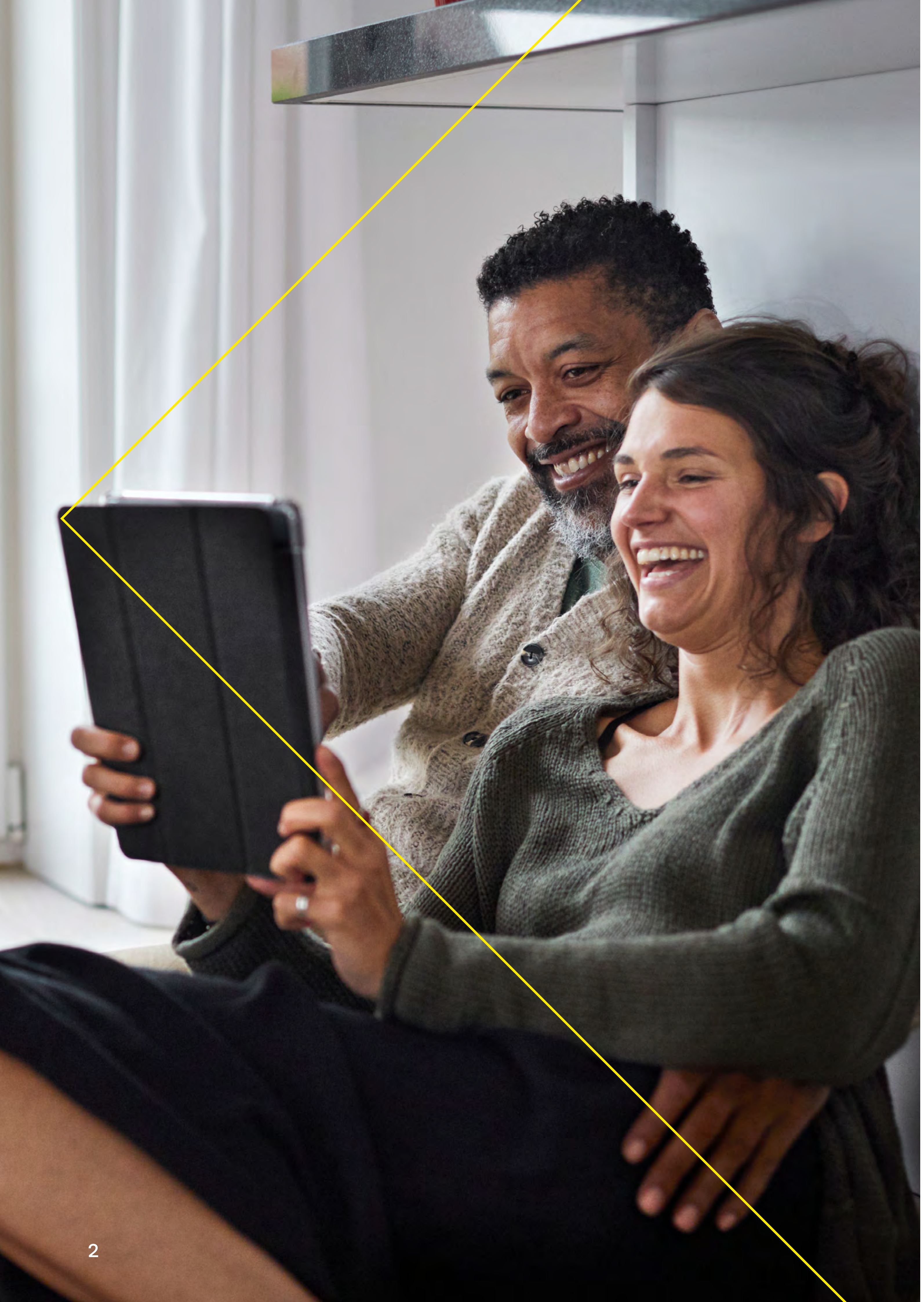
Investing in property, made easy



Your step-by-step guide to investing in property.

Unlike a home, buying the right investment property is typically a purely financial decision. So, it's important to understand the goals and strategies behind successful property investment.

There are several things to consider when it comes to investing in property, so let's look at what's involved and how you can be sure this is the right option for you.

Getting started

There are many considerations to take into account when thinking about **investing in property.** No matter the type of property you're buying or the reasons why, it's important to do your research.

You should be clear about why you want to own an investment property, what you can afford and any upfront and ongoing costs. This will help you choose the right property to buy and decide what rent to charge and how to manage it over time.

What can I afford?

The cost of owning an investment property can be very different to owning and living in your own home, so one of the first things you'll want to know is how much money you'll be able to borrow. The amount you can borrow for an investment home loan will have an impact on the type of properties you look at, as well as the locations you consider.

To use our home loan calculators to get an understanding of how much you could potentially borrow for an investment home loan, go to **commbank.com.au/borrowing**

Once you're ready, we can help you with the investment home loan process and to apply for a conditional pre-approval. Simply make an appointment with one of our Home Lending Specialists at **commbank.com.au/appointment** or speak to your Broker.

How much deposit do I need?

The bigger your deposit, the less your loan will be and the less interest you'll have to pay. Most banks require you to have saved a deposit of at least 20% of the purchase price, plus enough to cover the additional upfront costs such as stamp duty and legal fees.

If you don't have the full deposit saved or equity available in an existing property, you may have to consider reducing your property budget and borrowing less. Alternatively, we offer three options if you have a low deposit. These are:

Lenders Mortgage Insurance (LMI)	**Low Deposit Premium** (LDP)	Consider having a **guarantor** on your home loan.

Each of these options protect us (CommBank) from the risk associated with a low deposit home loan, however they don't protect you. We can generally lend to you to purchase a property – even if you don't have the full deposit – so long as one of these options are in place.

For more information on low deposit options, go to:
commbank.com.au/mortgage-insurance
commbank.com.au/home-loans/low-deposit-premium
commbank.com.au/guarantorsupport

TIP: Our budget planning calculator can help you set a budget and work out how much more you can put away regularly to grow your deposit. The more you contribute to the purchase price of your property, the lower the cost of LMI and LDP will be. It also means you may not need a guarantor. Go to **commbank.com.au/budgetplanner** to see how much you can save today.

What is equity and how can I use it?

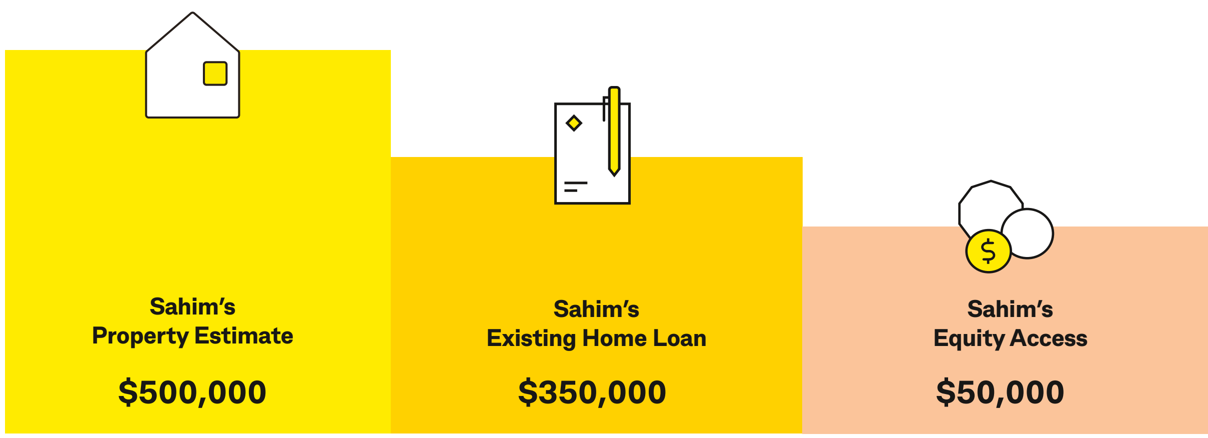
Equity is the difference between the value of your property and the amount you still owe on your home loan. If you already own a property, unlocking or accessing your equity can help fund your investment property purchase.

How does it work?

There are a few ways you can build equity, such as paying down your home loan or having the value of your property gradually increase due to market conditions. This equity could potentially be used towards the deposit and purchase of your investment property.

Example

Sahim's property is currently valued at $500,000 and he has an existing CommBank home loan owing $350,000.



After speaking to his Home Lending Specialist, Sahim can borrow up to 80%[2] of his property value **(80% x $500,000 = $400,000).**

Sahim now has access to $50,000^ in equity **($400,000 - $350,000).**

[2] Most lenders will let you access up to 80% of your property value (this can vary between institutions).

^ By accessing his available equity, Sahim's existing home loan will increase from $350,000 to $400,000 and his repayments will be adjusted accordingly.

To find out how much equity you have in your home, you may need to get a property valuation from your lender. Once you know how much equity you have, you should consider how to access it. Options can include accessing available redraw, topping up your loan or refinancing your existing loan (standard lending criteria apply). Keep in mind there may be additional costs associated with these options.

Make an appointment with one of our Home Lending Specialists or speak to your Broker to discuss how you can potentially access your equity.

Understanding the upfront costs

No matter what type of investment property you're buying, there are important costs to be aware of in addition to the deposit and investment home loan. Here are some of the key costs to factor in now, so you're not hit with any surprises later.

Loan fees

Depending on the type of investment home loan you choose you may need to pay for costs such as an establishment fee, settlement fees and ongoing monthly loan services fees.

For more information go to **commbank.com.au/homeloanfees**

Stamp duty

This can be a significant cost based on the property. It's a state or territory government fee that you'll need to pay around settlement.

For more information go to **commbank.com.au/SD_calc**

Legal costs

You'll need to engage a conveyancer or solicitor to help prepare the documentation for the purchase of your property. These costs can vary.

Government charges

These are determined by the relevant State and Territory. For example, State Governments charge a mortgage registration fee to officially register the property as security for your mortgage.

Lenders Mortgage Insurance or Low Deposit Premium

If you have a smaller deposit and need to borrow a high proportion of the value of the property – what's known as the loan to value ratio[3] (LVR) – you're likely to be charged an amount to cover our risk.

This is known as Lenders' Mortgage Insurance, or Low Deposit Premium, and both protect the bank. The circumstances of your loan may also determine whether this will apply.

Home Loan Package fee

You can choose to apply for a Home Loan Package (eligibility criteria apply). As part of our Home Loan Package, you'll get special discounts on your eligible home loans and a fee waiver on one eligible active credit card.

For more information and to see how you can save money, go to **commbank.com.au/wealthpackage** or speak to your Broker.

Building and pest inspections

Building and pest inspections should be done before you exchange contracts. It might seem like an expensive upfront cost, but you want to be sure that the property is structurally sound and isn't housing any termites or any other pests. Even new properties can have problems that only a professional can uncover.

There are ongoing costs that you'll need to take into consideration as well once you've purchased your investment property.

Read more on these on **page 30.**

[3] Loan to value ratio (LVR): The total you've borrowed for your loan as a percentage of your property value.

Planning your investment strategy

Choosing to invest in property is a big step. It's important to plan right, weigh up the risks and benefits and understand the costs (both upfront and ongoing). You'll need to work out exactly what you want to achieve from your investment property. With the right knowledge and tools, you can make an informed decision about whether property investment is right for you. For many, investing in property involves one or a combination of strategies.

What is capital growth?

Any increases in value to your property from the day you buy it until the day you sell it is called capital growth. Keep in mind that capital growth is not always guaranteed – in fact there is always a chance that your property might decrease in value.

For example, if you buy a property for $400,000 and sell it for $450,000 three years later, you'll have accumulated $50,000 in capital growth.

Most property markets typically experience 'cycles' whereby demand and supply ebbs and flows, leading to increasing, decreasing or flat average capital growth over time. In order to maximise your capital growth over the medium to long term, ideally you should consider buying a suitable property in an area at the bottom of a demand cycle and hold onto it long enough for demand to increase and for it to appreciate in value.

What is rental yield?

The ideal investment outcome for any property investor is a combination of decent capital growth coupled with rising rental income from your tenants. Your rental income strategy will play an important role in choosing a property.

Yield is the 'return' you receive on a property investment – most commonly in the form of rent you charge. Many people measure their returns using gross rental yield[4], which is calculated by totalling rental income you receive from a property in a year and dividing it by the sale price, or market value, of the property.

Example

Yalda has purchased an investment property for $600,000. She rents this out at $500 per week. The gross rental yield is ($500 x 52) = $26,000 / $600,000 x 100% = 4.3% p.a.

$ ÷ $ × 100 = %

Rental Income
$26,000 p.a.

Property Value
$600,000

Gross Rental Yield
4.3% p.a

[4] Gross rental yield does not consider all ongoing costs associated with property investment such as repairs and maintenance, strata levies and rates. Net rental yield includes these costs and can generally provide a better indication of the financial viability of investing in a property.

While gross rental yield can be a useful general indicator, net rental yield tends to be a more accurate estimate of your potential return. This is when you factor in the other costs associated with your investment, including interest payable and other mortgage costs, taxes, rates and strata fees.

Example

Using the same example Yalda has added up all the fees and expenses of owning her investment property to a total of $7,000. The net rental yield is ($26,000 - $7,000) / $600,000 x 100% = 3.16% p.a.

$ ÷ $ × 100 = %

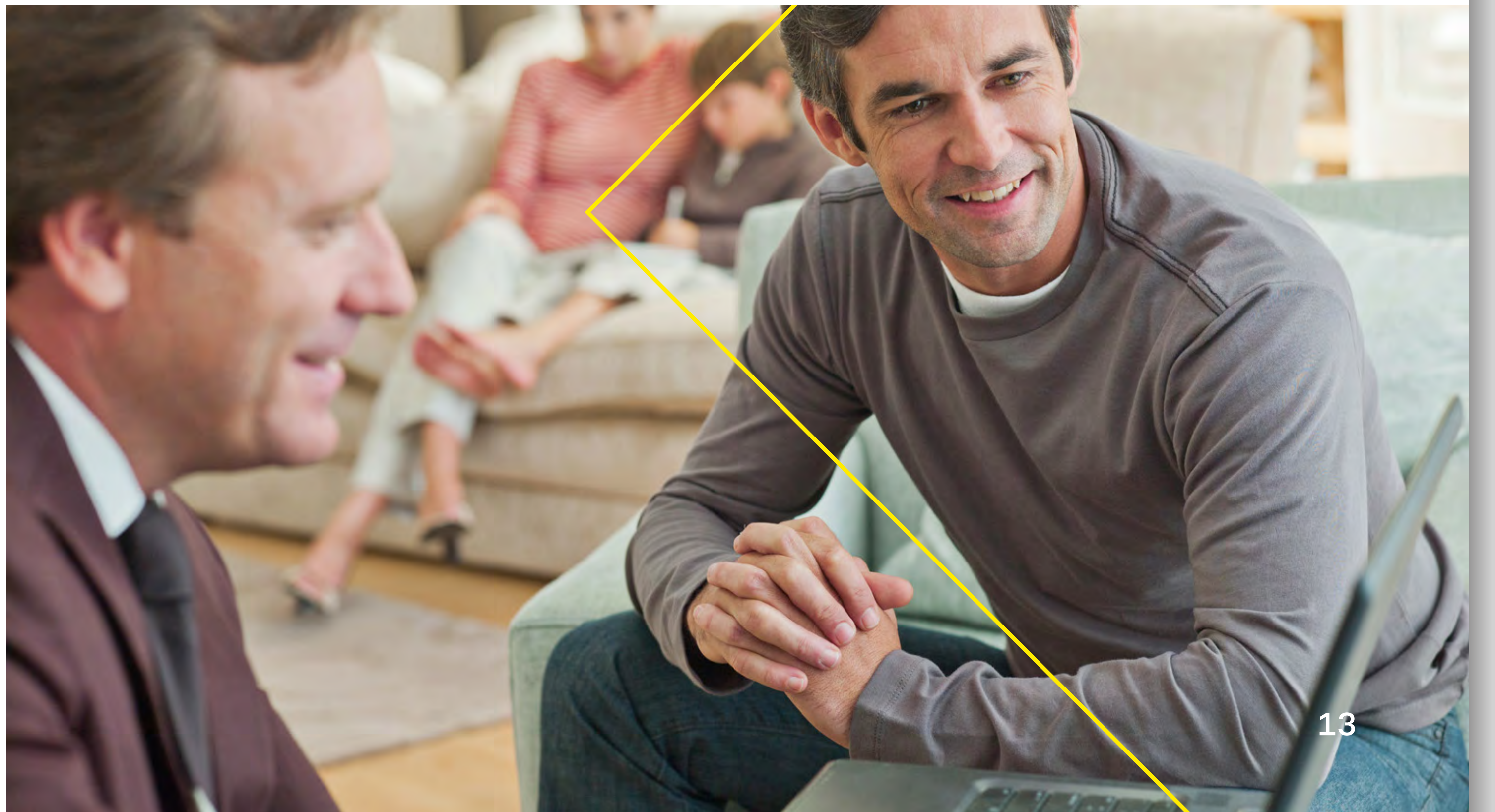
Rental Income – Fees & Expenses
$19,000 p.a.

Property Value
$600,000

Net Rental Yield
3.16% p.a

How can you improve the rental return from your investment property?

The level of rental return you can expect from an investment property is determined by several factors, including the location, condition and type of property, as well as overall economic conditions. As a landlord, you might invest in a renovation which may improve your rental income. Keep in mind, rental yields can fluctuate due to supply and demand and are not guaranteed by past performance.



What is negative gearing and positive gearing?

If you're a property investor or looking to become one, you'll come across the term 'gearing'. It's important to understand what gearing is, and the possible benefits and risks that come with it.

Positive Gearing	Negative Gearing
A property is positively geared when your rental return (the amount of rent you receive from your tenants) is higher than your ongoing interest repayments and other property-related expenses (e.g. strata levies, council and water rates).	A property is negatively geared when your rental return is less than your ongoing interest repayments and other property-related expenses (e.g. strata levies, council and water rates).
For example, Toni currently receives $500 per week in rental income ($26,000 p.a.). Toni's overall property expenses for the year come to $21,300 (such as interest repayments and other property related expenses). **Rental income $26,000 p.a. – Property expenses $21,300 = $4,700** **Toni's property is positively geared by $4,700.**	For example, Debbie currently receives $400 per week in rental income ($20,800 p.a.). Debbie's overall property expenses for the year come to $28,000 (such as interest repayments and other property related expenses). **Rental income $20,800 p.a. – Property expenses $28,000 = -$7,200** **Debbie's property is negatively geared by $7,200.**
The income you get from a positively geared property can put more money into your pocket and help you more confidently meet your loan repayments. It can also help you set money aside to spend on other things. Keep in mind that you'll be expected to pay tax on the extra income your investment property generates, so you may need to set aside money to do this each year.	When your property is negatively geared, the net rental loss you incur during the financial year may be offset against other income you earn, such as your salary. This can reduce your taxable income and therefore how much tax you have to pay.

What rental expenses can I claim as tax deductions?

Regardless of how your property is geared, you can generally claim a number of property-related costs as a tax deduction provided your property is rented or available for rent. Some costs that you may be able to claim for include:

- Interest you've paid on your investment home loan
- Body corporate and/or strata fees and charges
- Insurances such as building, contents and/or landlord
- Repairs and maintenance costs
- Council rates
- Water costs

To find out more about what you can and can't claim on a rental property, go to:
The Australian Taxation Office (ATO) website at **ato.gov.au**; or

Consider talking to a professional financial advisor, accountant or tax specialist.

What is capital gains tax?

Generally, when you want to sell your property, you'd be looking to sell it for a higher price than what you originally bought it for. If you do this, you'll have made a capital gain and may need to pay capital gains tax (CGT) on it.

The amount of CGT you'll pay depends on factors including how long you've owned your property, your marginal tax rate, and whether you've also made any capital losses. Your marginal tax rate is important because your capital gain will be added to your assessable income in your tax return for that financial year.

The length of time you've owned your property is also important, because if you've owned it for longer than 12 months, you may be eligible for a CGT concession.

As with all investments, your strategy should be aligned to your personal circumstances and risk preferences. Consider talking to a professional financial advisor, accountant or tax specialist if you're thinking about investing or already a property investor.

TIP: To help you out at tax time, consider keeping your investment home loan income and expenses separate to your other finances. This could make it easier for yourself and your accountant or tax agent when submitting your tax return. You may be able to use an offset account to help you do this.

Starting your property search

Now that you have an idea of exactly what you want to get out of property investment, you can start considering the type of property you want to buy and its location.

Where should I buy?

Choosing where to buy an investment property is important, as it can impact your potential capital growth and rental yield. You may choose to purchase closer to where you currently live or own property, or alternatively see it as an opportunity to venture to new suburbs or another state entirely. Regardless of what you choose, you need to be prepared for the possibility that the property could decrease in value and may not provide the rental returns you'd hope for.

Once you've decided where you'd like to buy, look at the rental prices of comparable properties in the area to get a good idea of what your rental yield is likely to be. We've got a range of tools that can assist your search to ensure that you make the right decision.

Our **Property and Suburb Reports** provide you with the latest information on new listings, auctions and more. Following an appointment with one of our Home Lending Specialists, you can access an unlimited number of reports to get a complete picture of any property you may be interested in.

Estimated property price

Find out what the property is worth based on recent comparable sales.

On the market

Our reports provide in-depth information on properties for sale in the neighbourhood, including listing dates, agents and lot plan details.

Suburb insights

Get median sale prices, value of sales, rental and demographic profiles.

Rental information

Get access to comparative rental properties including weekly rental prices, rental yield and capital growth.

Radius search

We can perform a radius search for you that targets a particular property as a starting point and look for comparable properties in the surrounding area.

Territory builder

We can help you build your own 'territories' using an interactive map that will return all the homes in this area that meet your criteria.

TIP: Properties near public transport, healthcare, food and retail facilities, childcare, education and other amenities are typically more sought after (which means they might also cost more initially) and can make a big difference to how much rent you end up charging.

For more information, go to:
commbank.com.au/propertyreport

What type of property should I buy?

Your budget and investment goals can help you determine the type of property you purchase, which in turn will help determine how much rent you receive. Here are some things to consider with different property types.

Apartments or units	Houses, villas and duplexes	Build your own or buy off-the-plan
Considerations		
Are popular with tenants and typically closer to popular features such as public transport	Villas and duplexes can be a more affordable property type compared to standalone properties	Opportunity to customise your property to suit the area
Can generally be more affordable than other property types such as houses, villas and duplexes	You'll have more opportunity to renovate or make improvements	New homes tend to have a higher appeal with renters, and you could potentially charge more
May have fewer repair and maintenance costs	Are typically larger and are in demand for families	May involve less repair and maintenance costs as it's a new build
	You may have the opportunity to knock-down and rebuild in the future	
Trade-offs		
Body corporate/strata fees and charges can be high depending on the building and area	General repair and maintenance costs could be higher than other property types	Could be costly building or buying off-the-plan
You'll have less opportunity to renovate or make improvements	If you're buying one half of a duplex, generally the building insurance is shared with the other owner, meaning you need to rely on them to maintain their half of the property	Building delays could mean you're paying off a mortgage without being able to receive rent

Remember – the features that are important to you may not necessarily be all that important to prospective tenants.

Choosing the right investment home loan

Different types of investment home loans can help you achieve different results. Whether it's your first investment property or your fourth, we've got a wide choice of loan products and different repayment options to suit your individual needs.

Choosing your investment home loan

Like owner occupied home loans, investment home loans offer a range of features and benefits such as fixed and variable interest rates, access to Everyday Offset Accounts and redraw and flexibility to structure your repayments to suit you. So think about what features are important to you. How do you want to tailor your investment home loan?

Ask yourself

1	2	3
Would I prefer the certainty of knowing exactly what my repayments will be each month?	What type of repayments are going to suit my lifestyle?	Do I want to be able to offset any savings against my loan or make additional payments?

Our interest rate options

Fixed Rate	Variable Rate		
	Standard Variable Rate	Simple Home Loan	Digi Home Loan
What you'll get			
Always know what your repayments will be with a fixed rate of 1-5 years Ability to link a Wealth Package[5] to access savings including interest rate discounts and fee waivers Protected from interest rate rises during your chosen fixed rate term Option to lock in the reference interest rate with the Rate Lock feature at a fee of $750 You can make additional payments of up to $10,000 in a fixed year[6] without additional charges	A variable rate with discounts tailored to you, plus access to an extensive range of features Ability to link a Wealth Package[5] to access savings including interest rate discounts and fee waivers Save on interest while having access to your money by linking Multiple Everyday Offset Accounts	A home loan with a competitive variable rate and the option for two Everyday Offset Accounts, for simple lending needs Monthly cashback for eligible CommBank Yello customers[7] Save on interest while having access to your money by linking up to two Everyday Offset Accounts. A $10 monthly Offset Feature fee applies per home loan, covering up to two Everyday Offset Accounts.	A digital home loan with a low variable rate. Only available online Monthly cashback for eligible CommBank Yello customers[7] Save on interest while having access to your money by linking one Everyday Offset Account. A $10 monthly Offset Feature fee applies per loan
	Unlimited additional repayments and redraws Eligible for interest rate reductions		
Trade-offs			
No access to an Everyday Offset Account or redraw (if you've made additional payments) while you're in a fixed rate term Early Repayment Adjustment and Administrative Fee may apply for additional repayments over $10,000 in a fixed year Interest rate decreases will not apply during your fixed rate term		No access to a Wealth Package Not available to company or trust borrowers	No access to a Wealth Package Not available to company or trust borrowers Fees may apply for phone or in branch support for some transactions
	Not protected from interest rate increases		

[5] To apply for a Wealth Package, you must have an eligible home loan or line of credit with an initial package lending balance of at least $150,000 at the time of your application. Package lending balance is the sum of the account balance of eligible home lending accounts and the credit limit of Viridian Line of Credit accounts that you have with us at the time you apply for Wealth Package. Eligible home loans include: Standard Variable Rate home loan, Fixed Rate home loans and Viridian Line of Credit. A non-refundable annual fee of $395 is payable in advance. The package can be established in the name of one or two individual's name(s), or in the name of a corporate entity. It cannot be established in the name of a business or family investment trust. Please refer to the Wealth Package Fact Sheet and Package Terms and Conditions for full details.
[6] We count a year as 12 months from the date you commence your fixed rate term and every 12 months after that.
[7] Ongoing eligibility conditions apply. See **commbank.com.au/commbankyello** for more information and the full terms and conditions.

Figuring out whether a fixed or variable interest rate investment home loan is right for you can be tough. Like a bit of both? You can split your investment home loan and have some as fixed and some as variable – giving you the flexibility to structure your investment home loan to suit your needs.

Your repayment options

Most CommBank investment home loans offer flexible repayment options. Your repayments typically consists of two parts:

- **The principal component** – the amount you borrow (your loan balance)
- **The interest component** – the amount the lender charges on your outstanding balance

Principal and Interest repayments – pay your investment home loan balance and the interest	Interest Only payments – pay just the interest on your investment home loan for a limited time
Each time you pay the minimum required repayment, you're contributing to paying off the principal and interest accrued.	Each time you make a payment you'll only pay off accrued interest – so none of the principal loan balance is paid off. The maximum total Interest Only period over the life of the loan is: • 5 years for an owner occupied home loan; and • 15 years for an investment home loan (maximum of 5 years at any one time) Interest Only payments are not available within the last five years of your contracted loan term. The estimated Interest Only payments will vary each month depending on the outstanding balance and the number of days in the month. **Applying for Interest Only payments is subject to approval.**
What you'll get	
You'll have a lower interest rate when compared to the interest rate charged on Interest Only payments You'll pay less interest over the life of the loan	Your minimum required payment will be lower for the Interest Only period, compared to if you were making Principal and Interest repayments Making lower minimum required payments may give you the flexibility to temporarily reduce your outgoing expenses and manage temporary income reductions
Trade-offs	
	The rate of interest will be higher during your Interest Only period You'll pay more interest over the life of your loan – this is because you're not reducing the loan balance during the Interest Only period Once your Interest Only period ends, your repayments will switch to Principal and Interest for the remainder of your loan term, which will increase your minimum required repayment

As a property investor, the type of loan you choose could result in different tax outcomes. We highly recommend you seek professional advice from a financial planner, accountant or tax specialist when considering if this is right for you.

For more information on Interest Only and eligibility criteria, go to:
commbank.com.au/interestonly

Everyday Offset Accounts and redraw

Everyday Offset Account	Redraw
An Everyday Offset Account can help you pay less interest on your eligible investment home loan whilst also giving you access to your money whenever you need it. It is a transaction account where you can put money in or take money out at any time. Additionally, any money you put into your Everyday Offset Account reduces the balance on which we charge interest. You can maximise the benefits of offsetting by linking multiple Everyday Offsets to an eligible Standard Variable Rate investment home loan, provided they are in the name(s) of the loan borrowers. You can link up to one Everyday Offset Account to an eligible Digi Investment home loan. A $10 monthly Offset Feature fee applies per loan. You can link up to two Everyday Offset Accounts to an eligible Simple Investment home loan. A $10 monthly Offset Feature fee applies per home loan, covering up to two Everyday Offset Accounts.	A redraw facility is different to an Everyday Offset Account but can also help you save on your investment home loan. Redraw allows you to access additional payments that you've made on your home loan. For weekly and fortnightly direct debit payers, only funds over and above the minimum required repayments will be available. Payments we attempt to collect via Direct Debit may be reflected in your available redraw balance but can take up to 5 business days to clear. Accessing these funds before they clear will result in the loan being adjusted by the drawn amount. The amounts available in redraw will reduce so that by the end of your agreed loan term, both your loan balance and the available redraw will be zero. Keep in mind not all loans allow redraw and there may be limits on the amount of additional payments you can make without incurring an Early Repayment Adjustment and Administration fee.
For example, if you have $50,000 in your Everyday Offset and your loan balance is $200,000, you'll only pay interest on $150,000 of your loan balance.	**For example, if your minimum required repayment each month is $1000 and you choose to pay an additional $500 each month, over three months you'd be able to redraw about $1,500[8] ($500 x 3 months).**

For more information on Everyday Offset and Redraw, go to:
commbank.com.au/offsets; **commbank.com.au/redraw** or
Speak to your Home Lending Specialist or Broker

[8] The rate at which available redraw balance reduces will depend on a number of factors and will be different for everyone. Redraw is adjusted monthly on your interest due date (if needed).

Home Loan Package

A Home Loan Package can help you save money by having access to fee waivers and interest rate discounts on your eligible home loan(s) and fee waivers on one eligible active credit card. An annual Home Loan Package fee applies.

For more information on our Home Loan Package and the loans we offer, go to:
commbank.com.au/wealthpackage
commbank.com.au/home-loans
commbank.com.au/factsheets

How to apply

There are a few things you'll need to provide us when you apply for your investment home loan with CommBank such as:

Proof of identification	Proof of income
Details of any liabilities and savings not held with us	Other information we request

Once your investment home loan application and documents are submitted, we'll review them and complete any necessary checks such as property valuations and a credit check. We'll then let you know if your loan is approved and provide your loan offer documents.

You can then review your loan documents in person or discuss it over the phone with your Home Lending Specialist or Broker.

Your Home Lending Specialist or Broker will discuss with you what documents are needed for your specific application.

For more information on what you'll need when applying for an investment home loan, go to **commbank.com.au/home-loans/applying-for-a-home-loan**

Managing your investment property

Completing the settlement process for your investment property is an exciting time. Keep in mind it doesn't stop at owning the property – there are other things you'll need to consider and keep on top of as an investor and landlord.

Protecting your property

Having the right type of insurance can help protect your investment property.

Cover for investors and landlords

Like regular home insurance, building and contents insurance for investors provides protection against damage to your property from unexpected events such as theft, flood, fire and storm.

This type of insurance can sometimes also offer protection unique to landlords, such as loss of rent when your tenant can't live in the home due to extensive damage caused by an insured event. Check with your insurer today to see if this is covered and suitable for your needs.

As part of your mortgage, we'll need to confirm you have an adequate building insurance policy (contents and landlord insurance are optional). Keep in mind this may be covered under a Body Corporate or Strata policy if you're purchasing an apartment, unit or duplex.

For more information or to get a quote, go to:
commbank.com.au/landlord-insurance

How do I manage the rental process?

Once you're ready to rent out your investment property, you'll probably be asking yourself whether you should self-manage it or get a professional property manager or agent to help you out. For some, being hands-on with the rental process may suit them and help save money over time. Others may prefer having a property manager to manage the rental process instead. Here are some things to keep in mind when deciding which option to go with.

Self-managed	Property manager
Considerations	
+ Can save you money as you're not paying property management fees + You can personally review each tenant application	+ Property managers will typically look after the entire rental process for you, from finding and vetting tenants to collecting rent and managing any repair and maintenance requests + They look after the day-to-day relationship with the tenants for you, which leaves you with more time to do other things + Property managers have access to lots of information including changing laws and obligations
Trade-offs	
− You're responsible for managing all repair and maintenance requests − Managing the rental process can be time consuming, so ask yourself if you have the time to do it all yourself − You'll need to establish a clear process for rent collection and deal with any late or missed payments − There are laws and obligations as a landlord that you'll need to stay up to date with, as there may be legal implications if you don't	− Property managers will charge a management fee and other charges, though these may be tax deductable

Understanding the ongoing costs

You'll need to consider the repayments on your investment home loan (for times when rent may not cover it), repairs and maintenance, advertising the property, real estate management fees and more. Here are some of the common ongoing costs you'll need to manage as an investment property owner.

Investment home loan repayments and fees

You'll need to ensure you cover your minimum required repayment each month and any other fees or charges such as annual Home Loan Package fee.

Insurance

As an investor, landlord insurance (covering building and/or contents) can help protect your investment. Your premium can generally be paid monthly or annually depending on your insurer.

Body Corporate/Strata

If you've purchased a property on a shared block such as an apartment or unit, normally you'll have to pay a quarterly fee to protect your property and help with the general maintenance of the building and other shared costs.

Property management fees

Fees apply if you choose to have your property managed professionally. This could also include advertising and other costs.

Council rates

These are generally calculated based on property's land value, and can usually be paid quarterly.

Other utilities

Your tenants are usually responsible for their own household utilities unless otherwise agreed to. Generally you'll be liable to pay some bills such as water.

Repair and maintenance fees

If there are repairs or maintenance requests from the tenant (such as hot water not working, electrical issues etc.), you'll have to pay for it .

Accountant and/or other professional advisor

These fees are based and set by the agent, and can be applicable per appointment or as an annual payment.

Tax

Rent received is taxable income and needs to be reported as part of your annual tax return.

Keep in mind you can generally claim a number of property-related costs as a tax deduction provided your property is rented or available for rent.

To find out more about what you can and can't claim on a rental property go to:

The Australian Taxation Office (ATO) website at **ato.gov.au**; and

Speak to your accountant or tax specialist

Investor tools and resources

Use our Investor Checklist to keep on top of key milestones

The investor home loan process may seem complex, even if you've bought a property before. Here are some of the key milestones to consider.

1. Set your investment strategy

- [ ] Set your goals and understand why you want to invest in property
- [ ] Think about your investment strategy and what you're trying to achieve
- [ ] Understand the short- and long-term impacts of owning an investment property
- [ ] Will this impact your overall lifestyle and will it meet your needs?
- [ ] Speak to a professional financial advisor, accountant or tax specialist

TIP: Keep an eye on rental prices in the suburbs you're targeting.

2. Set a budget and stick to it

- [ ] Find out how much you can afford to borrow
- [ ] Save up your deposit or see if you can access your equity to help fund your investment property purchase
- [ ] Apply for a conditional pre-approval

TIP: Already have a conditional pre-approval? If anything changes, let your Home Lending Specialist or Broker know so you can be sure you're conditionally pre-approved for the right amount.

3. Do your research

- [ ] What type of property do you want to buy and where?
- [ ] What are your upfront and ongoing costs?

TIP: Don't forget to get a clear view of the upfront costs so you're sure your budget is enough. Also consider what your ongoing costs will be for the investment property you're looking at.

4. Ready to buy?

- [ ] Choose an investment home loan to suit your needs
- [ ] Finalise your application

TIP: Work out what's important to you in an investment home loan. Do you want the flexibility of a variable rate or the certainty of a fixed rate? Like a bit of both? You can split your investment home loan and have some as fixed and some as variable.

5. Managing your investment property

- [ ] Ensure you have adequate cover in place to protect your investment property
- [ ] Decide how you will manage the rental process: self-managed or via a property manager
- [ ] Regularly review your investment strategy to ensure it's meeting your needs and objectives

TIP: You should regularly review your level of insurance cover and how you manage the rental process, to make sure they're meeting your needs.

Congratulations on your investment property!

Notes

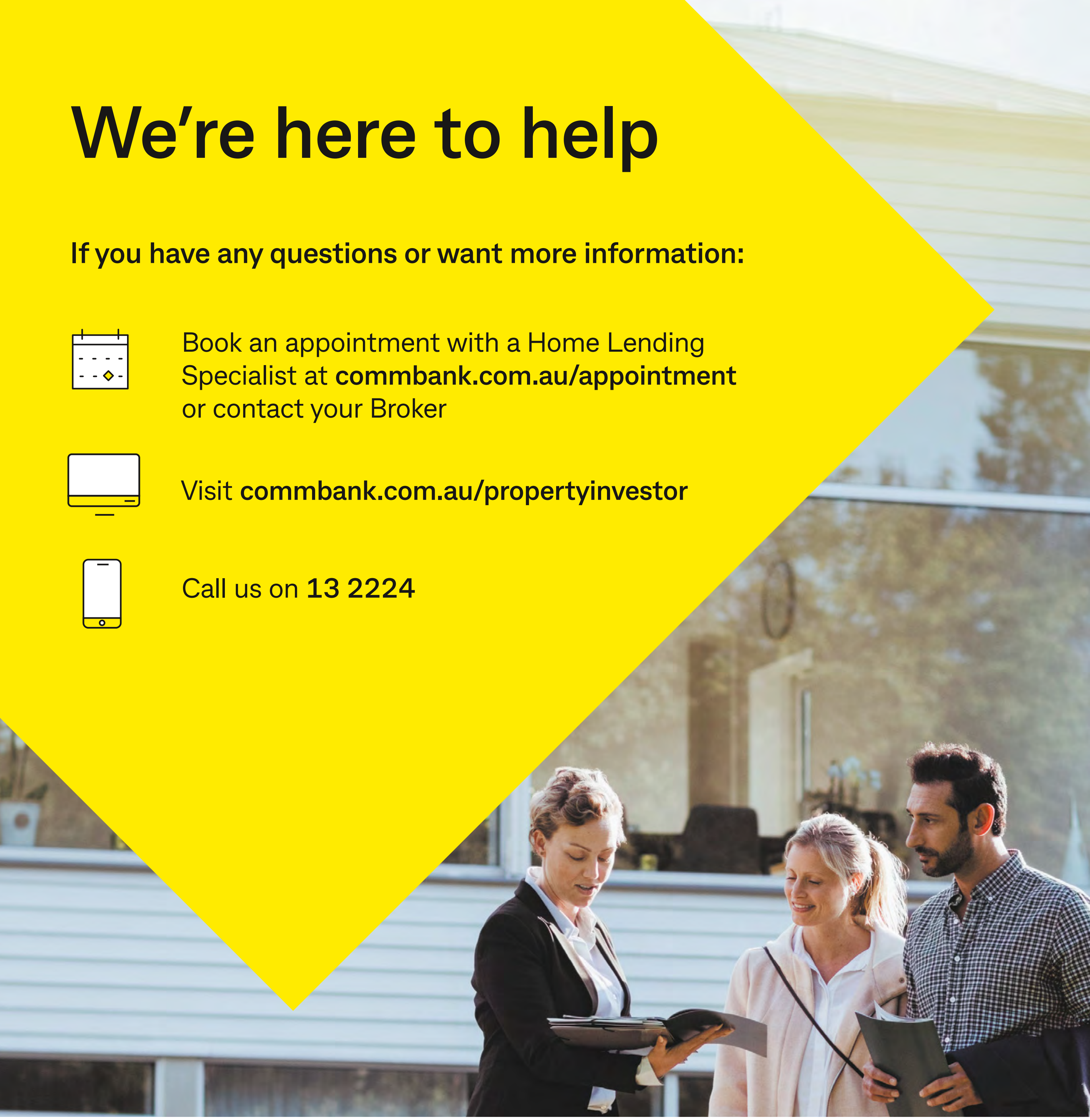
We’re here to help

If you have any questions or want more information:

Book an appointment with a Home Lending Specialist at **commbank.com.au/appointment** or contact your Broker

Visit **commbank.com.au/propertyinvestor**

Call us on **13 2224**



Things you should know

An Everyday Offset Account is linked to an eligible home loan, and accountholder(s) must also be accountholder(s) of the linked home loan. Interest is not charged on the part of the Home Loan balance equal to the Transaction account. Full terms and conditions for **transactions and savings accounts** mentioned and our **Financial Services Guide** are available online or from any branch of the Commonwealth Bank. If you have a complaint in respect of this product, the Commonwealth Bank’s dispute resolution service can be accessed on 13 2221.

The Australian income year ends on 30 June. You have from 1 July to 31 October to lodge your tax return for the previous income year. If you use a registered tax agent to prepare and lodge your tax return, you may be able to lodge later than 31 October.

It’s important to remember that tax laws are complex and you should ensure that you understand the tax implications of asset ownership before you decide to invest. This guide is intended to provide general information only and does not take into account your individual objectives, financial situation or needs. Taxation considerations are general and based on present taxation laws and may be subject to change. You should seek professional financial, legal and tax advice before making any decision based on this information.

Commonwealth Bank is also not a registered tax (financial) adviser under the Tax Agent Services Act 2009 and you should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under a taxation law.

Loan applications are subject to credit approval and any loan offer includes full terms and conditions. Fees and charges apply – see our fees and charges brochure. All examples and scenarios are illustrative only. This guide is subject to change without notice. The target market for some of these products can be found within the product’s Target Market Determination, available at **commbank.com.au/tmd**. Commonwealth Bank of Australia ABN 48 123 123 124, AFSL and Australian credit licence number 234945.

007-078 220825