

LMI. Made simple.



Accelerate property ownership goals
with help from Lenders Mortgage Insurance (LMI).



What is LMI?

Lenders Mortgage Insurance (LMI) is an insurance policy that a lender takes out to protect itself against the risk that the home buyer or investor default on their loan repayments and the lender is unable to recover the full outstanding loan amount.

How does LMI benefit the home buyer?

LMI enables home buyers to purchase a home or investment property without having a 20% deposit, typically required by most lenders.

This helps home buyers to:

- 1 Buy now with less than a 20% deposit**
- 2 Start building equity in the property**
- 3 Strengthen financial wellbeing and security**

Case study: using LMI to invest.

An investor wants to purchase a property valued at \$600,000 and has \$60,000 saved (10% deposit).

Typically, a lender would require a 20% deposit (\$120,000), plus additional upfront costs.

With guidance from their mortgage broker, the investor was able to purchase the property with a 10% deposit by using LMI.

The LMI fee was added to the loan (capitalised), increasing the total loan amount and loan repayments.

By purchasing sooner with LMI instead of waiting to save a 20% deposit, the investor was able to enter the property market and start building equity.

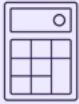


Explore deposit options with [Helia's Home Deposit Estimator](https://www.helia.com.au) at [helia.com.au](https://www.helia.com.au)

This example is illustrative only. LMI protects the lender and capitalising the LMI fee increases the total loan and interest payable. Outcomes will vary and property values may fall. Capital growth is not guaranteed.

How much is LMI?

The LMI fee typically charged is between 1% and 2% of the loan amount, depending on the size of the deposit and how much the home buyer borrows.



Calculate the LMI fee with [Helia's LMI fee estimator](https://www.helia.com.au) at [helia.com.au](https://www.helia.com.au)

LMI payment options:

1 Paid upfront

The LMI fee can be paid upfront as a one-off cost at loan settlement.

2 Capitalised into the loan

To reduce upfront costs, the LMI fee can be added to the loan amount and paid over time.

Helia exclusive offering. Family Assistance.

A home buyer may be eligible for a 15% reduction in their LMI fee when it is paid upfront by a family member at the time of loan settlement.

Home buyers should speak to their lender or mortgage broker about Helia's Family Assistance feature.

How LMI works.



LMI is arranged by the lender to protect them if the home buyer defaults on their loan and the sale of the property doesn't cover the full amount owing (including loan and sale costs). Any remaining amount is called a shortfall.

By reducing the lenders risk, LMI helps make it possible for home buyers to buy a property with less than a 20% deposit.

How LMI supports the home buyer and the lender.

Situation with LMI	
Buying with a smaller deposit (less than 20%)	<ul style="list-style-type: none"> Home buyer: can enter the property market sooner with a deposit as little as 5% (plus additional upfront costs) Lender: provides the comfort to accept home loans with a smaller deposit
If financial circumstances change	<ul style="list-style-type: none"> Home buyer: contact the lender early to request hardship support Lender: LMI providers support lenders hardship programs
If the home buyer defaults on the loan and the property is sold	<ul style="list-style-type: none"> Home buyer: LMI providers may seek to recover any remaining debt on the home loan in the case of a shortfall Lender: receives claim payment from LMI provider

For more information on hardship assistance, visit [helia.com.au](https://www.helia.com.au)



Frequently asked questions (FAQs)

Who is LMI for?

LMI helps eligible home buyers to enter the property market sooner with a deposit less than 20%, including first home buyers, investors, rentvestors, upgraders and refiners.

Why consider LMI?

LMI has traditionally been viewed as an additional cost to avoid. While it does add to the cost of a home loan, many home buyers are using it as a way to purchase a property sooner, instead of waiting years to save a bigger deposit.

Is LMI refundable?

A home buyer may be eligible for a partial refund of the LMI fee paid if the home buyer repays their loan within the first two years.

Age of policy	Refund percentage
Less than a year	40%
1-2 years	20%

Refund eligibility and amounts vary by policy. Refunds don't apply where repayments are missed or the loan is in default.

What happens if circumstances change?

Home loan variations

A home loan variation is when a home buyer refinances or varies their home loan with their existing lender.

If the home buyer increases the loan amount only (known as an Additional Advance or Top Up), a new LMI fee is payable. A credit for the LMI fee the lender charged at the commencement of the original loan will apply and the home buyer will need to pay the difference or minimum amount.

If the variation relates to other changes such as replacing the property that is used as security for the home loan, then a limited refund may be payable to the home buyer. The lender will be able to advise if refund options are available.

Financial hardship

If a home buyer is experiencing financial hardship, they should contact their lender early. Solutions are available to help them stay in their home while they navigate a difficult situation.

Disclaimer:

Lenders Mortgage Insurance (LMI) is insurance that protects lender/credit providers, not home buyers, and cannot be provided directly to home buyers. Eligibility criteria, terms, and conditions apply.

The information contained in this fact sheet is general information. It does not constitute legal, tax, credit or financial advice, and is not tailored to a home buyers' specific circumstances. Home buyers should consider their own personal circumstances and seek advice from their professional advisers before making any decisions that may impact their financial position. Any references to reports or data are provided for general information only and may not apply to individual circumstances.

Helia Insurance Pty Limited's ('Helia') does not provide or engage in credit activities as a credit provider, except for limited credit activities engaged by it as an assignee in relation to providing LMI products or as a credit provider under the doctrine of subrogation in relation to providing LMI products. The information provided in this fact sheet does not refer to a credit contract with any particular credit provider.