

$$\text{LVR} = (\text{LOAN AMOUNT} \div \text{PROPERTY VALUE}) \times 100$$

WHAT IS LVR?

LVR stands for Loan-to-Value Ratio. It's the percentage of the property value that you're borrowing!

UNDERSTANDING YOUR LOAN-TO-VALUE RATIO (LVR) IS ESSENTIAL WHEN YOU'RE BUYING A PROPERTY. IT TELLS LENDERS HOW MUCH YOU'RE BORROWING COMPARED TO THE VALUE OF THE PROPERTY. HERE'S A QUICK EXAMPLE TO HELP YOU MAKE SENSE OF IT.





Property Value
\$650,000



\$200,000 Deposit
\$450,000 Loan

LVR = 69%
(\$450,000/\$650,000)
x 100

WHY IS LVR IMPORTANT?

- A higher  LVR (e.g., 90–95%) means you're borrowing more with a smaller deposit. This is seen as  risk.
- LVR over 80% usually requires Lenders Mortgage Insurance (LMI), which adds cost.
- A lower  LVR (e.g., 60–80%) can mean better loan terms, lower  interest rates, and no LMI.

TIPS FOR FIRST HOME BUYERS:

- Aim for an LVR of 80% or less if you want to avoid paying LMI.
- Some government schemes or having a guarantor, can help you buy with a smaller deposit and avoid paying LMI.
- Always ask your broker or lender what your LVR is and how it impacts your loan.