

# Upgraders. Case study.



## Grace and Harry.

Grace and Harry bought their first home in 2015 in the regional town they both grew up in, before their first son, Noah, was born.

Five years later, in 2020, Noah and his younger brother Jackson were growing up quickly and wanted their own bedrooms. Grace and Harry both began working from home. It was clear the family of four needed more space, for work and play, than their two bedroom apartment could offer them.

They began researching houses nearby, hoping to find a bigger home their family could thrive in. They found that, with the estimated equity from their existing apartment and their current savings, they would have a \$55,000 deposit after allowing for payment of stamp duty\*, conveyancing fees and other upfront costs.

They engaged a mortgage broker and explained what they were looking for. With the help of Helia's [Deposit Comparison Estimator](#), the mortgage broker helped them understand the options available to them with the deposit they had now.

The mortgage broker explained that they could upgrade to a house valued up to \$550,000 with a \$55,000 deposit if the lender obtained Lenders Mortgage Insurance (LMI).

Their savings and the equity in their existing apartment would provide them with a 10 per cent deposit after allowing for payment of stamp duty\*, conveyancing fees and other upfront costs. A lender may be prepared to provide a loan amount up to 90 per cent of the value of their new home plus an LMI fee. Based on the estimates of the [LMI Fee Estimator](#), Grace and Harry worked out that they could upgrade to a house in the regional city they love, if the lender used LMI.



## Crunching the numbers.



In 2023, three years later, the value of Grace and Harry's house has increased by \$200,000, which is more than the cost of the LMI fee.

## The benefits of LMI.



### Buy a home where you can grow.

Grace and Harry were able to move on from their starter home and upgrade to a new home where their family could continue to thrive, because their lender used LMI.



### Build more equity.

Grace and Harry built their equity from house price appreciation by upgrading to a bigger home with more potential to increase in value.



### Upgrade sooner with as little as a 10% deposit.

Grace and Harry were able to upgrade when they needed to with a 10% deposit, instead of waiting and saving a larger deposit.

## Find out more.

The [LMI Toolkit](#) on the Helia website contains tools and resources that will assist you to better understand LMI and the mortgage market. Among these resources are our [Deposit Comparison Estimator](#), fact sheets and videos that further explain LMI, the process of upgrading your home, and information on what you should do if you find yourself in financial hardship.

\* The amount of stamp duty payable will vary depending on the Australian State/Territory where the relevant property is located.

\*\* 2020 loan amount of \$495,000 based on 90 per cent LVR plus the LMI fee of \$10,240. Excludes stamp duty, conveyancing fees and other upfront costs. Assumes that no other fees and charges are payable. Lending criteria and conditions apply to approval of credit products. The LMI fee is capitalised into the loan amount by the lender. The actual LMI fee may vary depending on a range of factors including the loan amount, the loan purpose, borrower type, security type, location or other information received at the time of the application.

\*\*\* 2023 home value based on a desktop valuation. The outcomes assume a rising property market, with no additional advances or redraw made. The example does not take into account monthly repayment amounts, fees, charges and additional loan commitments. The outcomes may differ in a falling property market.

**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 specific 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 position.

**Important information.**

Helia is not a 'credit provider' as that term is defined in the *National Consumer Credit Protection 2009 (Cth)* in respect to its provision of LMI. LMI is insurance that protects credit providers, not home buyers, and is not able to be provided to home buyers. The examples and other information provided in this document do not refer to a particular credit contract with a particular credit provider.

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