

QUICK STEP PAST THE RENTAL TRAP

Rising property prices and rents are making saving for a deposit difficult for a large number of Australians. But there is a way first time buyers can leapfrog years of deposit saving and realise their dream of home ownership sooner, by using lenders mortgage insurance (LMI).



enough, however, to also cover the cost of the LMI premium. Keen not to miss out on the property they've decided to purchase, Tony and Amanda's broker advises that they can capitalise the cost of LMI – which means adding the cost of the premium onto their loan.

Purchasing their new home for \$400,000, with a loan of \$380,000, the monthly repayments on their 30-year loan (rate 7.39 per cent) come to approximately \$2,630.

Capitalising their LMI premium increases their loan repayments by \$81 per month – the cost of a dinner and a movie each month for Tony and Amanda. By capitalising the LMI premium onto their loan, Tony and Amanda can get into their home sooner and start to build their life together.

Genworth Financial is Australia's leading provider of lenders mortgage insurance. For more information visit [genworth.com.au](https://www.genworth.com.au).

Capitalising LMI – enabling faster home ownership

NEWLYWEDS TONY and Amanda are battling to save a deposit for their home.

Paying rent is putting a real strain on their ability to save a deposit, and their marriage. Speaking with their mortgage broker, Tony and Amanda are excited to learn that by using LMI they can secure a loan for 95 per cent of the value of the property they hope to buy.

Using the \$20,000 they have saved to date for a deposit, and their \$7,000 first home owner's grant (FHOG), Tony and Amanda can comfortably pay the deposit on the property and meet the other commitments associated with their mortgage – such as solicitor and loan application fees.

These funds will not stretch far

HOW CAN LMI BENEFIT YOU?

While LMI is actually taken out by the lender from LMI providers such as Genworth Financial, it has flow-on benefits for borrowers:

- LMI reduces upfront deposit requirements, helping you realise home ownership sooner
- It allows you to borrow more than 80% of the property's value
- LMI can free up more household savings as it reduces the need for a large deposit.