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Title:

Press release: Home loans through the State Bank to be increased

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HOME loans to some borrowers through the State Bank are to be increased from a maximum of \$15,000 to \$18,000, the Premier, Mr. Dunstan, announced this afternoon.

Mr. Dunstan, who is also State Treasurer, said that this followed the allocation of an extra \$1 M. from the Commonwealth Government.

The money is to be used by the State Bank through the Home Builders Account.

The Premier said that for approvals given after this week, which were subject to a statutory incomes test, the maximum loan would rise from \$15,000 to \$18,000. The higher level applied to borrowers eligible for the 5½% mortgage rate.

"It will substantially reduce, and in many cases eliminate, their need for a second mortgage".

The change would not however apply to State Bank approvals for people whose incomes, although modest, were above the statutory incomes test and who therefore obtained loans at 6.3/4%. The level here would remain at \$15,000.

Mr. Dunstan said, however, that the State Government was continuing negotiations with the Commonwealth to enable loans for these people also to be increased.

The money provided timely help for young families whose plans to buy their own homes had been affected by increased housing costs.

It would also provide a further welcome boost for the South Australian building industry.

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