



## Scenario *two*

Single / Divorced with two dependent children

### Initial purchase

Jack is divorced and single with two dependent children and wants to purchase an existing home.

Jack is a Marketing Manager and earns an annual gross (before tax) income of \$115,000. He has one existing credit card with a limit of \$5,000 that he uses for emergencies and has no other outstanding debts like personal loans, store cards, or afterpay etc.

The price of the existing home Jack is interested in purchasing is \$600,000.

Jack has slightly more than the minimum deposit of 2% of the purchase price of \$12,000 to contribute to the purchase and will invest \$33,000 immediately into the home. The Tasmanian Government's current first home buyer 50% Stamp Duty Concession will not be available as Jack has owned property in the past.

Jack is looking for assistance from the Homes Tasmania through the MyHome Shared Equity program for \$149,000 which is a little less than the \$150,000 or 30% of the purchase price available under the rules for an existing home but it suits Jack's needs at the time of purchase and helps Jack maximise his equity.

Based on:

- a loan from Bank of us for \$439,500 to help purchase the home;
- the MyHome assistance of \$149,000;
- and Jack's deposit to assist with balance equity and costs;

Jack's equity / ownership in the property is around 75% and the Homes Tasmania will own approximately 25%.

Jack wants to reno his kitchen. Before he starts pulling down cupboards, Jack notifies the Homes Tasmania to get the proper approvals as he's aware that any substantial renovation or improvement to the property may change the percentage of his ownership and this will need to be negotiated with the Homes Tasmania under the terms and conditions of the Tripartite Agreement.

### Future state

Jack has lived in his home for seven years. He has continued to make his normal fortnightly home loan repayments and has maintained his home. If we assume the property prices in Tasmania have increased by 20%, Jack's home is now potentially worth \$720,000.

Based on the original percentage of ownership between Jack and the Homes Tasmania at approximately 75% and 25% respectively, and without factoring in those kitchen reno's, the dollar value of these shares now totals around \$540,000 to Jack and \$180,000 to Homes Tasmania.



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### Hypothetical One – Sale of the property to support a new dream home purchase

After seven years, Jack decides he will sell the home he bought with the assistance of MyHome.

Based on a sale price of \$720,000, approximately \$180,000 will need to be repaid to the Homes Tasmania from the sale proceeds.

Considering the above assumptions, including the current loan balance from Jack making normal fortnightly repayments over seven years, real estate agents scale commission, and standard legal costs as part of the sale of the property, the net sale proceeds Jack will receive will be approximately \$116,972. Noting, Jack's original deposit investment was only \$33,000.

### Hypothetical Two – Purchase of the Homes Tasmania share

After seven years, Jack decides to buy the Homes Tasmania's share of the home he bought with assistance of MyHome.

Based on a formal valuation of \$720,000, approximately \$180,000 will need to be repaid to the Homes Tasmania to buy-out their share.

Considering the above assumptions including the current loan balance from Jack making normal fortnightly repayments over seven years, stamp duty Jack must pay on the purchase of the Homes Tasmania's share, and standard legal costs as part of a purchase the percentage share of the property back from the Homes Tasmania, Jack will need to qualify for a new home loan for approximately \$585,350 to cover the purchase. Once finalised, Jack will have 100% ownership of the property and equity in the property of approximately \$134,650 (noting again that Jack's original deposit investment was only \$33,000).

Disclaimer: The above scenarios have been provided for information purposes only to demonstrate what both the future sale and purchasing of the Homes Tasmania's share of a property which is part of the MyHome program may look like based a potential future state. These scenarios and the associated assumptions and calculations should not be relied upon to form an opinion as to whether the MyHome Share Equity Program is right for you. Bank of us can provide more detailed calculations supporting the above scenarios and further describe the hypothetical variables used. Standard fortnightly loan repayments on a variable interest rate home loan were used at current market rates as at the time of preparing these scenarios which may change without notice. You should refer to a Bank of us Home Finance Specialist for further details regarding your own personal situation and purchase property type and the qualifying rules of the MyHome Share Equity Program.

The information above is not financial or other advice. It has been prepared without considering any person's objectives, financial situation, or particular needs. In all circumstances, the decision to apply to enter into the MyHome program, a home loan arrangement with Bank of us, and the choice of property to purchase, is your own responsibility. You should seek your own independent financial and legal advice as to whether a particular home loan or property, and the terms of the program, suit your personal circumstances and objectives.