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Loan Market
Ignite

How do land loans *work?*

When you buy a vacant block of land, there is a particular type of home loan that you can use. A land loan is usually taken out with an intent to eventually build a house on the land but without a specified timeframe. This is how it differs from a house and land combined loan or construction loan.

Considerations when getting a land loan.

Lenders will look at a few things when assessing your land loan application. These include:

- **Land size:** The size of the land can determine the size of the deposit required.For example, you may be able to purchase land up to 11 acres with as little as a 5% deposit.
- **Registered or not:** The lender will likely not approve the loan if the land is not registered. Registered land means it is ready to build on once services are connected.
- **Location:** The access and zoning regulations of the land will be factored in as part of the assessment process. For example, land in a more central location with sealed roads may be seen as more favourable than something further out without adequate road access.
- **Purpose of the land:** A land loan is for land that is to be used as a residential property and a lender will want to know you intend to build a home on it. If you have other intentions with the land, speak to your broker about the right finance.

If you're looking to purchase land, reach out for a free no-obligation chat about your finance options.

Loan Market Ignite
P: (07) 3063 2749
ignite@loanmarket.com.au

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