

## FACT SHEET

# SAVING MY DEPOSIT

### How much Deposit will I need?

To have the widest range of lender options, in most cases you will need a minimum deposit of 5% of the purchase price. For owner occupiers (people buying a home to live in), the minimum deposit with a few lenders is only about 3% of the purchase price – however this can vary.

### What about the other costs in the transaction?

You must still take into account the other costs of the transaction, with the main ones being Stamp Duty and possibly Lenders Mortgage Insurance (LMI). So if the lender requires a 5% deposit to be eligible for their loan (eg. Purchase of investment property), then you must also have enough funds to cover the stamp duty and LMI as well. Your MORE consultant will prepare for you a detailed Costs & Deposit Analysis as part of their initial assessment of your circumstances.

### Can't I get a 100% loan or more?

There are lenders who offer 100% and 106% no deposit loans. With 100% loans, you must still cover the costs in the transaction (very high lenders mortgage insurance for instance) and these often end up at around 3% of the purchase price. With 106% loans, these come at higher rates and fees and should only be considered if your particular circumstances warrant this type of loan. It is best to speak with a MORE consultant about this type of loan.

### Is a gift OK for a Deposit?

If you have no savings of your own (or only some savings), but are being given a non-repayable gift from a relative to top up your Deposit to be 3%-5% of the property price, this will often be acceptable to a lender and mortgage insurer. Acceptance of such a gift is often dependent on the type of loan and you should check with your MORE consultant about your specific circumstances.

### Can I use the Equity in a Family Members Property?

There are a number of lenders on our panel who offer a family equity style of home loan. Some

of these lenders do not require you to have any genuine savings and will even lend you extra funds to pay for the purchase costs, such as stamp duty.

All you need is an immediate relative who owns a property with equity in it and is willing to act as guarantor. It is also possible to limit the guarantee so your relative is not a guarantor for your entire home loan.

### What are "genuine savings" and how does this affect me?

By "genuine savings", the lenders (and mortgage insurers) mean that you must have either saved the money at a steady rate over a period of time (generally 3-6 months) in an account in your name, you have withdrawn from existing equity in a property or sold an acceptable asset. By having "genuine savings" as opposed to other forms of deposit, this may end up reducing your LMI premium – sometimes savings thousands of dollars!

### Can I use the FHOG toward my deposit?

The First Home Owners Grant (FHOG) is not classified as genuine savings however with some lenders and mortgage insurers it can be used toward your deposit.

### What if I sell an asset, such as my car or some shares?

Net funds from the sale of an asset can be put towards your deposit, however only some asset sales (eg. Existing property or shares/managed funds) actually count as "genuine savings". Sale of a car, for instance, is not classified as "genuine savings" by the mortgage insurers.

### How can I be sure I have enough of a deposit?

If you already have a deposit from whatever source(s), however you are unsure whether it is enough or acceptable – simple contact us and a MORE consultant can provide you with an in depth initial assessment, which will include a detailed Costs & Deposit Analysis.

Please refer to our [Glossary of Terms](#) for a full explanation of terms used in this fact sheet.