



TOP TIPS

Lender's Mortgage Insurance protects the lender, but there are benefits to home buyers, according to Angelo Benedetti from Oracle Lending Solutions

1. Buy sooner First-time home buyers benefit because it allows them to buy a home sooner with a smaller deposit. With Lender's Mortgage Insurance a buyer is able to purchase a home with as little as a 5 per cent deposit. It's a great incentive to save and set goals to get into your own home.

2. Build equity Lender's Mortgage Insurance increases buyers' equity through capital growth in times of rising property prices. By building equity sooner, you are able to leverage more finance to future property purchases or home improvements.

3. Fix your loan During times of rising interest rates, you can buy sooner and then fix your home loan at the current rate. In particular, rising interest rates are an issue for the first-time buyer where affordability is the most common barrier to entering the market. Also, be sure you understand the fees. When you take out a loan, you pay a once-off fee to the lender. You can pay the fee upfront or add it to the total loan amount.

4. Increase options Lender's Mortgage Insurance gives a home buyer increased borrowing power even if they have the required deposit. Increased borrowing power allows the home buyer to use their money for other pressing expenses.

5. Research costs It is important to have your finance broker explore the costs of Lender's Mortgage Insurance via different financial institutions. Shopping around is vital to ensure you get the best deal and minimise the costs.