

## **LMI Fact Sheet**

With the support of Lenders' Mortgage Insurance (LMI), we may be able to accept a smaller deposit and provide a home loan to you that might not otherwise be available.

LMI protects us, as the lender, however, you can also benefit from the use of LMI. In addition to potentially obtaining a home loan with a smaller deposit than is usually required, you may be able to purchase a home now and stop paying rent or buy a better property than otherwise might be the situation.

### **LMI protects us, as the lender not you, the borrower.**

LMI is insurance that we take out to protect our self against the risk of not recovering the full loan balance, if you, the borrower are unable to meet your home loan repayments and you default on the loan.

In these unfortunate circumstances, if the property is sold and there is a shortfall between the outstanding loan balance and the proceeds from the sale of the property, the LMI provider will pay this shortfall to us. It is important to understand that LMI protects us, as the Lender, not you the borrower or any guarantor.

### **You are still responsible if the proceeds from the sale of your property are not sufficient to repay the loan in full.**

If you default and your property needs to be sold, sometimes the money received from the sale of your home will not be sufficient to repay the outstanding loan.

In this situation the LMI provider will pay us, the lender an amount in accordance with the LMI policy (normally the difference between the outstanding loan balance and proceeds from the sale of the property). Once an LMI claim has been paid, the outstanding debt owed by you is typically passed from us to the LMI provider. The LMI provider may then seek to recover the remaining debt from you the borrower and any guarantors.

If you are suffering financial hardship or experiencing problems and you cannot make your loan repayments on time you should immediately contact us to discuss your situation.

### **LMI is a one-off cost paid at completion of your property purchase.**

The LMI premium is a once only cost payable by us as the lender when your property purchase is completed. It insures us against financial loss for the full term of your loan. Usually the cost of the LMI premium will be passed on to you by way of an LMI fee.

### **The cost of LMI**

The cost of LMI will depend on how much you borrow and how much of the purchase price you pay from your own funds. The more you contribute the lower the cost of LMI. Additional discounts or loadings may apply, so speak to either us as your banker, or your broker or financial adviser for a quote.

You can choose to pay the LMI fee from your own funds or you may be able to add (capitalise) this amount into your loan. We will be able to provide details of what options are available to you. If you were to refinance your home loan to another lender, an LMI fee might be payable again. For more information on fees and charges speak to us, or your broker or financial advisor.

### **LMI might be partially refundable.**

LMI is generally not refundable. However, in some limited situations you may be entitled to a partial refund of the LMI fee, depending on the arrangements between us, as your lender and our LMI provider. We suggest you speak to us, or your broker or financial adviser for more information.

### **To find out more about LMI:**

- Give us a call or contact your broker or financial advisor
- Visit the Australian Securities and Investments Commission's website at [moneysmart.gov.au](http://moneysmart.gov.au)

*Information is intended to be of a general nature only and any advice has been prepared without taking into account any person's particular objectives, financial situation or needs. You should make your own enquiries, consider whether advice is appropriate for you and read the relevant Product Disclosure Statement or Product Information Document before making any decisions about whether to acquire a product.*

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