



Thinking of investing in property?

Here are some tips
to help get you started.

 **LJ Hooker Home Loans**

Have you thought of the bigger picture?

When investing in property there are a number of factors to consider:

- What is your equity position?
- After rent will I need to make monthly loan contributions?
- What are the upfront costs around stamp duty, etc.?
- What happens if I don't have a tenant?
- How do I choose the right property?

Obtaining the right guidance in relation to costs and options can help you choose the right investment property and ensure your loan application moves to approval easily.

A lending specialist who offers a no obligation equity assessment and has access to property market data can offer strong guidance. They can also take you through potential risks and provide you with an overall budget.



Armed with the right knowledge upfront you can start to make decisions with confidence.

What are the risks?

Like any investment there can be risks with property.

Knowing potential risks and focusing on avoiding them or planning for unforeseen circumstances is important. For example have you considered:

- What happens if I don't have a tenant?
- Am I adequately insured?
- Have I obtained a professional building and pest inspection on the property?
- What if interest rates rise?
- Do I need short term capital gains?

Property investment is usually a long term investment strategy. A focus on yield and the long term as opposed to a short term "quick profit" is likely better for you.

If you know all the risks you can make safer decisions and plan for unforeseen circumstances.

The last thing you want to be is in a position where you may need to sell your investment property quickly.



A lending specialist can help identify risks based on your individual circumstances.

Should you get a home loan pre-approval?

If you sign a purchase contract or successfully bid at auction having an investment home loan pre-approval in place is prudent.

Once you've committed to a property the time period to get your home loan unconditionally approved may present challenges if you don't have a pre-approval in place.

For example, auctions generally don't have a cooling off period. Once you've made an accepted bid you're committed. This could mean putting down a non-refundable 10% deposit. If you've over-extended or can't get a home loan approval your deposit could be at risk.

A pre-approval also gives you an opportunity to get specialist guidance around a full budget. This way you don't miss upfront expenses that may apply like stamp duty, lenders mortgage insurance costs, etc.



Avoid any nasty surprises by obtaining a home loan pre-approval or at least have an initial meeting with a lending specialist.

Researching property is important.

When researching it's important to take emotion out of the decision and focus on the important factors.

Remember you're not buying a property to live in. It's an investment so a different focus is important. There is a lot to consider and some of the areas you may want to focus on are:

- What area or suburb may offer good capital price growth?
- Is there a demand for rental property and what return could I expect?
- Is any property of interest close to convenience factors such as schools, hospitals, transport, etc.?
- Does the property need maintenance?
- Should I build to potentially access greater depreciation tax benefits?

There are a number of professionals you can seek guidance from (accountants, tax depreciation specialists, property managers). Seek them out and make sure you ask plenty of questions!

Access to your own property reports is important. These help in your research and allow you to make sound decisions around property. The reports show you a property or suburb sales history, growth patterns and comparable recent sales in the area.



The right lending specialist will help you access free property and suburb reports.

What is the right investment home loan?

A good question. The home loan you choose should work in with your long term wealth creation goals.

It's not just about interest rate. The structure of your investment home loan is important also. If you're using equity from your current home, should you cross tie all your properties, or have them stand alone? How should you structure your deposit or equity take out from your current home?

A lending specialist will listen to your wealth creation goals and ensure your investment home loan is structured to suit you.

Some areas to consider are:

- Is an offset product beneficial?
- How many loan splits do you need?
- Fixed or variable repayments
- Interest only or principal and interest repayments
- Fees

Once you've found a property and selected the right home loan a lending specialist will provide you with a full budget. This will help you understand what additional loan contributions you may need to make after receiving your rent.



The right lending structure can be important when it comes to obtaining potential tax benefits.

What happens after settlement?

An area that is often overlooked.

Property investment should be rewarding and stress free. An investment property needs to work for you and not the other way around! After settlement your lending specialist should keep in contact to make sure everything is working well for you.

Choosing the right property manager is important. Your investment asset needs to be looked after and as a landlord your legal obligations and rights are also important areas for you to understand.

When choosing the right property manager areas to consider are:

- Do they operate under a reputable brand as this will help attract tenants?
- Are they a leading property manager in the area as this can back up their reputation?
- Have they taken time to help you understand your rights and also those of your tenants?
- What is their fee structure?
- What other services do they offer to make managing your asset safe and easy?



Your lending specialist may be able to recommend property managers in the area that have a good reputation.

If you're thinking property investment, taking the right steps upfront will help you reach your wealth creation goals.

Our property investor difference:

- Guidance from your own property lending specialist available 7 days a week
- No obligation planning session including an equity assessment and loan pre-approval
- Free unlimited property reports to help with your research
- Access to the right investment home loan product options
- Ongoing support from a team of professionals to help protect your asset

Investment home loans made simple.

Speak to your local lending specialist today.

ljhookerhomeloans.com.au

 **LJ Hooker Home Loans**

It's important you consider your own personal circumstances when applying for a home loan.

Terms and conditions apply. Fees and charges apply.

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