

First home buyer. Case study.



Mitch and Amelia.

Mitch and Amelia had always dreamed of owning their own home. Looking to start the next chapter and grow their family, the young couple hoped to get out of the renting cycle and land a space they could finally call their own.

Sacrificing to save

But like many Australians, the challenge facing them was saving enough money for a 20% deposit on a property that would fit their growing family's needs.

To save, they cut back drastically on spending – limiting takeout and purchases in the hope of affording a deposit. The stress of constantly needing to cut back and miss out was exhausting. The dream of owning a home didn't feel any closer either.

Alternative pathway revealed

The couple consulted a mortgage broker to help them with their home buying journey. It was through this that they first heard about Lenders Mortgage Insurance (LMI). Ineligible for the Government's First Home Guarantee Scheme¹ as their combined income exceeded the scheme limit, their mortgage broker recommended LMI as the perfect pathway to help them get into a home sooner. He explained that with LMI a lender may be prepared to provide a loan up to 90% of the value of a house (subject to satisfying their lender's loan eligibility requirements), meaning they wouldn't need to wait until they had saved a 20% deposit.

The power of LMI

With the help of Helia's Deposit Comparison Estimator, their mortgage broker helped them understand the options available to them with their current savings. With a renewed sense of optimism, it wasn't long before they were able to purchase a 2-bedroom villa in Bexley using LMI.

The house had everything they needed: space to grow, a backyard for the kids to play in and friends and family to visit. They could stay in the house long-term, without needing to move anytime soon.

“Without LMI, we would not have been able to buy our home, in the suburb we wanted and now with our growing family we don't have to think about moving and getting a bigger home.”

What Mitch and Amelia once thought was out of reach or years away was made possible through LMI. In their new home, the family could continue to grow and make memories for years to come.

¹ First home buyers should also consider their eligibility for assistance from relevant federal, state or territory government schemes.



Benefits.



Get home sooner

Mitch and Amelia could purchase their dream family home earlier with the 10% deposit they had available already.



Buy a home to grow

Purchasing a larger house with the help of LMI means that Mitch and Amelia won't need to move or upgrade anytime soon, allowing them to grow and make memories for years to come.



Start building equity

Having entered the property market, the couple can start benefiting from potential house price appreciation sooner by buying a home now.

Considerations.



LMI protects the lender

LMI protects the lender against the risk that you may default on your loan repayments and the lender is unable to recover the full outstanding loan amount on selling the property. If the LMI provider pays a claim to the lender, it may seek to recover the outstanding debt from you.



LMI added to the loan amount

If you capitalise the LMI fee into your loan amount, then you will pay additional interest on the fee amount over the life of the loan.

Crunching the numbers.



Property
purchase price
\$850,000



Deposit (10%)
\$85,000*



Loan amount
(incl. LMI fee)
\$783,819**



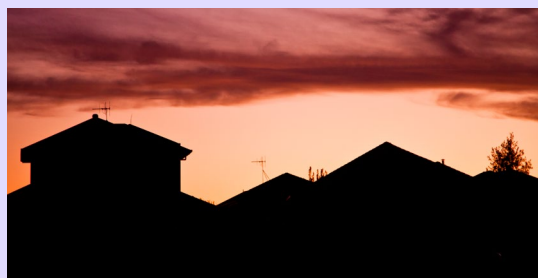
Monthly loan
repayments
\$4,327^



Total LMI fee
\$18,819***



LMI raised mortgage
repayment by
\$105



Find out more.

Looking to purchase your first home sooner?

Find out how LMI can help you get started with a deposit as little as 5% plus additional upfront costs such as stamp duty (subject to satisfying your lender's eligibility criteria).

The [Helia website](#) provides tools and resources to help first home buyers navigate the complex world of property. From videos to fact sheets and our award-winning Deposit Comparison Estimator, Helia's resources are designed to help home buyers get into their dream home sooner.

* After allowing for payment of stamp duty, conveyancing fees and other upfront costs. The amount of stamp duty payable will vary depending on the Australian state/territory where the property is located.

** 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 amount, 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 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 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 situation.

Important information.

Helia Insurance Pty Limited's ('Helia') credit activities are limited to credit activities engaged by it as an assignee in relation to providing lender's mortgage insurance (LMI) products or as a credit provider under the doctrine of subrogation in relation to providing LMI products. LMI is insurance that protects credit providers, not home buyers, and cannot be provided directly to home buyers. The information provided in this article does not refer to a credit contract with any particular credit provider.

