

## Buying an Investment Property

Buying an investment property is one of the biggest purchases you will ever make, so it is important to take your time and do your homework. Don't get carried away or emotional about the purchase and make sure you stay within your budget.

First things first though, find out exactly how much you can borrow before you start looking. You don't want to put in the work and then find out the property is beyond your price range.

Secondly, investigate the fees and charges associated with purchasing an investment property. Purchase stamp duty for an investment purpose is significantly higher than an owner occupied purchase. For example, if you are buying your first home in Queensland at \$500,000 purchase price you may not pay purchase stamp duty, but if you are purchasing a second property for investment at the same price your purchase stamp duty would be around \$16,000. There are other government charges including Transfers Fees and Mortgage Registration. Lenders fees, searches and conveyancing costs should also be taken into account in your calculations.

It's a good idea to make a list of the features that may be appealing to a tenant and therefore provide a better rental return. Tenants often look for easy access to public transport, shopping centres, convenience stores and medical facilities. Built in cupboards and large bedrooms are often winners for renters.

As this is an investment in your future, consider the features that will be best for capital growth.

Is the neighbourhood safe? Check for traffic, rail or aircraft noise? Is the property on a main road? Try and visit the property after heavy rain to check drainage. All these things can affect your selling price and period. Also consider the cost of maintaining the property. Is it a timber home? Painting can be expensive. Is the roofing in good condition? Are there other properties being built or renovated in the area? Will this cause disruption or will it increase the value of the surrounding homes (including yours)?

Inspect as many different properties as possible before you make your choice. The internet is a great place to start. Your weekends should be filled with property inspections, open houses, and checking local real estate agencies, property guides and newspapers so that you know exactly what is out there.

When you find a property you feel is suitable, find out how much it sold for previously and how much similar properties in the area have sold for recently.

Your real estate agent

should be able to provide this data. Make sure you don't pay over the odds in your area. Get an independent valuation on the property. Your lender may not require a valuation, but this is a big purchase so for peace of mind, you may wish to use an accredited valuation firm to be sure you are getting value for money. It is also a very good idea to get a pest and building inspection on the property.

Make a list of positives and negatives about the property you are considering. Make sure you visit the property at different times of the day to get a good feel for the area. The cost of buying a house is high, so it's best to get it right. Don't be talked into a property that doesn't feel right — go with your gut feeling, it is usually correct.

Please contact David Sargent for an obligation free assessment of your current borrowing capacity on **0403 085 652** or drop me an email on: [david@fastfindfinance.com.au](mailto:david@fastfindfinance.com.au)

**DISCLAIMER:** The assumptions made in this example may not apply in your case. This example is a general guide only and does not take into account your objectives, financial situation or needs.

**“Make sure you don't pay over the odds in your area. Get an independent valuation on the property.”**

**“People are living longer than ever before, a phenomenon undoubtedly made necessary by the 30-year mortgage.”**

— Doug Larson

## Insurance

When buying your investment property there are many things to consider. One very important factor is what type of insurance would suit you best.

### Building Insurance

Don't forget when buying a property you are legally responsible for your new property from the contract date, so having building insurance in place prior to settlement is a necessity. Many insurance companies now offer free insurance of up to 90 days when you sign a purchase contract. Don't forget to let the insurance company know that property is for investment purposes as it will affect your policy as well as the premium you pay.

### Landlord insurance

Sometimes, tenants aren't quite as careful with your property as you would like them to be. Landlord Insurance, can protect your investment from intentional damage and even from any default on rent payments. It can also provide building and/or contents cover, for added peace of mind.

Landlords insurance includes benefits like:

- » Option to cover for default on rent payments.
- » Payment for rental loss due to departure of tenants from your rental property without notice.
- » Death of a sole tenant or tenant hardship.

Our mortgage professionals may be able assist you in arranging up to 90 days free insurance for your property purchase.

DISCLAIMER: This is a general guide only and may not suit your individual needs.

## Happy New Year!



Fast Find Finance would like to wish everyone a Happy New Financial Year.

There have been a number of changes in the Mortgage Broking Industry in the last year; however I am happy to say that we are here to continue to help our clients with their financial and lending requirements.

Fast Find Finance can assist with:

- » Residential Lending
- » Investment Lending
- » Commercial Lending
- » Business Finance
- » Motor Vehicle Leasing
- » Insurances
- » FREE finance health checks for new and existing clients.

Let **Fast Find Finance** help you achieve  
your Financial New Years Goals!

For further information please call David Sargent on 0403 085 652 to discuss or drop me an email on: [david@fastfindfinance.com.au](mailto:david@fastfindfinance.com.au)