

Talking Law Article

Subject to Finance

The “subject to finance” clause allows contracts for sale of land to be signed subject to the Purchaser obtaining *unconditional* finance approval prior to a specified date. If approval is obtained by the said date, then the contracts become “unconditional” and will proceed to settlement. If approval is not obtained, the Purchaser may end the Contract and is entitled to their deposit back in full.

Generally, Purchasers are able to obtain conditional finance approval prior to Contracts being prepared. However, after the Contracts are prepared, the Bank will generally then arrange for a valuation to be conducted and review the initial application further in accordance with any other requirements. The unconditional approval will only be given after this process is complete.

In the past, obtaining unconditional finance has been a relatively quick process. However, given the current economic climate, time frames for obtaining approval have been extended. Inquiries therefore should be made to the Bank or Broker as to how long to allow for finance approval to establish a realistic time frame that both the Vendor and Purchaser are comfortable with.

This article is for general information and is not to be taken as specific legal advice. If you require advice on any matters relating to the **purchase of property**, please contact Racheal Despotellis at Dawes and Vary Kyabram on 5851 0200, Davina Pugliese at Shepparton on 5820 0200, Trish Vigliaturo at Tatura on 5824 0300 or Scott Alexander at Echuca on 5482 2555.