

Monthly LMI. Made simple.



LMI made easier. Pay monthly.



What is Monthly 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.

Monthly LMI is a payment option where the LMI fee charged by the lender is paid as a fixed monthly amount.

*This option is available through a number of lenders. Speak to a lender or mortgage broker to confirm.

How does Monthly LMI benefit the home buyer?

Monthly 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 Pay the LMI fee monthly

3 Reduce upfront costs at loan settlement

Case study: using Monthly LMI.

A couple wants to purchase an investment property valued at \$700,000 and has \$100,000 saved (14% deposit).

Typically, a lender would require a 20% deposit (\$140,000), plus additional upfront costs.

With guidance from their mortgage broker, the couple was able to purchase the property with a 14% deposit by using LMI.

Instead of paying the LMI fee upfront or adding it to their loan (capitalised), they chose the Monthly LMI payment option*, spreading the cost across monthly repayments.

The couple were able to purchase the investment property 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 Monthly LMI works.

Monthly LMI is arranged by the lender and the LMI fee is paid by the lender to Helia (the insurer) upon settlement of the property purchase. The LMI fee is then passed on from the lender to the home buyer as a fixed monthly repayment fee.

By paying the LMI fee monthly, this helps home buyers reduce upfront costs at settlement and keep the LMI fee separate from the loan balance.

Explore Helia's educational tools to help estimate, compare and consider available options.



LMI fee estimator

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



Home Deposit Estimator

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

How is Monthly LMI paid?

Monthly LMI is paid each month until the LVR[^] of the loan reaches a specified level determined by the lender (typically 80%).

The monthly amount will remain fixed unless the home buyer makes a material change to the loan, e.g. change in security or loan amount.

[^]Loan to value ratio (LVR)

means the ratio expressed as a percentage, that the loan amount bears to the market value of the property stated in the original valuation. Depending on the lender, the outstanding loan amount may also include available redraw facilities.

Key differences between paying LMI upfront or monthly.

Situation with LMI	
LMI fee payment	<ul style="list-style-type: none"> • Upfront: LMI paid upfront as a one-off cost at loan settlement • Monthly: LMI paid monthly until the loan balance falls below the lender's required LVR[^], or until the loan is discharged.
Policy and coverage	<ul style="list-style-type: none"> • Upfront: the loan term e.g. 30 years • Monthly: coverage ceases when the home buyer pays down the loan balance to below the LVR[^] determined by the lender (typically 80%).
Top-Ups (Additional Advance)	<ul style="list-style-type: none"> • Upfront: Top-Up loans are reassessed and repriced with a credit applied for the LMI fee already paid • Monthly: Top-Ups are combined with the remaining loan amount, reassessed and repriced with the Monthly LMI adjusted to reflect the changes to the loan amount and LVR[^].

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.

