



Scenario *three*

Couple with three dependent children, currently renting and purchasing a brand new home.

Initial purchase

Louis and Courtney are married with three dependent children. They currently rent a house and want to purchase a brand new home.

Louis is a landscape gardener and Courtney works part-time in an aged care facility and they have a joint gross income (before tax) of \$127,000. They have no other outstanding debts like personal loans, credit cards, or afterpay etc.

The home they want to purchase is a newly constructed home and is priced at \$545,000.

As Louis and Courtney are first home buyers, the family will also qualify for the Tasmanian Government's First Home Owner Grant for a newly constructed home (never been lived in). The grant currently provides \$30,000 to eligible applicants. In this instance, this amount provides for the full 2% minimum deposit under the MyHome Shared Equity Program plus it covers all stamp duty and all other standard legal and lending costs to get Louis and Courtney through to settlement.

Louis and Courtney are looking for assistance from Homes Tasmania through the MyHome Shared Equity program for \$97,000.

Under the rules for a newly built and not yet lived in home being purchased, the maximum contribution from the Tasmanian Government is \$200,000 or 40% of the purchase price (whichever is the lessor), a \$97,000 contribution suits Louis and Courtney as they are able to service a normal housing loan of \$435,000 from Bank of us on their income without hardship at the time of purchase. This also enables them to maximise their initial and future equity in the property.

Based on:

- a loan from Bank of us for \$435,000 to help purchase the home;
- the MyHome assistance of \$97,000;
- Tasmanian Government's First Home Owners Grant of \$30,000;
- and Louis and Courtney's savings of \$8,000 to assist with purchase.

Louis and Courtney will have equity / ownership in the property is around 82% and the Homes Tasmania will own approximately 18%.

Future state

Louis and Courtney have lived in their home for seven years. They have continued to make their normal fortnightly home loan repayments and have maintained their home. If we assume the property prices in Tasmania have increased by 20%, the family's home is now potentially worth \$654,000.

Based on the original percentage of ownership between Louis and Courtney and Homes Tasmania at approximately 82% and 18% respectively, the dollar value of these shares now totals around \$536,280 to the family and \$117,720 to Homes Tasmania.



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

After seven years, Louis and Courtney decide to sell the home they bought with the assistance of MyHome.

Based on a sale price of \$654,000, approximately \$117,720 will need to be repaid to Homes Tasmania from the sale proceeds.

Considering the above assumptions, including the current loan balance resulting from Louis and Courtney 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 to the family will receive will be approximately \$117,298. Noting, Louis and Courtney's deposit investment was \$8,000.

Hypothetical Two – Purchase of the Homes Tasmania share

After seven years, Louis and Courtney decide to buy Homes Tasmania's share of the home they bought with assistance of MyHome.

Based on a formal valuation of \$654,000, approximately \$117,720 will need to be repaid to Homes Tasmania to buy-out their share.

Considering the above assumptions, including the current loan balance from Louis and Courtney making normal fortnightly repayments over seven years, stamp duty payable by the purchaser on the purchase of Homes Tasmania's share, and legal costs as part of a purchase the percentage share of the property back from Homes Tasmania, Louis and Courtney will need to qualify for a new home loan of approximately \$514,094 to cover the purchase. Once finalised, Louis and Courtney will have 100% ownership of the property and equity in the property of approximately \$139,906.

Disclaimer: The above scenarios have been provided for information purposes only to demonstrate what both the future sale and purchasing of the Homes Tasmania 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.