

Your guide to **Buying an Investment Property**



Start your property
investment journey-
backed by smarter
lending.

loans
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1 Property investment with loans.com.au

At loans.com.au we are proud of our award winning service.

With great features and flexible repayment options, our competitive investor loan helps you grow your investment portfolio. Buy or refinance your investment property today with confidence.

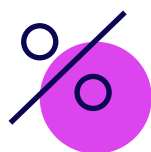
The benefits of an investor loan with loans.com.au.



Apply anytime, and from anywhere.



Fast tracked pre-approval in minutes.



Smarter lending to get you moving sooner.



Online convenience, local support.

How much can you borrow?
Use our [borrowing power calculator](#) to find out.

Ready to apply? Get started now on our [easy online application](#)

2 The investment property process

Buying an investment property is an exciting milestone. While there are a few steps involved such as choosing the right property and securing a great-value loan, it can be a straightforward and rewarding process with the expert support and competitive investment loan options.

1 Preparing to buy

What to consider before buying

- Preferred location or suburb
- House or unit
- Existing home or new build
- Live in it yourself or rent it out

Thinking about buying an investment property? Whether it's your first or fifth property, having a clear plan and understanding the market can help you make smarter, more confident decisions. Here's a simple guide to help you get started.



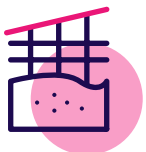
Location

When it comes to investing, location really matters. You might consider areas with strong rental demand, access to transport, schools, shops, and nearby job opportunities. Suburbs that are evolving or getting new infrastructure often offer great long-term potential. You might not be buying somewhere you'd live yourself, but it's important to choose a location that appeals to tenants and offers room for growth.



House or unit

Unsure whether to invest in a house or a unit? This depends on your goals as you consider your budget, cash flow needs, and what suits your overall investment strategy.



Existing home or new build

Building a new house or buying an apartment off the plan is an option for investment. If you decide to build, a [construction investor's loan](#) might be the right option to explore.



Planning on renting out your property?

Many investors buy with the intention of renting the property out right away. Rental income can help offset your loan repayments and build equity over time. This is often part of a strategy known as rentvesting, which is buying in a growth area to rent out while continuing to live elsewhere. It's important to note that if you're not planning to live in the property, you won't be eligible for government grants like the First Homeowners' Grant.

Get the latest insights on property value, market comparison and more. Request a free [Property Report](#).



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Finding your price range

Working out your buying power

- Using the equity in your current property
- Investing solo or with a second borrower
- Your deposit
- Your income and expenses
- Negative gearing
- Repayment type

Before investing in property, know your borrowing power and what your potential repayments will look like. Our [Borrowing Power Calculator](#) can help you estimate. This gives you a foundation to plan your investment strategy and ensure it fits comfortably with your broader financial goals.

Using the equity in your current property

If you already own property, your equity is the difference between your property's market value and any outstanding mortgage. This can be a powerful tool for funding your next investment.

Whether you're planning to retain your current property as part of your growing portfolio or sell it to free up capital, your available equity will play a key role in determining how much you can borrow.

If you sell before buying, you'll have a clear picture of how much you will have for your next investment.

If you buy before selling, your lender will estimate your equity based on the current market value of your existing property.

Not sure how much equity you have or how best to use it? Speak to a lending specialist to learn more.

Investing solo, or with a second borrower

If you're purchasing an investment property on your own, your lender will assess your finances, i.e. income, assets, and liabilities, to determine your borrowing capacity. Whereas, if you're purchasing with somebody else, be it a spouse, partner, or family member, the amount you can afford will be determined by both of your finances.

Your deposit

As an investor, your deposit size can influence your loan terms, borrowing power, and overall returns. Here's why it matters:

Minimum 10% deposit required

Most lenders won't offer 100% loans, so you'll need at least 10% upfront, with the rest financed.

Bigger deposit

A larger deposit reduces risk for lenders, which can mean lower interest rates and better loan terms.

Avoid Lenders Mortgage Insurance (LMI)

By contributing 20% or more, you can often avoid LMI, which is an extra cost that protects the lender, not you.

A well-planned deposit can improve your cash flow and set you up for future investments. If you're weighing up your options, speak to our lending specialists.

Your income and expenses

Your debt-to-income ratio impacts the amount you can borrow. Be thorough in documenting all your income sources. Likewise, lenders will look at your living expenses to get a clear picture of your financial position. The information will assist the lender in assessing your capacity to make loan repayments.

Negative gearing

Negative gearing occurs when the cost of owning a rental property outweighs the income it generates each year. This creates a loss, which can normally be offset against other income, including your wage or salary, to provide tax savings.

Repayment type

Interest-only loans have traditionally been popular with investors. However, you will pay higher interest rate for interest-only.

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Other costs to consider

Upfront costs to keep in mind

- Stamp duty
- Lenders Mortgage Insurance (LMI)
- Property Valuation
- Conveyancing fees
- Pest and building inspection
- Utility connections

Buying a house isn't just about paying the price of the property. There are some extra costs all buyers should be aware of.



Stamp duty

You're required to pay a state tax called stamp duty within 30 days of the property settlement. Stamp duty is decided by separate state and territory governments, so rates vary depending on your location.



Lenders Mortgage Insurance (LMI)

Lender's Mortgage Insurance is an insurance policy that protects the lender from financial loss if the borrower can't keep up with their home loan repayments. Borrowers who provide a deposit under 20%, may be required by their lender to pay for an LMI.



Property valuation

This is when a professional will assess the value of the property based on key factors. Most lenders may need you to pay for a valuation of the property when applying for a loan.



Conveyancing

Conveyancing is the process of transferring ownership of a legal title of land (property) from one person or entity to another. When you buy a property, you should appoint a conveyancer or solicitor to handle the conveyancing for you.



Pest and building inspection

A property that has structural or pest issues will cost you thousands of dollars to repair. To avoid this, you should get a building and pest inspection report. This can cost you \$300 to \$1,000 depending on your area and the size of the house.



Utility connections

This can include connections to electricity, telecommunication, water and gas.



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Getting pre-qualified

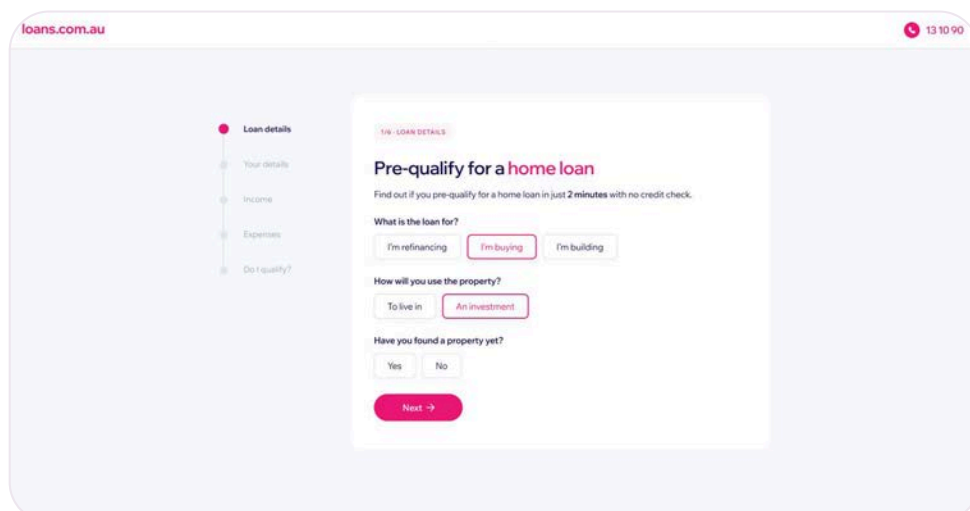
Kick off your home buying journey

- Apply online
- Get pre-qualified

Before you start your home search, pre-qualification is a quick and easy way to know your borrowing power. The lender may give you an estimate of how much you can borrow based on the information you provide. Note, pre-qualification doesn't guarantee that you'll be approved for a loan.

You can apply for a loan [pre-qualification](https://loans.com.au) by visiting loans.com.au. You'll get your results in minutes!

Once you have been pre-qualified online, find out what you can afford by speaking with a lending specialist to finalise your information and then you can receive pre-approval.



The screenshot shows the 'Pre-qualify for a home loan' form on the loans.com.au website. The form is titled '1/4 - LOAN DETAILS' and includes a progress bar on the left with steps: Loan details (active), Your details, Income, Expenses, and Do I qualify?. The main form area contains the following questions and options:

- What is the loan for?** with buttons for 'I'm refinancing', 'I'm buying' (selected), and 'I'm building'.
- How will you use the property?** with buttons for 'To live in' and 'An investment' (selected).
- Have you found a property yet?** with buttons for 'Yes' and 'No'.
- A red 'Next ->' button at the bottom.

The top of the browser window shows 'loans.com.au' and a clock icon with the time '13:10:00'.

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Making an offer

Offer types and contract conditions explained

- Private offer vs. Auction
- Subject to finance clause on a contract

There are two ways to buy property in Australia. You can make an offer to purchase via a contract or by bidding at an auction.



Contract vs Auction

Buying a house through private sale means going through negotiations with the seller or their real estate agent and exchanging contracts. Meanwhile, property auctions are public sales where the property will go to the person with the highest bid.



The cooling off period

If you choose to buy a house from a private seller, you'll have a cooling off period wherein you can back out of the deal and only suffer minimal fines. This period may vary depending on the state or territory.

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Our home loan process to settlement explained

Now you've made an offer and had it accepted either at auction or through a private sale, here are the next steps to get you settled!

- **1 Apply Online**
Complete your application through our online platform.
- **2 Upload & Track**
Submit your documents and monitor your application in real time via our **onTrack** portal.
- **3 Speak to our Specialist**
Our lending specialists will make an appointment with you to guide you through the loan process, including getting a **pre-approval**.
- **4 Approval & Signing**
Review and sign your mortgage documents and loan agreement via onTrack.

*Approval of applications is subject to meeting lending criteria.

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Settlement

Your loan settles, which means your funds will be ready.

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Manage Your Loan

You'll receive your login details to manage your repayments and account details via our **Smart Money** app.



3 The onTrack app

onTrack is our secure online portal, enabling you to safely process your home loan application entirely, including uploading payslips and personal information via your phone or computer from enquiry right through to settlement with real time updates as your application progresses.

Key benefits of onTrack include:



Easy application

Begin your application online, or chat to one of our Australian based home lending team.



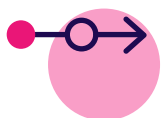
Download documents

Download all required forms and documents



Let's chat

Arrange a call with one of our home lending specialists at a time that works for you.



Track your progress

Track the status of your application and receive real time updates as it progresses through to settlement.



Upload documents

Upload your documents into one app. It's safe, secure and real easy.



Access at your fingertips.

You now have access and complete clarity of your loan application on-the-go with our onTrack app.



Login to Smart Money to manage your accounts online and onTrack to fast track your loan application.

- ✓ Gain 24/7 control of your application
- ✓ Get alerts straight to your phone
- ✓ Easy to download mobile app
- ✓ Secure online portal

Download onTrack



We're award winning, which means that's a win for you too!

As a loans.com.au customer, you'll love the benefits of our award-winning home loans.



4 Lending terminology

Construction loan

A type of loan especially designed to support people who are building their own home. With a construction loan you draw down your loan as needed to pay for construction progress payments.

Conveyancer

Licensed conveyancers are property law specialists who work on behalf of clients buying or selling property.

Cooling-off period

This is a period after you exchange contracts where you may get out of the contract as long as you give a written notice. If you use the cooling off period, there is a fee payable. The cooling off period varies between Australian states and there is no cooling off period in Tasmania, or on properties bought at auction in other States.

Deposit

Your deposit is the amount of your own money that you are putting in to your home purchase.

Equity

The difference between the value of the home and the mortgage is known as equity. Over time, as the value of the home increases and the amount of the loan decreases, the equity of the home generally increases.

Lenders Mortgage Insurance	Lenders mortgage insurance protects your lender in the unfortunate event of you defaulting on your home loan.
Loan-to-Value-Ratio (LVR)	Indicates how much of your own money is invested in your property compared to how much you have borrowed.
Pre-approval	Pre-approval and preliminary approval give you an idea of how much you could borrow.
Refinance	When you change home loan provider to a different lender.
Settlement	Settlement is when you pay the rest of the sale price (after the deposit) and become the legal owner of the property.
The onTrack app	You can manage your loan from application through to settlement via onTrack, all from your computer or phone with 24/7 access.

This is a guide only and details are subject to change at any time. Information in this handbook is general only, does not take into account your personal circumstances or objectives. This Investment Guide is not a substitute for professional advice. You should consider whether a product is right for you and read the Terms and Conditions and Financial Services Guide before acquiring.

9 Contact us



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