



Module 5:

The Purchase Process and Financing

Buying property requires a series of steps to be completed in a specific order (which also is explained state by state). It is imperative as a property investment adviser, that you have a sound knowledge of all aspects of this process to advise and assist your clients.

We also explain due diligence, settlement, caveats, deposits, deposit bonds, and cooling-off periods. Negotiation skills are also covered in this module. This module will also provide an overview of both a client's financial capacity as well as their borrowing capacity. You will need to have knowledge of different types of loans and loan products available to your clients and which ones may be more suitable given their personal circumstances.

We also cover the various loan structures, types of borrowers, and client ownership structures, which may be applicable to your clients. Each part of the loan application process is also covered.



Content Outline

Topic 1 - Valuations

Topic 2 - Buying the Property

Topic 3 - The Roles of Associated Professionals

Topic 4 - Overview of the Settlement Process

Topic 5 - Gearing

Topic 6 - Financial Capacity

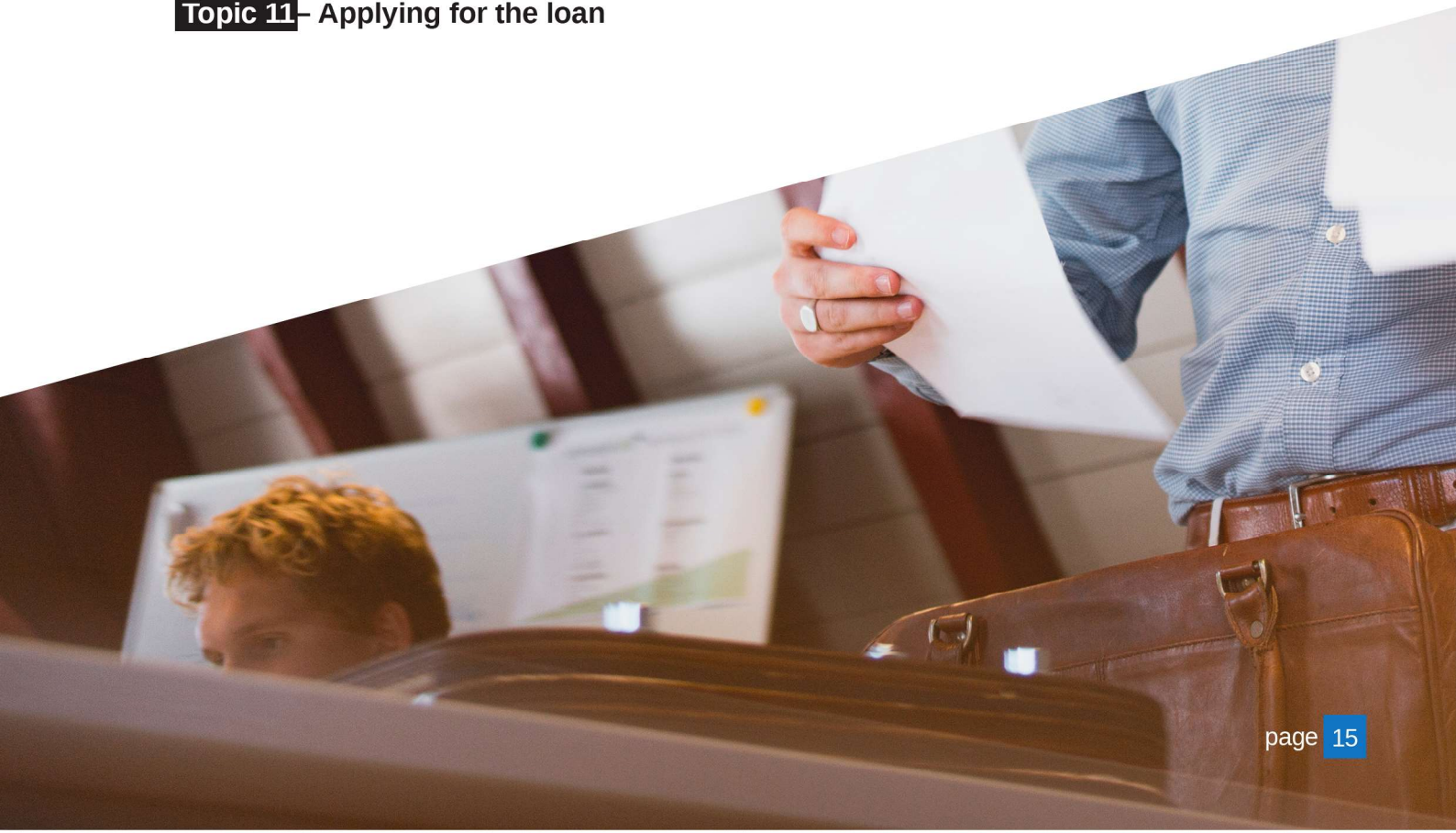
Topic 7 - Loans

Topic 8 - Types of Loan Products

Topic 9 - Types of Borrowers

Topic 10 - Sources of Finance

Topic 11 - Applying for the loan



Learning Objectives

- Explain the buying and selling process in depth state by state
- List different valuation methodology used such as government, summation, bank valuations and appraisals and when they are used
- Describe the process of making offers on property
- Brainstorm appropriate negotiation tactics that your clients should use
- List the steps necessary to ensure settlement of a property occurs
- Describe the tasks required of the purchaser, the vendor, and all associated professionals
- Explain the different types of property title applicable in Australia
- Describe the term due diligence and explain appropriate due diligence steps
- Explain the meaning of the terms caveat, covenant, and easement
- List features of contracts state by state
- List the necessary steps for settlement
- Explain the concept of gearing and how it applies to investing





- Explain the characteristics of positive gearing, negative gearing, neutral gearing, and positive cash flow
- Identify different risks associated with gearing such as cash flow, return, and risk
- Explain the concept of capital growth
- Explain the factors impacting a potential client's financial capacity
- List and explain the importance of the four factors that affect a client's borrowing capacity
- List the different loan types typically offered by lenders and their suitability for different investor needs such as principal and Interest, line of credit, and interest only
- Explain the different types of loan products
- Explain the different types of borrowers
- List the different types of lending institutions that lenders may access to purchase investment properties
- Describe the process for applying for loans from start to finish
- Explain the four different methods that borrowers may use to raise a deposit