

For immediate release
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On their own two feet

**Help is available for first home buyers stand on their own two feet
so parents may not need to put the family home on the line.**

A recent RFI Intelligence report reveals that most first home buyers believe saving for a deposit is their greatest challenge towards home ownership. So great in fact that they believe making the mortgage payments will be easy by comparison.

This is understandable when you consider that first home buyers spend an average of four to five years saving for a deposit equating to tens of thousands of dollars due to the deposit and upfront costs required by most mainstream lenders.

With Adelaide's median house price at \$395,000 and a large percentage of this needed as a deposit, it's no wonder parents can feel obliged to offer their children a helping hand. Some parents may consider guaranteeing their child's home loan by putting the family home up as security.

HomeStart CEO John Oliver believes that while the temptation is understandable, well intentioned parents should know there are other ways that may offer substantial support for children to stand on their own two feet, which is especially good news for parents with more than one child.

Mr Oliver says, "In South Australia, the first step is to review the financial assistance offered by the State Government. First home buyers can get up to \$23,500 to buy or build a brand new home.

HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister of Housing and Urban Development. We were created by the South Australian Government in 1989 as a response to high interest rates and a lack of affordable home loan finance at the time. Since then we have helped over 62,000 households into home ownership.

This is made up of the \$15,000 First Home Owners Grant, which is ongoing and the \$8,500 Housing Construction Grant, which will phase out on 30 June 2013.

“The second step is to find a lender that accepts the grants towards the deposit, fees and charges as not all do. Some will only allow the grants to be allocated towards the deposit, which means your child would still have to pay the fees and charges from their own funds.

“Armed with this information, the third step is to establish how much deposit different lenders require and the amount of Lenders Mortgage Insurance (LMI) which is payable. While some lenders will accept as little as three per cent of the purchase price as the deposit, most will charge LMI amounting to thousands of dollars on loans with a deposit of less than 20 per cent. However, there are other options to LMI, which can be considerably less so it pays to look around.

“While first home buyers will still need to save, there is support available to help them over the deposit hurdle. By looking at all options, parents could help their child get started with much less and may not need to put the family home on the line.”

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