

Agents need to extend settlement expectations

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Real estate agents must extend the settlement expectations of home buyers and vendors if they wish to finalise a deal, an industry figure has claimed.

Positive Real Estate founder Jason Whitton said an increasing number of home buyers are reporting difficulties in securing finance, causing significant delays to agent settlement periods.

“The biggest problem facing real estate agents at the moment is settling a property. They [agents] need to extend their timeline of expectations for a client or home buyer to secure finance and settle a property,” Mr Whitton told *Real Estate Business*.

While most major lenders have increased their loan to value ratios (LVRs) in recent months, lending criteria still remains tight, tripling the time required to finalise and settle the property transaction, Mr Whitton said.

“Back in the good old days it was like five days cooling off and you [the buyer was] unconditional, but the timelines to get finance approved and get those settlements done have pushed out significantly – probably tripled from three to five years ago,” he said.

Sydney-based Finance Made Easy director Tony Bice told *Real Estate Business* that, even with his 15 years of experience as a mortgage broker, he was finding it difficult to predict what additional bits of information each lender would require from prospective borrowers.

He said of the 40 deals he currently had with lenders, around 25 per cent had to have their cooling-off periods extended as a result of extra information requests from lenders.

Common information requests centred on credit cards, employment stability and securing deposits.

"Lenders are asking for an inordinate amount of information," he said.

He said the slower turnaround times to secure unconditional offers could be the result of a combination of factors, including a more conservative approach to lending post-GFC; the recent slowdown in lending activity giving credit assessors more time to scrutinise individual deals; and recent regulatory changes which have effectively upped the amount of paperwork required

by mortgage brokers and lenders.

As a minimum, Mr Bice said real estate agents should always ask prospective home buyers whether they had conditional finance approved, as this would help shorten the time it took to secure an unconditional offer. Yet home buyers with conditional offers should still expect delays in lenders granting unconditional approvals.