

## **BUYING OFF THE PLAN**

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**Loan Market**

### **All you need to know**

SO you're thinking about buying off the plan but would like more information about your finance options?

The good news is if you do your research well, buying off the plan in a rising market can potentially mean large capital gains before you even settle. Additionally purchasing a new property can mean saving thousands of dollars in stamp duty and there are plenty of deductions possibilities available for investors.

### **Benefits of investing**

An investment property can be an excellent method of creating wealth. Historically, property prices provide a steady return to investors in the form of capital growth as prices rise. Rental yields are also currently increasing as vacancy rates drop to record or near-record lows across the country.

There are a range of investment loans and loan features available – ranging from simple loans to more complex loans that allow you to manage tax, gearing and repayments. A good mortgage broker can explain to you how to get the maximum financial benefit out of your investment property.

### **Loan pre-approval**

Once you even begin to think about buying a property, a loan pre-approval is something that is definitely worth considering regardless of how much you are intending to borrow. A loan pre-approval gives you clear guidelines on how much money you can borrow. Some conditions usually need to be met before full finance approval will be granted.

### **Types of loan pre-approval**

There are a number of different types of loan pre-approval, from a simple phone-based pre-approval through to informal and formal written pre-approvals issued by your bank or lender. To be sure of your borrowing capacity you will need to secure a formal pre-approval. You may need to pay some application fees, but the security is worth it. A mortgage broker will be able to help you secure an official written loan pre-approval.

## **Bank guarantees**

A bank guarantee can be used as an interim substitute for a cash deposit and is generally issued by your financial institution. If you use a bank guarantee to secure your piece of real estate, you will be required to pay 100% of the purchase price on date of settlement.

A bank guarantee is a form of deposit insurance policy. Just like a cash deposit, a bank guarantee gives the vendor peace of mind that a sale to the purchaser with the bank guarantee is safe.

### **Why use a bank guarantee?**

There are numerous benefits in using a bank guarantee, including:

- Savings remain intact, allowing you to continue to earn interest
- Bridging finance can be avoided
- It enables you to buy 'off the plan'

A purchaser using a bank guarantee should always seek the vendor's agreement beforehand.

### **Get an expert on your side.**

#### **Team Kelly**

Loan Market's Team Kelly is experienced at securing loans of all sizes from as little as \$10,000 up to several million dollars for borrowers across the Sunshine Coast and internationally. Professional and experienced mortgage brokers, Team Kelly will:

1. Discuss your existing situation, your loan needs and requirements, and obtain all necessary information pertaining to your loan application.
2. Explain the types of loans available to you from a range of banks and secure lenders
3. Match your loan requirements to a selection of loan products offered by our panel of secure lenders
4. Provide an overview of your 'Purchase Budget' incorporating the relevant costs associated with your loan application in writing
5. Provide an in-depth overview of the loan product or products you select in writing
6. Complete and package your loan application and deliver it to the lender's assessment team on your behalf
7. Act as an intermediary between you and the lender, negotiating the terms and conditions of your loan, and they will also answer any questions the lender's assessment team may have
8. Liaise with your solicitor, real estate agent and accountant and any other related parties to ensure a smooth and timely settlement
9. Assist with any future loan requirements, whether you wish to check, change or top-up your loan
10. Act as a valuable information service beyond the settlement of your loan by providing you with relevant information on the loan market, updates on product and special offers that may be of interest to you

For more information on home and investment finance or the loan that is in your best interest, contact Team Kelly on 1300 549 454 or [teamkelly@loanmarket.com.au](mailto:teamkelly@loanmarket.com.au)