

Self-Managed Superannuation Fund (SMSF) LMI.



Supercharge your client's future.

Lenders Mortgage Insurance for SMSFs.

Lenders Mortgage Insurance (LMI) may present an opportunity for self-managed superannuation fund (SMSF) investors by enabling the purchase of an investment property with less than the 20% deposit typically required by lenders. Used strategically, LMI may help SMSF investors maximise their potential returns and buy sooner.

What are the potential benefits of LMI for SMSF property?

LMI may offer benefits for investors looking to accelerate their growth through property investment in an SMSF. These may include:

Fast-tracked market entry Lower deposit requirement enables faster entry into the investment property market	Higher value property Access to higher value properties and opportunities with strong growth potential	Diversified portfolio strategy Enhance the ability of SMSFs to diversify their assets by including property investment assets	Risk mitigation LMI can help protect the lender against potential loss if the borrower defaults and sale proceeds are insufficient	Tax deductibility LMI fee may be tax-deductible for the SMSF trustee, depending on the circumstances
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Helia's SMSF product overview.

For the full policy, refer to Helia's underwriting standards and guidelines at helia.com.au.

LVR	90% (including LMI fee capitalisation) maximum
Maximum loan size	\$1,000,000
Coverage term	30 years maximum
Servicing test	Serviceability needs to be from within the fund. Additional contributions must meet the additional servicing capacity requirements detailed in Helia's underwriting standards and guidelines.
Security types	Must be secured by: <ul style="list-style-type: none"> One single occupancy dwelling on one title The loan must not cover any additional assets purchased at the time of property purchase. This includes furnishings or other items that are not fixtures.

The submission process.

The following documentation must be sent to Helia for LMI proposals:

1. A completed Helia LMI proposal form
2. A copy of the completed loan application
3. A copy of the Helia SMSF serviceability calculator (prior written agreement must be obtained from Helia to use the lender's SMSF serviceability calculator)
4. Full valuation report, or approved alternative, no more than 90 days old (only required if Valex ID not provided)
5. Lenders supporting notes. If the proposal falls outside Helia's underwriting standards, supporting comments outlining the strengths of the LMI proposal are also required. Supporting evidence other than the notes (i.e. assessment documents, trust deed, etc.) must be held on the loan file and is not required to be submitted to Helia with the proposal.

SMSF example.

	\$200k Super balance
Super balance	\$200,000
Max borrowing loan-to-value ratio (LVR)	90%
Liquid asset % requirement	5%
Liquid asset \$ requirement	\$49,000
Borrowing power ¹	\$980,000
Purchasing power ²	\$1,131,000
Mortgage interest rate assumption	
Mortgage interest rate assumption	7.0%
Annual mortgage repayment (P&I)	\$78,000
Interest cost (first year)	\$70,000
Rental yield	5%
Annual rental income	\$57,000
Rental income less mortgage payment (annual)	(\$21,000)
Rental income less interest payment (annual)	(\$13,000)
Total member salaries required for super contributions to offset negative gearing	
Total member salaries required for super contributions to offset negative gearing	\$233,000

Note: LMI rate: 2.1%, LMI cost: \$20,268. All figures are approximate to the nearest \$500

1. Assumes Standard LMI fee is capitalised into the loan

2. Does not include additional purchasing costs

Frequently asked questions (FAQs)

What LMI pricing applies to SMSF loans?

Rates for investors apply.

Can SMSF loans be approved under a DUA?

Yes, this will be confirmed as part of the risk policy review.

Can Monthly LMI be used for SMSF loans?

Yes.

How quickly can a lender start using Helia's SMSF product?

In order to use Helia's SMSF product, the lender must provide a copy of its credit policy to undertake compliance and systems activities.

The process takes about 1-2 business days.

Please refer to the Helia underwriting standards and guidelines at helia.com.au for more information.



For more information about Helia's SMSF LMI product, contact the Helia Customer Service Centre on:

- Phone: 1300 661 118
- Email: underwritingsupport@helia.com.au

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.

