

Purchasing a home

Deposit options and requirements

▶ 0% DEPOSIT + COSTS = FAMILY GUARANTEE

This option is generally for home buyers with little or no deposit, but who have family (generally parents) who are willing to place their house as security to your loan. Basically, your parents' house is secured against your debts by 20% + costs of the value of their home.

This limited guarantee is held until you have sufficient equity in your home (20%), or it may be released once at least 5% equity is held, however, you would need to pay Lenders Mortgage Insurance (LMI) as below. A number of lenders offer this option.

▶ 5% DEPOSIT + COSTS

(i) Rental history

This option is used for home buyers where you have been renting for a continuous period of 6 if not 12 months and can demonstrate good history via rental with an agent.

At least one of the borrowers must be the same as on the rental lease and you have the 5% deposit + costs sourced from elsewhere e.g. part savings, grant, inheritance, gifted funds, asset sale etc. LMI is payable as below. Some or all of the once off LMI premium can be added to the loan. A very limited number of lenders offer this option.

(ii) "Genuine savings"

This option is generally for home buyers with a small saved deposit (min 5% deposit). These funds need to be saved or can be held in your bank account for minimum 3 months.

The bank will lend 95% of house value and Lenders Mortgage Insurance (LMI) payable. Some or all of the once off LMI premium can often be added to the loan. A number of lenders offer this option.

▶ 10% DEPOSIT + COSTS = NON SAVINGS

This option is where you may have 10% deposit + costs as part savings, or a gift of funds, inheritance, sale of a car or sell shares etc. and the bank lends (up to 90% of house value) with Lenders Mortgage Insurance (LMI) payable (although cheaper than above).

LMI protects the Lender and can usually be added to the loan. A limited number of lenders offer this option.

▶ 15% DEPOSIT + COSTS = NON SAVINGS

This option is where you may have 15% deposit + costs as part savings, or a gift of funds, inheritance, sale of a car or sell shares etc. and the bank lends (up to 85% of house value) with Lenders Mortgage Insurance (LMI) payable (although cheaper than above).

LMI protects the lender and can be added to the loan. A number of lenders offer this option.

▶ 20% DEPOSIT + COSTS = NORMAL TRADITIONAL LEND

This is the normal lending limit for banks and lenders and will provide 80% of house value. The lender is at its lowest risk and at times, will be more flexible with their credit policies.

You can have 20% deposit + costs sourced from anywhere. LMI is not applicable. It is generally more easily and readily approved. Most lenders offer this option.

Talk to us today!

www.cubehomeloans.com.au

1800 774 756

