

First home buyers. Case study.



Dylan and Ben.

Dylan and Ben had been renting their inner city apartment in Sydney for over seven years. Last month they were advised by their real estate agent that the owner was selling and they had to move out.

While researching other rental properties in the area they were surprised at the rental prices and realised that they had a good deal with very low rent of \$2000 per month for some time.

Both agreed they did not want to pay the extra amount for rent, especially as it was paying off someone else's loan, so they decided to look at properties for sale.

Together they had saved an \$80,000 deposit, after allowing for payment of stamp duty*, conveyancing fees and other upfront costs. Unsure how much they could afford to borrow, they completed more research online, found a mortgage broker and made an appointment. The mortgage broker went through their finances and talked them through all of their options.

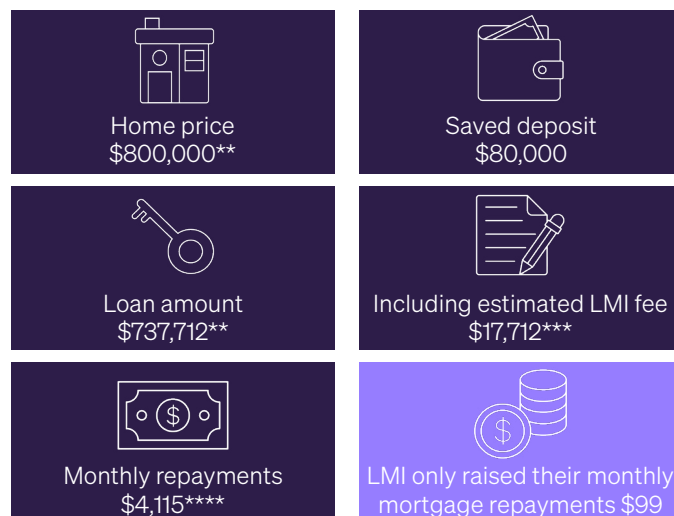
The mortgage broker explained that they could purchase a property for up to \$800,000 with their savings and help from Lenders Mortgage Insurance (LMI) provided by Helia.

Their savings would provide them with a 10 per cent deposit. A lender may be prepared to provide a loan up to 90 per cent of the value of the unit with the help of LMI. Based on the estimates of the [LMI Fee Estimator](#), Dylan and Ben worked out that they could secure a home loan sooner, and find a unit in their preferred location, with help from LMI.

“ We couldn't believe how easy it was. I don't know why we didn't think about getting into the property market sooner.”



Crunching the numbers.



Dylan and Ben were paying almost half the price of a mortgage in rent every month. They are now paying off their own mortgage and building equity.

The benefits of LMI.



Purchase a home with as little as a 10% deposit.

Dylan and Ben bought their own home sooner than would have otherwise been possible if they had waited to save a larger deposit.



Stop paying rent.

Dylan and Ben were able to escape the 'rental trap' and start building equity sooner by owning their own home.



Start building equity.

Dylan and Ben started benefiting from potential house price appreciation sooner by buying a home without waiting to save a 20 per cent deposit.



Don't use your savings to pay the fee up-front.

By capitalising the cost of LMI into their loan, Dylan and Ben didn't need to save more to pay an up-front premium.

Find out more.

The [LMI Toolkit](#) on the Helia website contains tools and resources that will assist you to better understand LMI and the mortgage market. Among these resources are our [Deposit Comparison Estimator](#), fact sheets and videos that further explain LMI, the process of buying a home, and information on what you should do if you find yourself in financial hardship.

* The amount of stamp duty payable will vary depending on the Australian state/territory where the property is located. First home buyers should also consider their eligibility for assistance from relevant federal, state or territory government schemes

** Loan amount based on 90 per cent LVR plus the LMI fee which is capitalised into the loan. Excludes stamp duty and other costs of purchase. Assumes that no other fees and charges are payable. Lending criteria and conditions apply to approval of credit products.

*** LMI is capitalised into the loan. The actual LMI fee may vary from the estimate depending on a range of factors including, the loan purpose, borrower type, security type or updated information received at the time of the application.

**** Estimated monthly repayments based on a 30 year loan at an interest rate of 5.34% p.a. Variable rate subject to change over the loan term at the lender's discretion.

Disclaimer.

This case study is based on real life examples, and is provided only for educational purposes. Information contained in this fact sheet is general information, does not constitute legal, tax, credit or financial advice, and is not tailored to a home buyer's specific circumstances. Home buyers should consider their own personal circumstances and seek advice from their professional advisers before making any decisions that may impact their financial position.

Important information.

Helia is not a 'credit provider' as that term is defined in the *National Consumer Credit Protection 2009 (Cth)* in respect to its provision of LMI. LMI is insurance that protects credit providers, not home buyers, and is not able to be provided to home buyers. The examples and other information provided in this document do not refer to a particular credit contract with a particular credit provider.

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