

First home buyer. Case study.



Harney and MacGyver.

Tired of renting and paying someone else's mortgage, Harney embarked on her journey towards buying her first home back in 2019.

Originally from Bendigo in Victoria, she had her sights set on Richmond, a vibrant inner-city suburb of Melbourne that she had fallen in love with after moving there for work. Harney adored the central location and convenience of its urban lifestyle – a refreshing change from her rural upbringing in country Victoria. Taking that first step owning her own slice of the city was the start of an exciting new chapter.

Harney's home ownership journey

As Harney began her search, there were a few setbacks - properties she hoped to buy fell through, leaving her wondering if she'd ever find a place to call her own. Still, she remained determined, spending countless hours trawling through listings and staying positive.

Just as she was gaining momentum, the COVID-19 pandemic struck, and Harney lost her job. Thankfully, Harney was able to find a new job and reignited her search for a first home to purchase.

Going to view apartments and attending auctions alone would be an emotional experience for Harney, with the out-bidding becoming harder and harder each time.

"If you're single and looking to purchase a home in a capital city like Melbourne, it can be pretty brutal" - Harney.

But this was all about to change with the help of Lenders Mortgage Insurance (LMI).



Finding the dream home

In December 2021, Harney found a spacious one-bedroom apartment with a sun-filled study that was for sale in Richmond, Victoria.

After inspecting the property, Harney was confident that it ticked almost every box on her property wish list. Excited to finally find a place for her and her cat MacGyver to call home, Harney was ready to make an offer.



How Lenders Mortgage Insurance (LMI) helped

Harney didn't have a 20% deposit saved to secure the apartment, but with Lenders Mortgage Insurance (LMI), she didn't need to. After researching and speaking with her mortgage broker, Harney discovered that she could use LMI with the amount she had already saved (18% of the purchase price) to purchase the property now for a smaller deposit.

By paying an LMI fee of just \$1,651, Harney would be able to secure the home she wanted and finally enter the property market.


The future looks bright

Harney loves the independence and security of owning her own home. She and MacGyver called their little apartment home for not quite two years before moving in with a new partner in Kew, Victoria.

She's now rented out her apartment, with the rental payments largely covering the loan repayments. Harney says her Richmond apartment is the 'first rung' on the property ladder for her.


Harney's already thinking about what's next and how she could use LMI again to purchase further investment properties and continue building towards her financial well-being and future.

Benefits.




Bridge the deposit gap

LMI could let you into your dream home sooner without needing a full 20% deposit.



Invest in your own home


LMI could help you stop renting (and paying someone else's mortgage) and start owning.




Watch your property grow

By getting into the property market sooner, you could potentially see your property value grow through rising property prices.


Crunching the numbers.




Property purchase price
\$339,000




Deposit (18%)
\$61,020*




Loan amount (incl. LMI fee)
\$279,747**



Monthly loan repayments
\$1,767^




Total LMI fee
\$1,651***




LMI raised mortgage repayment by
\$10

Considerations.




LMI protect 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 loan term.



Own your own home sooner.

Sick of paying someone else's mortgage? Find out how LMI could help you own your own home sooner 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 home ownership. From videos to fact sheets, 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. First home buyers should also consider their eligibility for assistance from relevant federal, state or territory government schemes.

** Loan amount based on 82 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 LMI fee may vary depending on a range of factors including, the loan purpose, borrower amount and the security type.

^ Estimated monthly repayments based on a 30 year loan at an interest rate of 6.50% 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 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 lenders 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.

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