EverSharp financial services

THE PROPERTY INVESTMENT ESSENTIALS

Everything you need to know when buying and financing your investment property

CONTENTS

WELCOME

Thank you for taking the time to read about the process of buying your investment property and obtaining finance. This guide is designed to help you through the process to ensure nothing is missed and that many of your questions are answered.

Property has been considered a popular path to wealth for Australians for many years. Buying their own home is often the first significant investment most people make.

Purchasing another property may well be the second - even before shares and other assets. However your first investment in property need not be your home.

Buying a rental property can be a good way to gain capital growth that can be used later to help buy your own home.

Sensible investments in property have many attractions. Property can be less volatile than shares and it tends to be regarded as a safe haven when other assets are declining in value.

Property has the potential to generate capital growth (an increase in the value of your asset) as well as rental income. There are also tax advantages associated with negative gearing.

Why invest in property? Because you want to avoid dependency on the government pension at retirement, or the false belief that compulsory superannuation will be enough to support you in your retirement.

Buying real estate, whether you are buying the family home or an investment, is one of life's most important financial decisions. However, when buying an investment property, it is wise to remember that you are making a business decision. You are not buying from the heart, but from the head. You are buying the property because you expect it to appreciate in value and give you a financial return.

When investing, it is important to assess your current financial position. What are your cash reserves and what equity do you have in your present home? Look at your long term objectives. For example, will the property be part of your retirement financial plan?

Potential changes to your current situation should also be factored in, such as the birth of a child, the loss of one income or supporting parents in their later years. It is wise to seek advice from an investment adviser or qualified financial planner to help determine your financial goals and strategies.

Please call the office for more information or clarification about your own circumstances and your future property investment potential.

We look forward to helping you purchase your first and hopefully many future investment properties.

Kind regards

Sharlene Gratte
Director / Finance Manager

The time to act is now because the future waits for no one.

OVERVIEW...

PURCHASING YOUR INVESTMENT PROPERTY

Why investing in property may be the answer

Australia currently faces a chronic housing shortage which, coupled with a rapidly expanding population (through natural increase and immigration), has pushed rental vacancy rates to historic lows and put upward pressure on rents. There are simply not enough houses to go around.

An investment plan is one that works towards building your wealth and securing your financial freedom. For some, the future may seem a long way off, but the time to act is now because the future waits for no one. The housing market is generally a seven to ten year cycle: there are always highs, lows and steady patches.

The decisions you make today will determine the lifestyle choices you have in the future. The following factors should be taken into consideration when purchasing property as an investment:

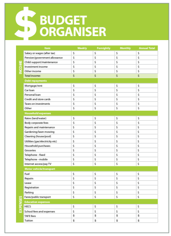
- the likely return - yield and capital growth,
- buying and selling costs,
- cost to borrow money, ie interest rates, and
- how attractive the property will be for likely tenants or future buyers.

Do your homework

First you need to work out how much you can borrow. This is where our services will really help you. Make sure you have an accurate and detailed budget that takes into account all expenses associated with purchasing a property including stamp duty, council rates and other fees.

Research the area's average rental yields, historical price growth and future expectations. Talk to your local council about future infrastructure and additional planned services.

Ask us for a copy of our budget organiser if you don't already have one.

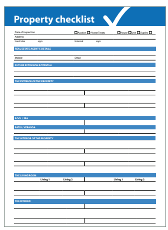


Ensure you go to many open inspections and do your research on the internet before purchasing to ensure you have a good indication on property prices in your desired location.

Invest the time to fully understand the market - it could make a big difference to future investment returns.

A mortgage is a big commitment and you may have to make changes to your regular spending practices if you are to meet your repayments with ease. Include water and council rates and items such as insurances and maintenance in your budget planning.

Ask us for a copy of our property checklist to help with ideas before you start inspecting properties.



Remember you will also incur property management fees if you are considering having your property professionally managed. Your accountant may also take the opportunity to charge you more for the extra work in preparing your tax returns. However **a good accountant is worth their weight in gold.**

Interest rates move constantly, so you will need to allow room in your budget for interest rate increases and other unforeseen additional spending. When interest rates drop, maintaining the same repayments with the savings going into your offset account is one of the fastest ways of paying off more of your loan and building a buffer if they rise again.

Think very carefully about the different loan product offerings available and how these relate to your spending and saving habits. Consider options such as an offset account that will enable you to take advantage of using any excess cash to save on interest. It's also a great account to use to save for your next investment property.

Plan ahead - tenants come and go. **Make sure your cash flow is sufficient to cover the mortgage and other outgoings when the property is empty.**

Don't think that you always have to increase the rent either. Sometimes it is more cost effective to have the same long term tenant in your property than have weeks of vacancy trying to achieve a higher rental yield.

Every property will have compromises. Don't miss a good opportunity because you are waiting for the 'perfect' house or apartment. If it sounds too good to be true, it probably is. Your selection criteria should include:

- Location: Is it close to schools, shops, day care and sporting facilities?
- Transport: Is it close to bus stops and train stations?
- Demographics: Consider population numbers, growth and density.
- Suitability to rent: Are the rooms big enough? Are there usable living spaces inside and outside and other features such as garaging and storage?
- Future potential: Can the property be renovated or developed? Are there any plans to develop surrounding properties, eg high density dwellings?
- Affordability: Stay within the second and third quartile of prices in the suburb for price and rent.

The cost of owning the property is funded by your tenant, tax savings and surplus cash flow.

GETTING STARTED...

FACTORS TO CONSIDER WHEN PURCHASING RESIDENTIAL INVESTMENT PROPERTY

TAXATION - positive vs negative gearing

Even with an uncertain economy, rental yields are still expected to continue to increase in most capital cities.

As the population in these cities continues to grow, demand for housing will also increase. To date this increase in demand has not been satisfied with an increased supply of housing, resulting in **a shortage of housing stock.**

Falling vacancy rates and higher rents have made it more difficult and expensive to find rental accommodation.

Like all good investments you first need to consider the property to be purchased. As with all property investments, location is the key consideration.

> *Properties located within 20kms of the CBD with good train, bus and freeway access will offer stronger returns.*

Once you have researched your investment property, you will need to decide on the gearing strategy that best suits you. This will be determined by:

- your financial circumstances,
- retirement strategy,
- the level of your deposit, equity available,
- surplus monthly cash flow (income less expenses), and
- your acceptable level of risk.

These considerations will clarify whether negative gearing or positive gearing strategies are most appropriate to your situation.

Should you have positively or negatively geared property investments?

Here's a brief description of both gearing strategies to help you identify with the possibilities of each.

Positively geared properties are when the rental return is higher than your loan repayments and outgoings. Positive cash flow properties are self funding and are considered to be a conservative investment strategy that provides an income with exposure to the prospect of capital growth.

Bear in mind that with positive gearing there is the potential that tax will be payable on the net income (after the consideration of depreciation and other tax deductions).

Positive gearing is beneficial when an individual does not have surplus cash flow to fund income losses during the ownership period or other income to offset losses.

Negatively geared properties are when the rental return is less than your loan repayments and outgoings (placing you in an income loss position). There is however the underlying expectation that the accumulated losses will be more than offset by the capital growth on the property. In this circumstance the rental return is not considered as important in the decision process.

The key benefit associated with negative gearing is that **the loss associated with the property ownership can be offset against other income earned,** reducing your assessable tax income, thereby reducing your tax payable.

The result is that the cost of owning the property is being funded by your tenant (in the form of rent), the tax office (in the form of tax savings) and your surplus cash flow.

Ultimately most investors will aim to be positively geared in the long run. Generally high tax payers choose the negatively geared investment option to maximise their tax returns and benefit from the long term capital growth potential. Investors closer to retirement or in a lower income bracket may choose positively geared investments to maximise their income potential.

Feel free to call the office or ask your accountant to calculate the various loan to income ratios that may help you decide which gearing option is best suited to your individual circumstances.

As always it is best to seek professional advice before proceeding with any investment strategy.

FINANCE

Finding your deposit

There is more than one way to finance your deposit.

The good old...save a deposit: The most simple and straightforward method of making a property purchase is to save a deposit.

Use the equity in your home/other property: If you are already repaying your own home or have an investment property, you may have enough equity to use as a deposit for your next property purchase.

Self managed super fund (SMSF): Changes to superannuation legislation have made it possible for your SMSF to borrow to invest in real estate.

Ask us for our article 'Save, equity or super'.

Using the existing equity from your home to buy your investment property

Many Australians are now tapping into their 'pot of gold' - the equity in their home - allowing them to invest for the future and forge ahead financially.

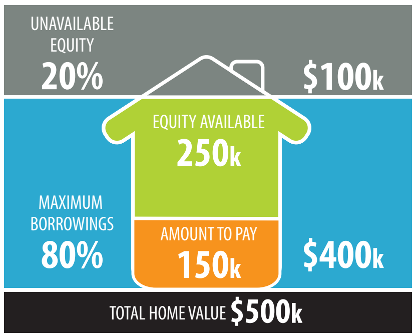
Tapping into your home equity (or equity from another investment property) is a great launching platform for buying an investment property.

If you are already repaying a property, you may be able to use the equity you have built up to purchase an additional property. Let's use an example to explain this process.

Your lender is going to require that the loan amount is less than 80% of the value of the property unless you are willing to pay lender's mortgage insurance (LMI), so to keep things simple we will assume that you can only borrow 80%.

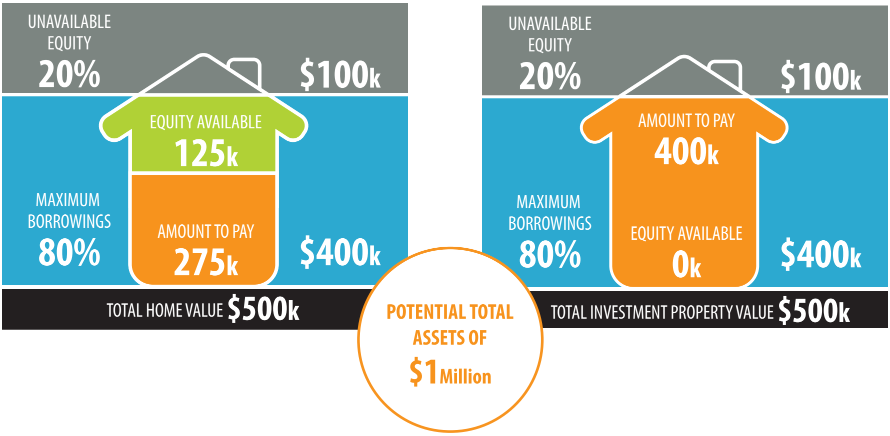
From our example below, you have $250,000 available in your home loan that could be used to purchase an investment property. You have two different options available in terms of structuring your loans:

1. Establish a line of credit, or
2. Apply for a standard term loan with a redraw facility or an offset account where the remaining equity will sit until required.



Let's now assume that you purchase an investment property worth $500,000. You again want to avoid LMI so you will need to provide $100,000 as a deposit. You also need to consider the upfront purchase costs. These vary from state to state so we will assume 5% of the total purchase price (or $25,000). This means you will need to provide $125,000 from the equity in your first property.

Your property portfolio will now look like this:



Your tenants and the tax man (through rebates) help pay for the new loan, however sometimes there could be a shortfall to be serviced. This should be taken into account when borrowing to ensure that the loan on the new investment property and your existing property can be serviced within your budget. A margin should be included for any interest rate rises.

Then all you need to do is sit back and let the property market take its course. The last century has shown, even in the tough times, that capital gains generate additional equity every seven to ten years.

> *Once you learn this strategy you can repeat it as often as you want, provided you can service the debt.*

Buying an investment property through a superannuation fund

Did you know that you can use your self managed superannuation fund to buy an investment property?

You will need to consult your accountant or financial advisor with regards to:

- what you can and cannot do in a self managed super fund (SMSF),
- benefits of using an SMSF to buy a property,
- challenges and pitfalls,
- using the correct trust structures,
- how to correctly source and set up the finance, and
- how to buy an investment property through a superannuation fund.

*Disclaimer: This information is generic in nature. All investment decisions should be considered wisely and based on your personal and financial circumstances. Seek appropriate advice before committing to any course of investment action. This is not deemed as advice.

CHOOSING THE RIGHT LOAN

Interest only loans

Ideally, investment property loans should be interest only because an interest only investment loan is **FULLY** tax deductible. **Interest only loans can be fixed or variable.**

It is usually the best cash flow solution when used with good capital growth.

With an interest only loan your repayments are set to cover the interest component of your loan only **allowing you to keep your repayments on your investment property to a minimum.** Generally, interest only loans are for a maximum five year term (depending on your lender) reverting to a principal and interest loan at the end of the agreed interest only term. However a further interest only loan can be negotiated at this time. **The interest on your investment loan is tax deductible,** making these types of loans attractive to investors.

Fixed rate loans

These loans are set at a fixed rate for a specified period - usually one to five years. **Repayments do not rise or fall with interest fluctuation** throughout the specified period. At the end of the term you can lock in another fixed rate, switch to variable or go for a split loan. These loans may have limited features and lack the flexibility of variable loans. There may be early exit fees and limited ability to make extra payments.

Standard variable rate loans

These loans are the most common. The variable rate loan offers more features and flexibility so the rate is usually slightly higher. The extra options (for example a redraw facility, the option to split between fixed and variable, extra repayments and portability) should be taken into account when choosing your type of variable loan. Repayments vary as interest rates fluctuate.

Offset accounts

An offset account is a savings account attached to your loan account. Money in this account is offset against the loan amount thereby reducing interest payable. **Significant savings are made by reducing compound interest with the use of these accounts.**

Other advantages of an offset account include being able to pay off your home loan faster than the repayment schedule demands while being able to redraw money if the need arises.

Ask us for our brochure outlining available loan products.

BORROWING ESSENTIALS

Credit reference

Your lender is going to do a credit reference check on you. They'll be looking at any credit applications made by you and will be checking if you've defaulted on payments or have an infringement referenced either in your name or your company's name if you are self employed. Make sure that you have a 'clean slate' by checking your credit report.

If something appears that you are unaware of, advise the agency immediately. You can order your personal credit file online. Enter your personal information, pay by credit card and your credit file will be forwarded to you as a PDF file.

Bring a print out of the credit file to your appointment with us or call 1300 762 207 to order your credit file over the phone.

How much can I borrow?

Know your limits.

The amount you can borrow for your investment property will depend on many factors: your deposit or other equity you hold, what you are buying, the expected rental income, whether you will be negatively or positively gearing the property, property management costs and if you have allowed for a period of vacancy. This is where we can help you to work out how much you can borrow and what type of loan will suit your budget and lifestyle.

It is common to include some of your capitalised assets in your loan with some lending institutions allowing up to a 97% LVR.

The way you structure your investment loan will depend on your personal circumstances and should be discussed with your accountant or financial advisor.

What deposit will I need?

Lending criteria varies between lenders and fluctuates according to the presiding market. Lender's mortgage insurance (an additional one off fee) may be applicable if you are borrowing more than 80% of the purchase price. Contact the office and we will confirm if this insurance is applicable.

Deposit bonds

A deposit bond is a guarantee to the vendor, by an insurance company, that they will receive their 10% deposit, even if the purchaser defaults on the contract of sale. You, the purchaser, are able to provide this guarantee to the vendor by paying a small premium to the insurance company.

All purchase funds are paid at settlement. In the ordinary course of events, settlement takes place, the purchase price is paid in full and the deposit bond simply lapses.

Should I buy with someone else?

The most common way to buy a property with two or more people who aren't a married or defacto couple is through a tenants in common arrangement. This allows the property ownership to be split in different proportions (not necessarily into equal shares). Three people can buy a third each, or it can be divided in other proportions. This also means your share of the property can be left to the person of your choice when you die.

In contrast, a property owned under a joint tenant arrangement (usually by couples) is held in equal shares. If one owner dies, their portion automatically passes to the other owner.

Shared property ownership only works if strict ground rules and a tight contract are in place. Everything needs to be in writing. Your legal representative should be consulted. The two most important points you need to cover are what happens if one owner wants to sell their share and what happens if one owner cannot meet their repayments.

Ask us for a copy of our article on co-ownership.

Most frequently asked co-ownership questions

We can determine your borrowing capacity, how much deposit you may require and can also arrange the deposit bond if required.

COSTS

Loan application fee

There is a standard upfront loan establishment fee charged by your lender. The fee covers the preparation of loan application documentation, legal fees for standard mortgage preparation and one standard valuation.

Stamp duty

The amount of stamp duty payable varies from state to state. Your conveyancer/legal representative will advise you of the amount payable or you can check your state's website.

State/Territory	Website
ACT	www.revenue.act.gov.au
NSW	www.osr.nsw.gov.au
NT	www.revenue.nt.gov.au
QLD	www.osr.qld.gov.au
SA	www.revenuesa.sa.gov.au
TAS	www.treasury.tas.gov.au
VIC	www.sro.vic.gov.au
WA	www.dtf.wa.gov.au

Legal

You will need to appoint a conveyancer/legal representative to ensure that the contract is in your best interest and does not contain any unsatisfactory terms. Make sure you know your legal representative's qualifications and exactly what service they are offering.

Their role is to:

- give advice on the property contract,
- facilitate council, strata and company title searches,
- order pest and building inspections,
- arrange for the exchange of contracts,
- negotiate with the vendor's solicitor on your behalf,
- arrange for the settlement process, and
- deal with any difficulties that arise during the settlement period.

Your legal representative should also advise you of any future developments which could affect your home by checking with the local council.

It is a good idea to 'shop around' for someone experienced, or **call the office for our recommendations.**

Inspections

Building and pest inspections are a must!

Either you or your conveyancer should enlist the services of an authorised pest and building inspector. Your purchase contract can be subject to a satisfactory inspection or your inspection can be scheduled during your cooling off period.

The inspector will provide a written report pointing out any faults in the property, whether they can be repaired and how much these repairs are likely to cost.

Pest inspections are not usually covered in a building report so will need to be arranged separately. **If buying at auction you will need to ensure that all inspections are completed prior to the day of the auction.**

In the case of a strata title property, your contract for sale will provide the name of the strata manager so that you can arrange for an inspection of the books and records of the owners' corporation.

INSURANCES

Mortgage protection and lender's mortgage insurance

Mortgage protection and lender's mortgage insurance (LMI) provide protection for two different situations.

Mortgage protection is insurance that supports you in case you become involuntarily unemployed or are unable to work due to illness or disability. It makes sense to **ensure that you can continue to meet your commitment in the case of unforeseen events.**

Lender's mortgage insurance is usually required where your deposit is less than 20% of the purchase price of your property and protects the lender in the event that you default on your repayments.

Ask us for our article on mortgage protection and lender's mortgage insurance.

Life

Life insurance provides a lump sum payment to your beneficiaries in the event of your death. If you are the main income earner in the family, this insurance will help your family manage their future (for example paying out mortgages, schooling and other family expenses) without your ongoing earning capacity.

Landlord

Landlord insurance is a policy to cover an investment property owner from financial losses. Common features of a landlord insurance policy include malicious or intentional damage to the property by the tenant or their guests, theft by the tenant or their guests, loss of rent if the tenant defaults on their payments, liability including a claim against you by the tenant and legal expenses incurred in taking action against a tenant.

Total and permanent disability (TPD)

You can choose to cover yourself for either total or permanent disability or death options, providing you can no longer work, or in the event that you die due to illness or accident. When combined with life insurance, this can provide security for you and your family for the rest of your life.

Building

Building insurance should provide you with adequate cover in the event you need to repair or replace your investment property (ie home, garage or shed).

Income protection

Income protection insurance pays you a predetermined percentage of your monthly income should you be unable to work due to illness or injury.

Land tax

Land tax is an annual tax levied on owners of land. In general, your principal place of residence (your home) or land used for primary production (a farm) is exempt from land tax. Investment property, on the other hand, may be subject to land tax and the rate of tax varies from state to state.

We can help with the rates applicable in your circumstances.

We can provide you with information on stamp duty in the state of your purchase, comparisons of various loan application fees and have access to insurance recommendations. We will also quote any LMI due.

APPLYING FOR A LOAN

All lenders are likely to ask for the same information. If you're approaching a lender for the first time you'll need to be 'identified'. When you apply for a home loan you will be required to produce photo identification, for example a driver's licence or passport. Only original documents qualify.

It's common for a home loan application form to take up to 10 pages. Your lender will want to ascertain your:

- capacity to repay,
- financial risk,
- collateral (will the property you are buying be adequate security for the amount borrowed?), and
- existing assets.

You will also be asked:

- if you have dependent children,
- how long you have lived at your current address,
- what you owe and own,
- your personal insurances, and
- your credit card details.

It is advisable to have:

- your two most recent pay slips,
- group certificates for the past two years, and
- documentation from your employer detailing income and length of employment.

Fluctuating markets are unpredictable and it may be advisable to include a Subject to finance clause in the contract. This clause will cover a shortfall in preapproved finance if a property does not meet the lender's valuation.

Self employed applicants should provide their past two years' ATO assessment notices or their past two years' financial statements and accountant's details. Some institutions may even ask for a profit and loss statement certified by a registered accountant.

Also needed are savings details, bank statements including transaction, saving or passbook accounts, investment papers including managed funds or term deposits, what you owe and own, details of personal loans, credit cards or charge cards and tax liability if self-employed.

Details of life insurance policies and superannuation as well as approximate value of other assets such as furniture and jewellery should also be included.

Remember to include your expected rental return in your loan application. This will affect your borrowing capacity and loan serviceability and may allow you to purchase a more expensive property. Your real estate agent will be able to provide this information.

Loan approval

It is best to have your loan preapproved before you make any offers. Knowing that your finance is preapproved will allow you to concentrate on a price range and give your full attention to the purchase. Remember that a vendor may also accept a lower than advertised price knowing that your finance is organised. They may want a quick and hassle free sale.

Once your loan is formally approved, we will arrange mortgage documents to be signed. Be sure to read the mortgage contract carefully and understand its contents.

PROPERTY MANAGEMENT

Professional property management frees you from dealing with tenant issues and gives you more time to concentrate on your portfolio. Your property manager is also up-to-date with changes to the Residential Tenancies Act and is better suited to negotiate with your tenant on your behalf should the need arise. They are also in a position to obtain credit checks on potential tenants and have access to tradespeople. If you prefer to stay one step removed and not deal personally with your tenants, then a property manager is definitely recommended.

STEP BY STEP...

A STEP BY STEP GUIDE TO BUYING YOUR INVESTMENT PROPERTY

Organise your deposit

A deposit can be organised with:

- savings,
- a deposit bond,
- equity in another property,
- funds in an SMSF, or
- family guarantee.

Have your loan preapproval in place

Knowing how much you have to spend gives you the confidence to make a calculated offer on your property of choice.

Choose the right property in the right location

Research your chosen suburb by checking all advertised listings in newspapers, the internet and real estate agents. Make sure that you know the price of recently sold comparable properties and the area's average rental yields. Choose an investment property with your head, not with your heart.

Sometimes investing in property in another state is a better financial option. Keep informed by reading reports on national property updates and best performing suburbs. Usually capital cities outperform regional areas, however some coastal options have also seen very good growth.

Make an offer

For properties sold by private treaty you will need to make an offer to the listing real estate agent. Obtain a copy of the contract for sale and organise for your conveyancer/legal representative to check it.

Properties being auctioned may be open to offers prior to the auction date. If you buy at auction you will usually be required to pay a deposit of 10% on auction day. The contract for an auctioned property is unconditional and no cooling off period applies. If bidding at an auction, make sure that your conveyancer/legal representative has checked the contract and organised pest and building inspections before you bid.

Appoint a conveyancer/legal representative

The contract for sale should be given to your conveyancer for advice and checking. The conveyancer will advise you of your cooling off rights (vary from state to state). Once the contract has been signed by both parties and exchanged, the contracts are legally binding. The contract will indicate when the deposit will have to be paid. If pest and building inspections have not been carried out, it is advisable that they are ordered by the conveyancer.

Final loan approval

We will organise loan documents for the balance of the purchase price to be prepared and signed by you.

Appoint a property manager

When loan approval is in place a property manager should be appointed so that tenants can move into the property as soon as settlement has been effected. A good property manager will source and retain quality tenants, collect rent, conduct inspections and organise repairs and maintenance on your property. They will provide you with a schedule at the end of the financial year showing rental income, repairs and maintenance and property management fees for taxation purposes.

Insurance

Your lender will require you to organise building insurance (except in the case of strata title properties). Most investors also invest in landlord insurance.

Final inspection

Arrange for a final inspection (just prior to settlement date) with the real estate agent. Check for all inclusions in the contract for sale and that they are in working order. Check light switches, power points, air conditioners, exhaust fans, hot water, swimming pool equipment and security system and request copies of all manuals for stove, dishwasher and other relevant inclusions.

If your property is interstate perhaps have a friend inspect it for you or jump on a cheap flight and do it yourself. Costs associated may be claimed with your tax return.

Settlement

Your conveyancer/legal representative will attend to settlement. This is the day on which the balance of the purchase price is paid to the vendor. Stamp duty and lender's mortgage insurance will also have to be paid. You can collect the keys from the real estate agent once settlement has been advised.

If something goes wrong

If you have signed a contract to buy a property it may be a costly exercise to withdraw even if you have not reached settlement. If the cooling off period has passed, the contract is binding. If you wish to get out of the contract you may be liable to pay compensation to the vendor. The amount will depend on the loss suffered by the vendor and is usually based on the amount it would take to re-sell the house including any loss on the subsequent sale. Read your contract carefully and be aware of the consequences of defaulting on the contract. If you do not wish to proceed with

TIPS & TRICKS...

TIPS FOR PURCHASING YOUR SECOND AND FUTURE INVESTMENT PROPERTIES

a contract, seek independent legal advice as soon as possible.

Use the equity in existing property

Make your current property work for you! There's no need to own your home outright or sell it to access enough equity for an investment purchase. Equity is simply the difference between what your property is worth and what you owe. For example, if you have a property valued at $600,000 with a mortgage of $400,000, you have $200,000 worth of equity. You may be able to borrow up to $80,000 against this equity to purchase an investment property. Using this equity and combining it with the added rental income could mean that you can buy another property sooner.

Mortgage offset account

A mortgage offset account can save interest on your loan. Your mortgage is linked to an account into which your salary and other cash can be deposited and from which you withdraw to pay bills and credit cards when these debts fall due. Use these savings for another deposit instead of paying off your current mortgage.

Save your annual lump sum payment and windfalls

Use your tax refund or a windfall such as an inheritance or work bonus to help purchase an investment property.

Save a little extra every month

$150 per week can usually support an additional property providing you have the deposit. Set up a separate savings account and set a target for a deposit. This history of savings will help you to finance another property.

If interest rates drop

If you have a variable rate loan and the interest rate drops, save the difference for a deposit towards another property rather than paying off the investment loan.

Stay informed

Once you have a mortgage, aside from making the payments, it's easy to forget about it altogether. Staying informed about interest rate movements and new products could save you money. Over the lifetime of your loan we advocate exploring new products and facilities that may better suit your changing needs.

We recommend that you review your mortgage requirements and equity with us on a yearly basis.

OUR COMMITMENT TO YOU

We understand that purchasing your first investment property will more than likely not be your last. Once you have a taste for building an investment property portfolio, it becomes contagious. It has been reported that as few as 6% of Australians actually own another property outside of their own home. We congratulate you on being one of the minority who are aiming to look after their own financial future!

We recommend that you have regular contact with us so that we can organise finance audits to ensure you are always well informed about the property market.

Also, as your properties increase in value, so does your equity. Using this equity wisely for investment purposes, can ensure your peace of mind for future financial security.

Planning your future investment property portfolio and other wealth strategies starts from your very first loan.

We consider you to be a client for life when you use us for the first time - whether it is your first home or your fifth investment property. Looking after your current needs, combined with your future needs, will ensure our relationship is a positive one. Be sure you are working with someone with this approach as it can be a very costly exercise to start with the wrong advice, especially when you are investing.

Good luck with your decisions. They are not to be taken lightly. We look forward to helping you on your property investment journey.

Disclaimer: The advice contained in this booklet has been prepared without consideration of your objectives, financial situation, personal circumstances or individual needs. Whilst care has been taken to ensure the accuracy of the information contained in this booklet, it neither represents nor is intended to be legal or taxation advice. Please consider the appropriateness of this information before acting on any advice from this booklet. Eversharp financial services aims to understand your circumstances and requirements to provide you with a loan and other products that are not unsuitable to your needs. This booklet is subject to copyright and must not be reproduced in any format without the express permission of its author. All information is current at time of creation. 2nd Edition July 2012 ©.

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