

For immediate release

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Say goodbye to LMI

HomeStart CEO John Oliver encourages brokers to look around for alternatives to Lenders Mortgage Insurance to save thousands for their customers.

Mr Oliver's comment comes in response to an announcement by Genworth Mortgage Insurance stating they have increased their Lenders Mortgage Insurance (LMI) premium. Mortgage broking industry veteran, Kevin Lee, described this as "a slap in the face" for consumers.

Mr Oliver states that alternatives are available and points out that HomeStart does not charge LMI. Instead, it has a Loan Provision Charge (LPC), which can be much lower for most borrowers.

"In this way, HomeStart could save customers thousands of dollars when they apply for a home loan," he says.

Mr Oliver draws the comparison between a HomeStart Loan charging a LPC versus a loan where LMI is charged.

If someone wanted to borrow \$380,000 from a bank or financial institution and had a deposit of \$20,000 it is likely they would be required to pay up to \$11,000 in LMI.

"By comparison, a HomeStart customer who wanted to borrow the same amount would only need to pay \$1,060 as a Loan Provision Charge, which would save them up to \$9,940.

"This would enable them to get started sooner, so it pays to consider the alternatives."

**Figures are based on a property value of \$400,000 and a loan amount of \$380,000, which is 95% of the property's value and is accurate as of 22 April 2013.*

HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for 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.