

1 SEPTEMBER 2009



CHANGE TO KEYSTART LOANS REQUIREMENTS

Keystart Loans has announced an increase in the deposit required from first homebuyers – from 2% to 4% of the value of the property price.

Applicants for Keystart funds will also need to show a three-month saving history amounting to 2% of the purchase price. This amounts to around \$6,400 for home buyers seeking a typical house price of \$320,000.

Chief Executive Officer, John Coles said the increases would only apply to new clients applying for the low-interest, low-deposit loans from the close of business Friday, 4th September 2009.

“These increases are a responsible and necessary move designed to manage risk and ensure Western Australians are not over-extending themselves – particularly in times of rising unemployment and expected increases in official interest rates,” Mr Coles added.

“Keystart’s interest rates and lending requirements will continue to be significantly more generous than other lending institutions and we will continue to play a very important role in the State Government’s Housing Affordability Strategy.”

“Our new requirements still compare very favourably to banks currently requiring a 10% deposit and a history of savings of at least 5% of the value of the property.”

Keystart has been most active during the toughest economic conditions with its share of the first home owner market increasing nearly 4 times from 8% to 30% over the past year. This is well above relative comparisons with other states around Australia.

At the same time, the value of loans has risen as more and more first home buyers fail to meet the tighter eligibility and lending criteria set by banks and other traditional lenders.

“Keystart has limited funds available for lending and we have a responsibility to ensure those funds go to Western Australians who are best placed to service their new commitment,” said Mr Coles.

Increased demand saw Keystart assist more than 5,340 Western Australians into home ownership last financial year and inject a record \$1.49 billion into the housing industry. This was more than double the budgeted amount of \$700 million and more than twice the number and value of loans provided in 2007-08 (2,385 loans worth \$619 million).

Keystart expects to lend in the order of \$1.2 billion this financial year, with \$300 million in discharges.

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For media enquiries, please contact:

Andrew Bennett or Marie Mills

Mills Wilson Communication Consultants
Tel: (08) 9228 1999

Marie Mills mobile: 0418 918 202
mariem@millswilson.com.au

Andrew Bennett mobile: 0405 442 669
andrewb@millswilson.com.au