



Case study – First home buyers

Roger and Ben have been renting their beachside apartment for over seven years. Last week they were advised by their real estate agent that the owner was selling and they had to move out of their beloved unit.

While researching other rental properties in the area they were surprised at the prices and realised that they had a good deal with very low rent 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 started to look at properties for sale. Unsure how much they could afford to borrow, they completed more research online, found a broker and made an appointment.

The broker went through their finances and talked them through their options. Together they had saved \$50,000 and Roger was in the process of selling his car, boosting their savings to \$60,000.

The broker explained that they could afford to purchase a property with their savings and using lenders mortgage insurance (LMI) provided by Genworth, for up to \$600,000. Using their savings which would provide them with a 10 per cent deposit means they could easily find a unit in their preferred location.

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

For more information

The LMI Toolkit on the Genworth website contains tools and resources that will assist you to better understand LMI and the mortgage market. Among these resources are our Buy or Rent Calculator, 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.

genworth.com.au/lmitoolkit

genworth.com.au/buyorrentcalculator

Disclaimer: information contained in this fact sheet is intended to be a general information source regarding the matters covered, does not constitute legal, accounting, tax or other financial advice, and is not tailored to a borrower's specific circumstances. Borrowers should consider their own personal circumstances and seek advice from their professional advisers before making any decisions that may impact their financial position.

Genworth Financial Mortgage Insurance Pty Limited • ABN 60 106 974 305
© Genworth, Genworth Financial and the Genworth logo are registered service marks of Genworth Financial, Inc and used pursuant to licence • © 2018 Genworth Mortgage Insurance Australia Limited. All rights reserved. FHBCS0418

Crunching the numbers

We've saved a deposit of \$60,000*
We used LMI to get a loan for \$540,000**
To buy our dream home for \$600,000
For monthly repayments of \$3,044***
Including an LMI cost of just \$73pm***

* excludes stamp duty and other costs of purchase ** 30 year term, assuming a rate of 5.22% pa *** monthly, when capitalised

The benefits of LMI

- Enabled Roger and Ben to buy their own home years sooner than would have otherwise been possible, entering into the property market with just a 10 per cent deposit
- Roger and Ben were able to escape the 'rental trap' and start building equity sooner by owning their own home
- Allowed Roger and Ben to start benefiting from potential house price appreciation sooner
- By capitalising the cost of LMI into their loan, they didn't need to save more to pay an up-front premium.