valuation, and the amount you can access depends on your loan-to-value ratio (LVR) and current income.

Some borrowers refinance to consolidate other debts into the home loan. What you need to be aware of is that while monthly repayments can fall, the term of the debt usually extends, and total interest paid can be higher. So, it's worth running the numbers carefully before you go that route. A broker can help you do that.

When To Get Pre-Approval and When To Wait

Pre-approval is a conditional commitment from a lender. They've reviewed your financial position and indicated how much they're prepared to lend. But it is still subject to the property checking out and your circumstances not changing before the full application.

It's most useful once you're actively searching. At auction, you bid unconditionally. Knowing your limit beforehand means you won't be scrambling for finance after a winning bid. In private treaty sales, it can also speed up formal approval once your offer is accepted.

It's less useful if you're six or more months from buying, since pre-approval may expire before you need it. Most approvals last 90 days; some lenders extend to six months. Applying at several lenders over a short window can also leave multiple credit enquiries on your file, which affects future applications.

Whether you're buying or refinancing, a broker can estimate your borrowing capacity fairly quickly, sometimes without touching your credit file.

What Happens During a Valuation

Before a lender approves finance, they confirm the property's value using an independent valuer. That valuer uses recent comparable sales in the area. They're not influenced by the emotion or competitive pressure that may have pushed an auction price higher.

The valuation figure doesn't always match the purchase price. If you paid \$780,000 at auction but comparable sales support a value of \$750,000, the lender could base the loan on the lower figure. You'd need to cover the difference from your own funds, renegotiate with the vendor, or reconsider the property.

The valuation result also feeds into your LVR. A lower assessed value means a higher LVR, which can trigger Lenders Mortgage Insurance (LMI) if you're borrowing above 80 per cent of the assessed value.

Most valuations come in at or close to the purchase price. But you should still be aware of how they work, and that they're separate from what you paid.

Getting Your Documents Ready

Paperwork is the part most applicants underestimate. Having the right documents ready before you apply reduces delays and makes the first conversation with a broker or lender more productive.

The full list depends on your lender and circumstances, but most applications call for:

Recent payslips – two to three months' worth for PAYG employees

Bank statements covering the last three to six months

Proof of deposit or savings history, including a gift letter if part of the deposit comes from family

Current identification documents

A clear picture of your assets and liabilities

If you're self-employed, you will generally need two years of tax returns and ATO notices of assessment. Some lenders offer low-doc options for those who've been self-employed for less time, but those products come with conditions and often a higher rate.

Buying or refinancing, the basics are the same. If you're refinancing, add your most recent mortgage statements and a recent council rates notice to the list.

You don't need everything perfect before speaking to a broker. But getting the basics together at the start means less back-and-forth once the application is underway.

Buyers in Sydney, Melbourne, Brisbane, Darwin, and Hobart follow the same broad process when buying or refinancing a home. But local property conditions, competitive pressure, and some grant eligibility differ by state.

Buying in Adelaide as a First Home Buyer or Upgrader

Whether you're buying your first home in Adelaide or thinking about upgrading to something larger, the two decisions look quite different. First home buyers in Adelaide can access stamp duty concessions and federal grant programs that reduce upfront costs, but eligibility has property price caps and income thresholds that shape which end of the market is realistically within reach. Those upgrading face a different set of questions: whether to sell before buying, how bridging finance works, and how existing equity affects borrowing capacity.

In both situations, speaking to a broker before you list or make an offer means you're working from real numbers, not estimates. Book a Free Consultation with the Natloans Adelaide team to work through where you stand.

Buying in Perth With Variable or Self-Employed Income

Perth has a higher share of workers in contract, FIFO, and shift-based roles than most other Australian capitals, largely because of the resources sector. And lenders assess those income types differently from a straightforward PAYG salary.

Shift allowances and overtime may be discounted or require a two-year history before a lender counts them in full. Contract income often needs a track record of renewals. Self-employed applicants face additional documentation requirements regardless of industry.

Understanding which lenders take a more flexible view of variable income, and having your paperwork organised before you apply, can make a real difference to how smoothly an application moves. The Natloans Perth team works with buyers across all income structures.

Talk to Natloans about buying or refinancing. We compare options across 50+ lenders at no cost to you.

Or use the repayment calculator to see what different loan amounts look like each month.

Frequently Asked Questions

How long is pre-approval valid for?

Most lenders issue pre-approval for 90 days. Some extend to six months. If your pre-approval expires before you've found a property, you can usually reapply. But know that your financial details will be reassessed, and any changes to your income or debts since the original application may affect the outcome.

Can I refinance while I'm still on a fixed-rate loan?

Yes, but there are usually break costs involved. These are calculated based on how much of your fixed term remains and the difference between your rate and current wholesale rates. In some cases, the break costs make switching uneconomical mid-term. In others (particularly where rates have moved significantly) it still makes sense. A broker can run that calculation before you commit.

What's the difference between conditional and unconditional approval?

Conditional approval means the lender has assessed your financial position and indicated they'll lend to you, subject to the property valuing up and your circumstances not changing. Unconditional approval means all conditions have been met: the property has been valued, the full assessment is complete, and the lender is ready to proceed to settlement.

Do I need a 20 per cent deposit to buy a home?

No. Some lenders will approve loans with a deposit as low as five per cent, though borrowing above 80 per cent of the assessed value usually triggers Lenders Mortgage Insurance (LMI). There are also government schemes that allow eligible first home buyers to buy with a smaller deposit without paying LMI. A broker can explain which options apply to your situation.

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