



Frequently asked questions

Investors.

Why invest in property?

For many years, property investment has proven to be a fantastic way to build wealth with a long term investment strategy.

Your property investment can be tailored to your individual situation and requirements, and this flexibility is invaluable to many people. You can choose the type of property you invest in as well as how much input and work is required from you over the course of the strategy, along with how long you want your investment strategy to last.

What costs do I need to be aware of?

When purchasing an investment property, a number of costs need to be considered. These include:

- Building inspection costs.
- Ongoing property fees, such as strata fees, property management fees, rates and repairs.
- Stamp duty.
- Capital gains tax (should you choose to sell your property).
- Lenders' fees and charges.
- Fit out of the new home, including landscaping.

Your Resolve Finance mortgage broker will be able to take all of these into account to ensure that you choose an investment property that suits your needs and your budget.

How is an investment loan different to a normal loan?

There are a number of differences between an investment loan and a standard home loan. In 2015, many lenders made changes to their investment lending policies to align with government body requirements. Some of these changes resulted in higher interest rates on investment loans, along with changes to eligibility criteria. This makes it more important than ever to seek the assistance of your Resolve Finance mortgage broker before choosing an investment loan for your property.

What is 'gearing' and how does it affect me?

Gearing occurs when you borrow money to fund the purchase of an asset. In property, there are two types of gearing:

Negative Gearing: When the cost of owning the property is more than the income the property generates every year. In this case, losses are able to be claimed as a tax deduction.

Positive Gearing: When the income from the property is more than the cost of owning the property every year.

Choosing whether you want a negatively or positively geared investment is a key consideration in your strategy. When deciding and looking at your gearing options, it is essential to seek professional tax advice to ensure that your strategy reflects your personal situation and that you are fully aware of the tax implications of your investment.

Which type of loan is best suited for investment?

There are a number of loan types that are appealing property investors. These loan types generally involve the ability to fix and minimise repayments. For example:

Fixed rate loans.

The repayment and interest charges are locked per year, allowing investors to prepay interest and claim this as a tax deduction.

Interest only loans.

With this form of finance you only need to pay the interest on the loan as opposed to paying off the loan itself. This keeps repayments to a minimum, which may work well if the investor anticipates making a profit on the property when it sells.

Both of these loan types can be tailored to your personal situation and used to maximise your investment strategy, and to ensure you get the best outcome, rely on your Resolve Finance mortgage broker to guide you every step of the way.

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