



Scenario *four*

Couple with two (2) dependent children, purchasing new block of land and constructing a new home.

Initial purchase

Nicole and Josh have two dependent children and want to purchase a residential block of land to build on.

The block they intend to buy is valued at \$345,000. They have entered into a building contract with a Tasmanian building firm to build one of their standard \$550,000 build plans on the block.

Nicole is a legal secretary and Josh is a graphic designer for a local printer. They have a joint gross income (before tax) of \$150,000 and only one current credit card with a limit of \$5000. They have no other outstanding debts like personal loans, credit cards, or afterpay etc.

The total cost of the land and the newly constructed home is \$895,000.

As Nicole and Josh are not first home buyers, they don't qualify for the Tasmanian Government's First Home Owners Grant and they're not eligible for the Stamp Duty Concession.

Nicole and Josh have saved \$82,000 towards a deposit. This is more than sufficient to meet the minimum 2% deposit requirement for applicants under the MyHome Program. The \$82,000 will help with the initial deposit requirements for the land purchase, plus stamp duty and all other standard legal and lending costs to get the matter through to settlement, plus a deposit to the building company for initial planning work and deposit for the building contract.

Nicole and Josh are looking for assistance from the Homes Tasmania through the MyHome Shared Equity program for the maximum \$200,000 available for a newly constructed home as this amount is less than 40% of the total land and build price under rules. The \$200,000 contribution from the Tasmanian Government suits Nicole and Josh, as on their income they can service a housing loan of \$628,000 from Bank of us without hardship at the time of the land purchase and the cost to build including the deposit and cash flow that's required as part of a separate land purchase and building contract.

Based on:

- a loan from Bank of us for \$628,000 to help with land purchase and the home build;
- the MyHome assistance of \$200,000;
- and Nicole and Josh's own cash of \$82,000 to assist with balance equity, deposits and property purchase costs;

Nicole and Josh's equity / ownership in the property is around 78% and the Homes Tasmania will own approximately 22%.

Any variations under the original build contract or future substantial extensions or improvement to the property will have an impact on the ownership percentage. Nicole and Josh know they need to notify the Homes Tasmania to get the proper approvals before making any significant improvements during or after the build as any change to their percentage ownership has to be negotiated under the terms and conditions of the Tripartite Agreement.



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Future state

Nicole and Josh 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%, their home is now potentially worth \$1,074,000.

Based on the original percentage of ownership between Nicole and Josh and the Homes Tasmania at approximately 78% and 22% respectively, the dollar value of these shares now totals around \$837,720 to the purchaser and \$236,280 to the Homes Tasmania.

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

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

Based on a sale price of \$1,074,000, approximately \$236,280 will need to be repaid to the Homes Tasmania from the sale proceeds.

Considering the above assumptions, including the current loan balance resulting from Nicole and Josh 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 purchaser will be approximately \$206,770. Noting Nicole and Josh's original deposit was only \$82,000.

Hypothetical Two – Purchase of the Homes Tasmania share

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

Based on a formal valuation of \$1,074,000, approximately \$236,280 will need to be repaid to the Homes Tasmania to buy-out their share.

Considering the above assumptions, including the current loan balance from Nicole and Josh making normal fortnightly repayments over seven years, stamp duty payable by the purchaser on the purchase of the Homes Tasmania's share, and legal costs as part of a purchase the percentage share of the property back from the Homes Tasmania, Nicole and Josh will need to qualify for a new home loan of approximately \$832,870 to cover the purchase. Nicole and Josh will have 100% ownership of the property and equity in the property of approximately \$241,130 (noting again, Nicole and Josh's original deposit was \$82,000).

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.