

Fact Sheet - Loans for Non-Residents

Not all lenders in Australia will offer mortgage loans to a person if they are not a resident of Australia or New Zealand.

However, the majority of large lenders will lend to non-residents. There may be a few restrictions that you need to consider.

Maximum Loan. The maximum any lender in Australia will lend to a non-resident is up to 80% of a property's value. In fact, some lenders will restrict the maximum loan to value ratio even further to 70% or lower. This means that purchasers need to have at least 20% of the purchase price as a deposit. Purchasers will also need to pay for costs such as stamp duty and legal fees. You need to allow approximately 5% to 5.5% for these costs.

Foreign Purchasers. If you are not a citizen of Australia (or if you do not hold a permanent residency visa) you may have to apply to the Foreign Investment Review Board for approval to purchase property in Australia. Refer to its website at www.firb.gov.au for further information.

Borrowing Capacity. Borrowing capacity can vary greatly amongst the lenders in Australia. In addition, lenders assess non-residents differently to residents. The lender will consider the stability of the currency of the income that you receive. They will only take into account stable currencies such as US dollar and British Pound Sterling. They may not consider lending to a person that is paid in a volatile currency.

Some lenders include a foreign exchange risk margin. This is essentially a buffer margin to take into account any movements in the exchange rate. Obviously this reduces your borrowing capacity.

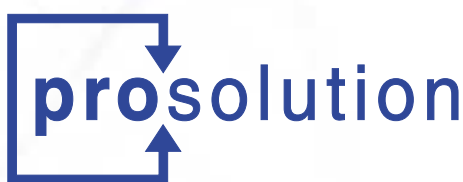
Foreign Currency Loans. Some lenders allow borrowers (residents and non-residents) to borrow in a foreign currency so long as their main source of revenue is received in the same currency. For example, if a person is working in the UK and is paid in British Pound Sterling (GBP) then they can borrow in GBP from an Australia bank. The interest rate is the same. The benefit of this is that you will not be exposed to exchange rate movements.

Executing Loan Documents. Be mindful that loan documents will need to be mailed overseas to be signed. This can take extra time. You should take this into account when negotiating the settlement period. In some cases, you may be able to use a Power of Attorney to sign documents if one exists within Australia.

Property Advocates. Given that you will be purchasing property from overseas it is advisable to consider using a property advocate. Property advocates can assist non-residents with researching, valuing, sourcing and negotiating property purchases on a person behalf.

ProSolution. Any questions? If you have any questions or a scenario you would like us to consider just contact us at ProSolution.

Call us now on **1300 880 224** *Best of all, our service is completely free!*



Finance for Professionals, by Professionals

Melbourne: 530 Little Collins Street Melbourne Vic 3000.

Sydney: MLC Centre Martin Place Sydney NSW 2000.

Telephone 1300 880 224 Web www.prosolution.com.au Email info@prosolution.com.au