

Underwriting standards and guidelines

Effective date: 19 June 2023

**CUSTOMER
SERVICE
CENTRE**
1300 661 118



At Helia, we pride ourselves on our commitment to our Lender and broker customers, ensuring each interaction is a positive experience.

Our customer service centre can assist with your enquiries regarding an LMI proposal.

If you would like to discuss a new proposal, a variation to an existing policy, or if you have an enquiry about a premium credit, please contact the customer service centre.

Phone: 1300 661 118

Email: underwritingsupport@helia.com.au

Hours: 8.30am to 5.30pm, Monday to Friday (AEST)

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1 Introduction

Who is Helia and what is LMI?

Helia Insurance Pty Limited (Helia) is a leading provider of Lenders Mortgage Insurance (LMI) in Australia.

LMI facilitates residential mortgage lending by transferring risk from Lenders to LMI providers, predominantly for high Loan-to-Value Ratio residential mortgage loans.

LMI has been an important part of the Australian residential mortgage lending market since it was introduced by the Australian Government in 1965.

The provision of LMI to Lenders has contributed to comparatively high levels of Australian home ownership and residential mortgage loan accessibility, supporting the housing market in Australia.

Purpose of these LMI underwriting standards and guidelines

These LMI underwriting standards and guidelines (guidelines) are designed for those involved in the mortgage lending industry to assist in completing LMI proposals. These guidelines represent the acceptable requirements for submission of an LMI proposal to Helia.

The examples given in these guidelines are not comprehensive. Helia will consider any LMI proposal that does not meet these guidelines based on individual merit if the Lender fully supports the LMI proposal. Helia reserves the right to accept and approve LMI proposals in its absolute and sole discretion and decline any LMI proposal notwithstanding the LMI proposal may comply or appear to comply with these guidelines.

Helia reserves the right to change these guidelines at any time without prior or subsequent notice.

Lenders responsibility

Helia relies on the Lender to conduct a complete and thorough credit assessment for all loan proposals in accordance with the principles of responsible lending, applicable law and the Lender's own lending guidelines.

Lenders must also comply with their duty of disclosure and these guidelines in connection with Helia providing LMI under the master policy between Helia and the Lender.

Helia is not liable for any direct or indirect loss for any reliance or purported reliance on these guidelines regardless of how that loss is caused (including negligence).

Helia website

Visit helia.com.au for the following resources:

- [LMI premium estimator](#)
- [Serviceability calculator](#)
- [Forms](#)

Customer service centre

If you would like to discuss an LMI proposal before submitting to Helia, please contact our customer service centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

2 Products

This section provides an overview of:

- Helia's current LMI product range
- additional underwriting requirements, including verification, that apply to specific LMI products.

As a means of regulating the level of acceptable LMI risk, Helia has maximum LVRs, and a maximum Total Exposure amount of \$5,000,000 to any one borrower. Helia may choose to limit the loan amount or the LVR based on the individual merit of the LMI proposal or the specific loan product.

For a purchase, construction or home improvement, the LVR is calculated by dividing the Base Loan Amount by the lesser of the purchase price or the security valuation amount. For Refinances and Equity Release, the LVR is based on the valuation amount only. The maximum LVR including premium capitalisation must not exceed 100%. All LVRs exclude LMI Premium Capitalisation unless indicated.

If you would like to discuss an LMI proposal before submitting to Helia, please contact our customer service centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

2.1 Standard LMI

Available for a wide range of borrowers, including First Home Buyers and investors wishing to access residential mortgage finance.

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 95% for owner occupied• 95% including LMI Premium Capitalisation for investment
Maximum loan amount	<ul style="list-style-type: none">• Helia will consider any LMI proposal on a case by case basis, based on its merits and risks, subject to the maximum Total Exposure of \$5,000,000 to any one borrower limit
Loan purpose	<ul style="list-style-type: none">• Any acceptable loan purpose
Security	<ul style="list-style-type: none">• Any acceptable security
Deposit/equity	<ul style="list-style-type: none">• > 90% LVR requires 5% deposit funds
Loan term	<ul style="list-style-type: none">• Maximum 40 years

2.2 Business Select

Available for Self-Employed borrowers who are unable to produce current financial information or documentation.

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 80% for owner occupied• 80% for Investment
Maximum loan amount	<ul style="list-style-type: none">• \$1,000,000
Loan purpose	<ul style="list-style-type: none">• Excludes:<ul style="list-style-type: none">– Refinance of investment property loans– Debt Consolidation– Equity Release (cash out)
Security	<ul style="list-style-type: none">• Size of property not to exceed 2.2 hectares
Deposit/equity	<ul style="list-style-type: none">• Must have existing equity in real estate; or• Deposit funds of at least 20% equity of the property purchase; or• If borrowers have recently sold property and are in the process of purchasing another, this requirement can be waived
Borrowers	<ul style="list-style-type: none">• Excludes expatriates
Employment and income	<ul style="list-style-type: none">• At least one borrower must be Self-Employed• All Self-Employed borrowers must hold:

	<ul style="list-style-type: none"> – an active ABN for at least two years; and – GST registration for at least 12 months • Declared income must be consistent with the borrower’s stated occupation and assets and liabilities position
Loan term	<ul style="list-style-type: none"> • Maximum 30 years
Loan features	<ul style="list-style-type: none"> • Excludes Parenting Repayment Break
Additional Lender verification requirements	<p>Lender is to retain:</p> <ul style="list-style-type: none"> • signed and dated income declaration • past 12 months’ BAS statements lodged with the ATO including evidence of lodgement for each trading entity (if the borrower declares income from those trading entities in the LMI proposal) • past six months’ personal transaction account statements (primary account only)

2.3 Family Pledge

Available for borrowers, especially First Home Buyers with no deposit, who have a parent, child or sibling that is willing and able to offer security.

Provides access to finance for full purchase price or construction cost, plus an additional 10% to cover other costs such as stamp duty, renovations or setting up their home.

Additional underwriting requirements

Maximum LVR	<ul style="list-style-type: none"> • 85% for owner occupied • 85% for Investment
Maximum loan amount	<ul style="list-style-type: none"> • \$750,000
Loan purpose	<ul style="list-style-type: none"> • May include small Debt Consolidation or Equity Release (cash out) of up to 10% of purchase price (at time of original loan application only) • Excludes: <ul style="list-style-type: none"> – Purchase Vacant Land – Home Improvements – Refinance existing mortgage – Equity Release (cash out) greater than 10% additional costs noted above.
Security	<ul style="list-style-type: none"> • Maximum of two security properties for each LMI proposal (property being purchased plus pledge security) • Excludes: <ul style="list-style-type: none"> – Vacant Land – Properties exceeding 2.2 hectares
Deposit/equity	<ul style="list-style-type: none"> • No deposit or equity required
Borrowers	<ul style="list-style-type: none"> • All borrowers must be titleholders for the property being purchased • Must be a natural person
Loan term	<ul style="list-style-type: none"> • Maximum 30 years
Repayment type	<ul style="list-style-type: none"> • Excludes Interest-only (unless converting to P&I)
Lender responsibility	<ul style="list-style-type: none"> • Lender needs to have satisfactory systems and/or processes in place that link borrower and guarantor securities and loans • Required to have parameters and documentation to manage risks involved with third party guarantee securities. (Helia does not cover losses eventuating from the pledge guarantee being invalid or unenforceable)
Guarantor/pledge	<ul style="list-style-type: none"> • Borrower’s maximum LVR before the pledge is 110% (ie total loan amount ÷ purchase property security value or purchase price) • Guarantor’s maximum LVR is 50% for the pledge component only (ie total pledge amount ÷ guarantor security property value) • Guarantor’s maximum LVR is 70% including all pledge amounts and any outstanding debt secured by the guarantor’s property (ie total guarantor debts secured by this security property = pledge amount ÷ guarantors security property value)

	<ul style="list-style-type: none"> • The pledge is a ‘limited’ personal guarantee that limits the guarantors’ liability to a specific amount • The guarantee must be supported by either a first or Second Mortgage over residential real estate • Eligible guarantors must be a parent, child or sibling of the borrower • All registered proprietors of the pledge security property must be guarantors • No company or trustee guarantors • A maximum of one pledge per LMI proposal. However, guarantors can provide up to a maximum of two pledges, provided each pledge applies to an individual loan proposal for separate borrowers • In the event of borrower default, Helia would exercise its rights under the master policy to require the Lender to exercise its own rights under the pledge prior to the submission of an LMI claim • The guarantors must provide a full application form with supporting financial information including details of the security property and any outstanding debt against the security property • Where there is finance outstanding against the guarantor’s security property, six months’ loan statements evidencing satisfactory conduct are required • Serviceability will be tested on guarantors to determine whether they can service the guaranteed loan in the event the borrowers cannot meet their commitment. In cases where serviceability is not evident by guarantors, consideration will be given to other sources of equity to clear the debt outside of selling the guarantor’s owner-occupied property
Loan features	<ul style="list-style-type: none"> • Excludes: <ul style="list-style-type: none"> – Line of credit – Parenting Repayment Break

3 Borrowers and guarantors

This section provides an overview of:

- types of borrowers that are acceptable to Helia for the purposes of LMI
- additional underwriting requirements, including verification, for specific borrower types and guarantors
- unacceptable borrower types.

Helia will consider LMI for any other borrower type not listed below, other than [unacceptable borrowers](#). If you would like to discuss an LMI proposal before submitting to Helia, please contact our customer service centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

3.1 Acceptable borrowers

- Natural person (over the age of 18) who is a citizen or permanent resident of Australia or New Zealand who are resident in Australia or New Zealand
- Citizens of Australia who are expatriates (i.e. they are not resident in Australia or New Zealand)
- Small proprietary company incorporated in Australia
- Trustee of a trust
- Trustee of a self-managed superannuation fund (SMSF).

Helia also offers packages for [Graduates](#) and [First Home Buyers](#). Details can be found in [Packages](#) section below.

3.2 Additional underwriting requirements

Additional underwriting requirements apply to the following borrower types.

3.2.1 Company incorporated in Australia

Additional underwriting requirements

- All directors and shareholders must provide unconditional joint and several personal guarantees

3.2.2 Trustee of a trust

Additional underwriting requirements

- Where the trustee is a company, directors and shareholders are required to provide unconditional joint and several guarantees
- The trustee of the trust must always be the borrower in its own right and as trustee for the trust
- This requirement applies to both family/discretionary and unit trusts

3.2.3 Trustee of a self-managed super fund

Helia will insure loans to SMSFs where the Lender has been pre-approved by Helia to do so.

Additional underwriting requirements

Maximum LVR	<ul style="list-style-type: none">• 90% including LMI Premium Capitalisation
Maximum loan amount	<ul style="list-style-type: none">• \$1,000,000
Product availability	<ul style="list-style-type: none">• Standard LMI only
Loan type	<ul style="list-style-type: none">• Limited recourse loan which complies with the relevant legislative requirements (and any associated regulations)
Loan term	<ul style="list-style-type: none">• Maximum 30 years
Repayment type	<ul style="list-style-type: none">• P&I• Interest-only not converting to P&I within 10 years• Interest-only converting to P&I within 10 years
Borrowers	<ul style="list-style-type: none">• SMSF trustee, which hold the beneficial interest in the security property, has the right to acquire the property from the property trustee, and is permitted to borrow in accordance with the relevant legislative requirements (and any associated regulations)

Mortgagors	<ul style="list-style-type: none"> • Property trustee, which meet the requirements of the relevant legislation (and any associated regulations). Holds the legal interest in the security property on trust for the SMSF
Security	<ul style="list-style-type: none"> • Must be secured by one single occupancy dwelling on one title and the loan must not cover any additional assets purchased at the time of property purchase. This includes furnishings or other items which are not fixtures • Excludes: <ul style="list-style-type: none"> – All new properties, including NRAS properties that have been completed for less than 12 months – Vacant Land – Off-the-Plan Strata Purchases – More than one property or occupancy on a single title – Residential apartments that have a car space or storage area on a separate title that can be sold individually
Guarantors	<ul style="list-style-type: none"> • Loan must be supported by personal guarantees from all beneficiaries of the SMSF for the full amount of the loan • The Lender must verify the guarantor’s financial position as being able to meet the obligations under the guarantee (please note that full income serviceability and asset and liability details are required to be submitted for all guarantors) • Non-Resident guarantors are unacceptable
Loan purpose	<ul style="list-style-type: none"> • Purchase of an investment property plus costs • Purchase of an existing NRAS property (must be a resale) • Dollar for dollar Refinance of an existing NRAS property • Refinance of an existing SMSF loan plus costs • Excludes: <ul style="list-style-type: none"> – Construction Loan – Equity Release (cash out) or Debt Consolidation – Purchase or Refinance of properties occupied by SMSF beneficiaries or related parties – Non-Arm’s Length Transactions – Purchases from a related party of the SMSF trustee – Purchase or Refinance of owner-occupied property – Home Improvements – Off-the-Plan Strata Purchases – Bridging Loan
Serviceability	<ul style="list-style-type: none"> • Serviceability must be calculated using the Helia SMSF serviceability calculator, allowing for the following: <ul style="list-style-type: none"> – 80% of rental income from investment properties held by the SMSF – 65% of market rent as per the valuation report for NRAS properties – Rental yield for all investment/rental properties (including those not held as security) will be limited to 6% of the value of the properties – Income from interest/dividend earning investments to be assessed using a deeming rate of 3% per annum (in some circumstances higher rates may be used in calculating serviceability) – Income derived from other assets is to be excluded – Only mandatory superannuation contributions (currently 10.5%) to be included – Superannuation taxation rules apply – Loan repayment amount to be calculated on a P&I basis – Must allow for ongoing expenses associated with running a SMSF – Where a newly established SMSF cannot provide evidence (letter from their accountant) to confirm the running costs of the SMSF, a minimum of \$3000 is to be included in the SMSF serviceability calculator, otherwise use the running costs stated on the accountant’s correspondence
Additional servicing capacity	<ul style="list-style-type: none"> • Additional servicing capacity will be considered above the mandatory 10.5% superannuation contribution and up to the allowed ATO limits where:

	<ul style="list-style-type: none"> – regular additional contributions have been made to superannuation, investments or savings, or – additional loan repayments have been made above the scheduled loan repayments <p>These items are not to be included in the serviceability assessment but can be considered to mitigate serviceability shortfall</p> <ul style="list-style-type: none"> • All sources listed above must be verified over a two year period
Additional assessment requirements	<ul style="list-style-type: none"> • The SMSF must have a minimum liquid asset (interest/dividend earning assets) balance of 5% of the total debts of the SMSF (including the loan amount) after the loan transaction is complete
Other exclusions	<ul style="list-style-type: none"> • Top Ups • Substitution of security
Lender responsibility	<ul style="list-style-type: none"> • SMSF and property trust deeds, guarantees and loan agreement must comply with relevant legal requirements including those which apply in relation to SMSF borrowing, the giving of security and the appointment of a nominee • Lender to obtain confirmation that SMSF is in compliance with the relevant legal requirements at the outset of the loan, which must be evidenced on the loan file • SMSF trustee borrowers and guarantors must obtain independent legal and financial advice and proof of such advice must be retained on the loan file • Lender has verified guarantors' financial position as being able to meet the obligations under the guarantee • Lender to pursue guarantors issuing all notices up to and including the notice of demand prior to making LMI claim
Additional Lender verification requirements	<ul style="list-style-type: none"> • Pay slips for PAYG SMSF beneficiaries showing mandatory superannuation contributions at 10.50% • Statement from SMSF trustee verifying mandatory super contributions by Self-Employed beneficiaries for the past two years • Letter from Government employers that have higher than 10.50% mandatory super - this can apply if employment term exceeds two years • Proof of SMSF's investments that are interest/dividend earning. Ownership by the SMSF must be verified via referencing actual share certificates, holding statements or financial statements <p>Note: In order to rely on fixed interest rates higher than 3% deeming rate, such higher rate must be demonstrated to have been received for a minimum period of two years</p> <ul style="list-style-type: none"> • Proof of expenses for SMSF - if new, letter estimating costs from an accountant or financial planner; or if established, previous year's invoices/receipts

3.2.4 Permanent residents of Australia

Additional underwriting requirements

Additional Lender verification requirements	<ul style="list-style-type: none"> • Current visa evidencing permanent residency status; or • Current passport evidencing permanent residency status.
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3.2.5 Guarantors

Additional underwriting requirements

Documentation	<ul style="list-style-type: none"> • Guarantors are required to complete a full application form including personal details, financial position, employment details and sign the Lenders Privacy Act declaration, which includes provision for LMI
Other	<ul style="list-style-type: none"> • Lender employment and income guidelines to apply, including verification of employment and income, apply regardless of whether the guarantor's income is required to service the proposed debt

3.3 Unacceptable borrowers

- Associations
- Religious institutions
- Clubs

- Minors (persons under the age of 18)
- Borrowers of Convenience
- Non-Residents
 - except where the Non-Resident is a spouse or de facto partner of a citizen of Australia (who is resident in Australia or New Zealand or an Expatriate); or,
 - except where the Non-Resident is a spouse or de facto partner of a permanent resident of Australia or New Zealand (who is resident in Australia or New Zealand).
- Temporary visa holders
 - except where the temporary visa holder is a spouse or de facto partner of a citizen of Australia (who is resident in Australia or New Zealand or an Expatriate); or,
 - except where the temporary visa holder is a spouse or de facto partner of permanent resident of Australia or New Zealand (who is resident in Australia or New Zealand).

3.4 Packages

3.4.1 Graduates (graduate package)

The graduate package allows recent graduates who have entered their profession to purchase property earlier in their career and in the location of their choice. The following additional underwriting requirements apply:

Feature	Additional underwriting requirements
Product availability	<ul style="list-style-type: none"> • Standard LMI
Borrower eligibility	<ul style="list-style-type: none"> • Must hold a university degree qualification • Must be employed within an occupation related to the degree qualification • Graduated within last five years • Minimum gross salary of \$50,000 pa
Maximum LVR	<ul style="list-style-type: none"> • Maximum 95% LVR for High Density location
Additional Lender verification requirements	<ul style="list-style-type: none"> • Lender to obtain and hold satisfactory written evidence of university degree qualification

3.4.2 First Home Buyers (Firsthome)

Helia Firsthome is an initiative aimed at helping First Home Buyers afford their first owner occupied or Investment property sooner. Depending on arrangements in place with the Lender, a special discounted LMI premium rate may apply.

Feature	Additional underwriting requirements
Product availability	<ul style="list-style-type: none"> • Standard LMI, Family Pledge
Borrower eligibility	<ul style="list-style-type: none"> • To be eligible for this initiative, all borrowers must be either: <ul style="list-style-type: none"> – eligible for the government’s FHOG (where applicable), or – a genuine First Home Buyer (where FHOG is not applicable)
Additional Lender verification requirements	<ul style="list-style-type: none"> • Where the FHOG applies, the Lender is required to obtain and hold written evidence of the FHOG eligibility • Where there is no FHOG, however First Home Buyer stamp duty concessions apply, the Lender is required to obtain written evidence of eligibility • Where neither the FHOG nor the First Home Buyer stamp duty concessions apply, the Lender must undertake reasonable enquiries to confirm that all borrowers are genuine First Home Buyers. These enquiries include perusal of: <ul style="list-style-type: none"> – Asset and liabilities statement which may show existing real estate assets in the borrower’s name; and/or – credit bureau report which may indicate the existence of any previous mortgages/loans • Evidence of the Lenders enquiries must be retained on the loan file

4 Loan purpose

This section provides an overview of:

- loan purposes that are acceptable to Helia for the purposes of LMI
- additional underwriting requirements, including Lender responsibilities, that apply to specific loan purposes
- unacceptable loan purposes.

Helia will consider LMI for any loan purpose not listed below, other than [unacceptable loan purposes](#). If you would like to discuss an LMI proposal before submitting to Helia, please contact our customer service centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

4.1 Acceptable loan purposes

Note: All LVRs exclude LMI Premium Capitalisation unless otherwise stated in additional underwriting requirements and information.

Loan purpose	Standard LMI	Business Select	Family Pledge
Purchase of a new or existing residential dwelling (owner-occupied)	95%	80%	85%
Purchase of a new or existing residential dwelling (Investment)	95% (including LMI Premium Capitalisation)	80%	85%
Purchase of vacant residential land*	95%	80%	Not available
Off-the-Plan Strata Purchase*	95%	80%	85%
Construction of a single or duplex residential dwelling	90%	80%	85%
Refinance dollar for dollar plus reasonable costs (owner-occupied)	95%	80%	Not available
Refinance dollar for dollar plus reasonable costs (Investment)	95% (including LMI Premium Capitalisation)	Not available	Not available
Home Improvements/Renovations	90%	80%	Not available
Bridging Loan	85%	80%	Not available
Debt Consolidation	90%	Not available	85%
Equity Release (cash out)	90%	Not available	Not available
Controlled funds	90%	Not available	Not available

* 95% LVR including LMI Premium Capitalisation is the maximum allowable where security is investment.

4.2 Additional underwriting requirements

Additional underwriting requirements apply to the following loan purposes.

4.2.1 Purchase of a new or existing residential dwelling

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> • 95% plus LMI Premium Capitalisation where security is wholly owner-occupied property • 95% including LMI Premium Capitalisation where security is wholly or partially investment property
Repayment type	<ul style="list-style-type: none"> • For loans where security is investment and greater than 90% LVR, the repayment type can only be P&I (i.e. Interest-only is not allowable).

4.2.2 Construction of a single or duplex residential dwelling

Licensed builder

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> • 90% (or product limit if lower)

- LVR is the loan amount as a percentage of the lesser of the cost price (purchase price of the land plus building costs as per the tender) or the on-completion valuation

Owner-builder

Additional underwriting requirements

- | | |
|-------------|---|
| Maximum LVR | <ul style="list-style-type: none"> • 50% of the expected on-completion valuation |
|-------------|---|

4.2.3 Refinance of an existing loan

Additional underwriting requirements

- | | |
|-----------------------|---|
| Maximum LVR | <ul style="list-style-type: none"> • 95% (or product limit if lower) if dollar for dollar and owner occupied. • 95% (or product limit if lower) including LMI Premium Capitalisation if dollar for dollar and investment. • 90% (or product limit if lower) if combined with Equity Release, controlled funds or Debt Consolidation. • LVR is to be calculated using the valuation amount |
| Lender responsibility | <ul style="list-style-type: none"> • Lenders are responsible to ensure that the borrower is not in a worse position following Refinance • Verify satisfactory repayment history by completing a review of loan conduct over the previous six months via either loan statements, or CCR and repayment history information. Evidence of the review to be documented by Lender. |

4.2.4 Off-the-Plan Strata Purchase*

Additional underwriting requirements

- | Maximum LVR | Contract of sale signed | Maximum LVR |
|---|---|--|
| | More than 12 months ago, from loan application date | 90% of as-if-complete valuation |
| | Less than 12 months ago, from loan application date | 95% of purchase price or valuation (whichever is lower) if owner occupied, 95% including LMI Premium Capitalisation if investment. |
| <ul style="list-style-type: none"> • The loan amount must not exceed 100% of the purchase/contract price | | |

4.2.5 Home Improvements/renovations*

Additional underwriting requirements

- | | |
|-----------------------|--|
| Maximum LVR | <ul style="list-style-type: none"> • 90% of revised (on-completion) valuation, as confirmed by a qualified valuer |
| Lender responsibility | <ul style="list-style-type: none"> • Where an increased security value (resulting from proposed Home Improvements) is to be relied upon, the Lender must ensure that the funds are applied to the security property and the additional Home Improvements are satisfactorily completed |

4.2.6 Bridging Loan

Additional underwriting requirements

- | | |
|----------------|---|
| Maximum LVR | <ul style="list-style-type: none"> • 85% (or product limit if lower) based on Total Exposure including capitalised interest for term of the Bridging Loan • Upon sale of the existing property the residual LVR is not to be any greater than that approved for the Bridging Loan |
| Serviceability | <ul style="list-style-type: none"> • A serviceability calculation must be completed to ensure serviceability requirements are met based on 100% of the proposed residual debt |
| Loan term | <ul style="list-style-type: none"> • Up to a maximum of 12 months |
| Repayment type | <ul style="list-style-type: none"> • The Lender can allow for interest on one of the loans to be capitalised for up to 12 months pending the sale of the existing property |

4.2.7 Debt Consolidation

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 90% (or product limit if lower) regardless of the number of debts• LVR is to be calculated using the valuation amount
Security	<ul style="list-style-type: none">• Vacant Land is unacceptable
Lender responsibility	<ul style="list-style-type: none">• The Lender must control the release of funds directly to creditors to ensure consolidated debts are repaid and closed• Lenders must ensure that the borrower is not in a worse position following consolidation of debts• Verify satisfactory repayment history by completing a review of loan conduct over the previous three months via either loan statements, or CCR and repayment history information. Evidence of the review to be documented by Lender.

4.2.8 Equity Release (cash out)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• > 85% LVR and \leq 90% LVR – cash out component is limited to 20% of the security value• \leq 85% LVR – no limit applicable to cash out component• LVR is to be calculated using the valuation amount

*95% LVR including LMI Premium Capitalisation is the maximum allowable where security is investment.

4.3 Unacceptable loan purposes

Helia does not insure loans for the following loan purposes:

- Loans for development finance:
 - construction of more than two dwellings on one block of land
 - purchase of multiple blocks of Vacant Land in a subdivision
 - refinancing commercial facilities that have been used to fund development finance or developers gearing up against residual stock to fund next development
- Vendor Finance.

5 Employment and income

Lenders must ensure that the borrower's capacity to repay their loan commitments, has been verified by the collection and assessment of employment and income information, in a manner that meets all Lender policies and regulatory requirements.

If you would like to discuss an LMI proposal before submitting to Helia, please contact our customer service centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

5.1 Employment

Helia relies on Lenders to confirm and verify all applicants' employment in line with their policy and obligations under regulatory requirements.

5.1.1 Self Employed

To utilise income derived from Self-Employed means, Helia requires a minimum of two financial years trading to be evidenced and verified by Lenders. Exceptions may be considered to accept 12 months financial trading if two years previous employment within a similar field can be evidenced.

5.2 Income

All income calculations and verification requirements are to meet Lender policies and all regulatory requirements.

5.3 Unacceptable income types

Helia does not accept the following income sources:

- Workers compensation
- Income from boarders
- Unemployment benefit
- Sickness allowance.

6 Serviceability

Helia uses a Net Disposable Income (NDI) method to assess the risk related to a borrower's ability to meet regular fixed commitments. In addition, Helia uses a Debt to Income (DTI) calculation to consider the ongoing management of borrower affordability. Regular reviews of the Helia Floor Rate and Buffer Rate are completed to ensure that all responsible lending practices are adhered to.

The method Helia has adopted allows us to determine whether the current Buffer Rate and Helia Floor Rate are adequate in relation to the historical interest rate movements and economic indicators, this is to ensure that the rate determined is reflective of the borrower's true capacity to service their commitments in a fluctuating interest rate market.

Minimum requirements	
Helia NDI ratio	<ul style="list-style-type: none">• To meet Helia's serviceability requirements, the NDI ratio must be at least 1.00 : 1
Helia Assessment Rate	<ul style="list-style-type: none">• When using the Helia serviceability calculator, proposed loan repayments and all other mortgage commitment are calculated at the higher of the:<ul style="list-style-type: none">– actual borrowing rate plus a Buffer Rate of at least 3.00% per annum; or– Helia Floor Rate
Debt to income ratio (DTI)	<p>DTI is calculated as the total of all credit facilities divided by the total gross income. To meet Helia's affordability requirements:</p> <ul style="list-style-type: none">• the DTI ratio must not exceed 8.00:1• where the LVR is greater than 90%, the DTI ratio must not exceed 6.00:1

7 Source of deposit funds and equity

This section provides an overview of:

- Sources of deposit funds/equity that are acceptable to Helia for the purposes of LMI
- additional underwriting requirements, including verification.

Helia will consider other sources of deposit funds not listed below for the purposes of underwriting of LMI. If you would like to discuss an LMI proposal before submitting to Helia, please contact our customer service centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

7.1 Deposit funds

The verification of the deposit funds (non-borrowed), including the ownership and origin of such funds, in line with the following policy is the responsibility of the Lender.

For standard product where the base LVR exceeds 90%, Helia requires Lenders to validate that the borrower has 5% deposit funds from an acceptable source. The deposit funds must be held in the borrower's name at the time of application. If not already held in the borrower's bank account with the Lender at the time of the application, the funds must be deposited into the borrower's bank account prior to the settlement of the loan.

7.1.1 Acceptable sources of deposit funds

The source of funds can include any combination of funds from the following:

- Funds held or accumulated in bank accounts (including term deposit)
- First Home Saver Account or First Home Super Saver Scheme (initiative by the Australian Government)
- Equity in, or funds from, sale of residential property
- Funds sourced from superannuation account
- Shares
- Accelerated loan repayments – where savings have been sacrificed by making accelerated loan repayments, the amount of the excess repayments, can be accepted
- Gifts received from an Immediate Family Member (evidence that the amount pledged has been received by the borrower must be held on file. Gifts received from a non-Immediate Family Member are not acceptable to Helia.)
- Employer paid bonus
- Tax refund
- Inheritance
- Sale of assets for example, motor vehicles
- First Home Owner Grant (FHOG)
- Funds held in company/business accounts

7.1.2 Unacceptable sources of deposit funds

The following sources of funds do not contribute towards the minimum 5% deposit funds requirement:

- Any funds that cannot be verified by the Lender as being held in the borrower's name at the time of application,
- Any funds not deposited in the borrower's bank account prior to settlement
- Borrowed funds
 - If LVR is above 90% and 5% deposit funds are validated in line with above, funds borrowed from a party other than the Lender may contribute to additional funds to complete as needed,
 - If LVR is 90% or below, funds borrowed from a party other than the Lender are allowable with appropriate validation.

8 Security

This section provides an overview of:

- security types that are acceptable to Helia for the purposes of LMI
- additional underwriting requirements that apply to specific security types
- unacceptable security types.

Helia will consider LMI for any security types not listed below, other than [unacceptable securities](#). If you would like to discuss an LMI proposal before submitting to Helia, please contact our customer service centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

8.1 Acceptable security

Note: All LVRs exclude LMI Premium Capitalisation unless otherwise stated in additional underwriting requirements and information.

Security type	Standard LMI	Business Select	Family Pledge
Residential dwelling (house, townhouse, villa, unit, apartment)	95%*	80%	85%
Vacant Land (up to 2.2 hectares)	95%	80%	Not available
Rural/rural residential (up to 50 hectares)	95%*	Not available	Not available
High Density apartment/unit/townhouse (or similar security type)			
– New apartment/unit	90%	80%	85%
– Existing apartment/unit	90%	80%	85%
– Graduate package loan	95%*	Not available	Not available
Single industry postcodes	90% (including LMI Premium Capitalisation)	80%	85%
Transportable home and Relocated Home	95%	80%	85%
New house and land package and display homes*	95%	80%	85%

* Construction Loans will be capped at a base LVR of 90%

In addition to the above security types, additional underwriting requirements may apply to the following security property characteristics.

Security property characteristic	Standard LMI	Business Select	Family Pledge
Investment/rental property used as security	95% (including LMI Premium Capitalisation)	80%	85%
Builder/Developer Sale (New Property)	90%	80%	85%
Third party mortgage/guarantee	95%	80%	85%
NRAS	90%	80%	85%
Private Sale	95%	80%	85%
Split Contract Residential Security (party or common wall)	95%	80%	85%
Non-Arm's Length Transaction	95%	80%	85%
Non-Arm's Length Transaction (Vacant Land)	95%	80%	Not available

8.2 Minimum requirements

- Must be zoned for residential use
- A house, villa, home unit, townhouse, duplex, or Vacant Land
- Acceptable land tenures include:
 - Freehold - including strata, group and community titles (community title properties in NSW, VIC, SA and WA are only acceptable if the development has been fully completed)
 - Crown leasehold (ACT only)
 - Residential area rights and residence licences (Victoria only)
- Power and water sources (mains or tank) are connected
- Must have direct vehicular and all weather road access
- Readily saleable with no adverse features that significantly affect marketability such as:
 - Affected by any government or state/territory planning scheme
 - In need of substantial repair or has been poorly maintained (ie not able to be rented)
 - Adverse marketability (i.e. selling period above agreed parameters)
- At least 40 m² in living area, excluding balconies and car space. For good quality properties located in a high demand capital city metropolitan location, the minimum living area is 30 m²
- Where a borrower/guarantor is providing security that consists of multiple properties located within a concentrated area, Helia will limit the exposure to the borrower to a maximum of four units or 25% of a development, whichever is the lower.

8.3 Additional underwriting requirements

Additional requirements apply to the following security types.

8.3.1 Vacant Land (up to 2.2 hectares)

Additional underwriting requirements

Maximum LVR	<ul style="list-style-type: none"> • 95% (or product / loan purpose limit if lower)
Other	<ul style="list-style-type: none"> • Security must conform to the following: <ul style="list-style-type: none"> – Land size not to exceed 2.2 hectares – Electricity must be connected (or available for connection) to property • The unimproved Vacant Land can be zoned residential, rural residential or rural • The value of Vacant Land only will be relied upon (i.e. no sheds or auxiliary improvements)

8.3.2 Rural/rural residential (up to 50 hectares)

Additional underwriting requirements

Maximum LVR	Size	Maximum LVR	Location
	Up to 50 hectares	95% (or product / loan purpose limit if lower)	All locations
Other	<ul style="list-style-type: none"> • Rural/rural residential properties must not be income producing • Non-residential improvements should be noted in the valuation, but the value must be assessed excluding non-residential improvements. i.e. barns, orchards, stables etc 		

8.3.3 High Density apartment/unit/townhouse

Additional underwriting requirements		
Maximum LVR	Type	Maximum LVR
	New or existing apartment/unit/townhouse	90% (or product / loan purpose limit if lower)
	Graduate package loan	95%
Other	<ul style="list-style-type: none"> Apartment/unit/townhouse located within a postcode defined as a High Density location as per the table below and part of a development comprising more than 10 apartments/units If apartment/unit/townhouse is in a postcode not listed as a High Density postcode below, then residential dwelling LVRs apply as outlined in 8.1 Valuations are to include comparable sales outside the development, and details of any resales within the development LVR and concentration restrictions may apply to individual developments A minimum floor size of 40 m² in living area, excluding balconies and car space 	

High Density postcodes						
NSW	VIC	QLD	SA	WA	NT	TAS
2017	3000	N/A	N/A	N/A	800	NA
2127	3003-3004					
2150	3006					
2155	3008					
2765	3011					
	3122					
	3128					
	3141					
	3145					

8.3.4 Single industry postcodes

Additional underwriting requirements						
Maximum LVR		<ul style="list-style-type: none"> 90% (or product / loan purpose limit if lower) including LMI Premium Capitalisation (owner occupied and Investment) 				
Single industry postcodes						
NSW	VIC	QLD	SA	WA	NT	TAS
2834-2835 2880	N/A	4184 4413 4415 4455 4581 4615 4671 4680 4702 4709 4715-4719 4720-4722 4723 4742-4746 4801 4803-4805 4820 4825 4874	5221 5601 5722 5723 5725	6225 6254 6390 6429-6430 6432 6438 6440 6442-6443 6620 6642 6707 6710 6713-6714 6716 6718 6720-6722 6728 6743 6751 6753-6754 6758 6760 6762 6770 6798-6799	N/A	7253 7467 7469-7470

8.3.5 Investment/rental property

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product limit if lower) including LMI Premium Capitalisation where security wholly or partially by an Investment / rental property

8.3.6 National Rental Affordability Scheme (NRAS)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 90% (or product / loan purpose limit if lower)
Loan purpose	<ul style="list-style-type: none"> Purchase of newly completed dwelling Construction Loans are permitted for house and land packages where the contract of sale for the land purchase and fixed price building contract are provided at the time of loan approval Dollar for dollar Refinance of existing NRAS properties Excludes: <ul style="list-style-type: none"> Vacant Land Off-the-Plan Strata Purchases Equity Release (cash out)
Serviceability	<ul style="list-style-type: none"> Serviceability assessment to include the market rental as per the valuation report, discounted to 65% Tax free incentive to be excluded from serviceability assessment
Valuation	<ul style="list-style-type: none"> The qualified valuer is to note that the property is part of the NRAS
Security exposure	<ul style="list-style-type: none"> Maximum of 25% exposure to an individual development

Eligible consortiums	<ul style="list-style-type: none"> Each NRAS consortium needs to be reviewed and approved by Helia prior to the submission of any new loan proposal secured by a property participating in an NRAS scheme for that consortium
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8.3.7 Display homes

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product / loan purpose limit if lower)
Other	<ul style="list-style-type: none"> If the subject property is situated within a designated 'exhibition village', and the active life of that village has more than six months to run, LMI is only available in the following circumstances: <ul style="list-style-type: none"> There is no reliance on rental income from the security, or A bank guarantee is provided to the Lender by or on behalf of the borrower for an amount equal to the total rent payable from the date of commencement of the loan until the date the exhibition village will cease to operate Helia will assess rental income at normal market rates based on the valuation or existing tenancy agreement

8.3.8 Pre-fabricated Kit Home (transportable home)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product / loan purpose limit if lower)
Other	<ul style="list-style-type: none"> The construction of a Pre-fabricated Kit dwelling must be undertaken by a licensed builder under the Lender's normal progress payments and progress inspection criteria The dwelling must be connected to all normal services (i.e. water, sewerage, electricity) and fixed to the ground to prevent easy removal

8.3.9 Relocated Home

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product / loan purpose limit if lower)
Other	<ul style="list-style-type: none"> Helia will assess the LMI proposal after the house has been installed onto the new location and all services are connected An on-completion inspection and report from a qualified valuer must confirm the house has been installed and the property meets our acceptable security guidelines

8.3.10 New house and land package

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 90% (or product / loan purpose limit if lower)
Other	<ul style="list-style-type: none"> Valuation obtained from a qualified valuer confirming the security is a house and land package. Must also document details of any rebates and/or incentives Where builder rebates and/or incentives are noted, the value of the rebate and/or incentive will be discounted from the purchase price

8.3.11 Builder/Developer Sale (New Property)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 90% (or product / loan purpose limit if lower)
Other	<ul style="list-style-type: none"> Where builder/developer rebates and/or incentives are noted, the value of the rebate and/or incentive will be discounted from the purchase price Any clause or provision in the contract of sale or affecting the title that restricts the ability to sell the property on the open market if the property is sold by the Lender exercising its power of sale as the mortgagee-in-possession or borrower conducting a borrower sale (i.e. a sale by the borrower in lieu of the Lender exercising its power of sale) is unacceptable for LMI. If there are restrictions on selling the property known (e.g. noted in a valuation) to the Lender, the Lender must confirm in writing that the clauses do not apply in the event of mortgagee-in-possession or borrower sale

8.3.12 Property sold by Private Sale

Additional underwriting requirements

Maximum LVR	<ul style="list-style-type: none"> 95% (or product / loan purpose limit if lower)
Lender responsibility	<ul style="list-style-type: none"> The Lender is required to ensure that the valuation report clearly states that: <ul style="list-style-type: none"> the parties are not related and the transaction is at arm's length it is a sale without the intervention of an agent between non-related parties

8.3.13 Non-Arm's Length Transactions and Advantageous / Favourable Purchases

Additional underwriting requirements

Maximum LVR	<ul style="list-style-type: none"> 95% (or product / loan purpose limit if lower) based on the valuation amount (rather than the purchase price) The loan amount must not exceed 100% of the purchase/contract price
Security	<ul style="list-style-type: none"> One single occupancy dwelling on one title
Deposit/equity	<ul style="list-style-type: none"> The borrowers must contribute equity/deposit funds based on the purchase price
Lender responsibility	<ul style="list-style-type: none"> The Lender is to: <ul style="list-style-type: none"> confirm in writing the details of the transaction ensure that the qualified valuer has noted the purchase price and the nature of the transaction

8.3.14 Split Contract Residential Security (party or common wall)

Additional underwriting requirements

Maximum LVR	<ul style="list-style-type: none"> 95% (or product / loan purpose limit if lower)
Security	<ul style="list-style-type: none"> Helia will only accept this security: <ul style="list-style-type: none"> once the development is fully complete the subject unit can be occupied, and individual titles have been issued
Valuation	<ul style="list-style-type: none"> A single 'as if complete' valuation is required reflecting the market value of the completed dwelling, on the basis of the whole development (including party or common wall) being finished

8.3.15 Third party mortgages/guarantees

The table below outlines third party relationships that Helia will consider acceptable security for LMI.

Borrower	Mortgagor/guarantor	Acceptability
A. and B. Citizen	A. Citizen (or B. Citizen)	Y
A. Citizen (or B. Citizen)	A. and B. Citizen	Y
A. Citizen	B. Citizen	Only if mortgagor is common law spouse of the borrower
A. and B. and C. Citizen	A. and B. Citizen	Y
A. and B. Citizen Pty Ltd	A. and B. Citizen	Only if both borrowers are directors of the borrower company
A. and B. Citizen	A. and B. Citizen Pty Ltd	Only if borrowers are the only directors of the guarantor company
A. Citizen	J. Bloggs	Only if mortgagor is common law spouse of the borrower
B. Citizen	B. Citizen and J. Bloggs	Only if mortgagors are common law spouses

8.3.16 Cross Collateralisation

Helia will consider LMI for loans with cross collateralised security where the following underwriting requirements are met:

- Security property must be common to all loans under the cross-collateralised structure
- Each mortgage under the cross collateralised structure must either be a debtor or guarantor
- Any guarantor on any loan within the cross collateralised structure will be required to guarantee all loans within this structure.

In terms of processing such LMI proposals, the following is to apply:

- Each loan must be presented with a separate LMI proposal form
- Each loan must be presented with a separate loan application form outlining the proposed structure
- A cover page or memo must be attached outlining the scenario, connection to other LMI proposals and Total Exposure.

A common acceptable scenario is noted below as an example:

New loan 1		New loan 2 (taken out at same time as new loan 1)
Borrower	A and B – natural persons	Company – directors A and B
Mortgagor	A and B – property 1 (no existing mortgage over property 1)	A and B – property 1
Guarantor	A and B – property 1 (no existing mortgage over Property 1)	A and B

8.4 Unacceptable securities

- Income producing Rural properties
- Properties designed, zoned, or used for purposes other than residential use, such as commercial, industrial, retail (excluding residential home units in a commercially zoned development)
- Properties to be constructed by an owner builder (in whole or part), where the LVR exceeds 50% of the lesser of the cost price or valuation
- Crown land (other than the ACT)
- Leasehold properties (other than crown land in the ACT)
- Purple title (WA), or moiety title (SA)
- Company title (located outside 10kms of a capital city's CBD)
- Company share title (VIC)
- Stratum title (VIC) unit
- Improved site with land size larger than 50 hectares
- Under a 'time share' arrangement
- Land subject to licence to occupy
- Limited title (any defects)
- Mobile or temporary homes
- Boarding house / hostel
- Land / improvements contaminated
- Properties with 'lease of life' covenants on title
- A strata title home unit less than 30 m² (minimum of 40 m² outside metro areas)
- Properties subject to the Western Lands Act
- Properties adversely impacted by mine subsidence
- Dual key apartments
- Serviced apartments, or apartments that are subject to a management agreement
- Strata title hotel/motel room
- Studio apartment or bedsitter (no separate bedroom)
- Properties that are unique, or have restrictive usage
- Any property that is 'landlocked' (i.e. the property does not have street access)
- Known flood height level is higher than the floor level
- Multiple occupancy security (more than two dwellings on the title)
- Located on an island without sealed road connection to mainland
- Security boundary located within 50 metres of high voltage transmission lines
- Vacant Land exceeding 2.2 hectares
- NDIS purpose-built properties

9 Security value

To obtain approval for LMI, any valuation, Desktop Assessment or validation of a contract of sale purchase price must comply with the requirements of [Helia's valuation minimum standards](#) in addition to the requirements set out in this document.

If multiple valuation types are held, the valuation should be used in the following priority: a short form / long form should always be used first, followed by Desktop, and then COS supported by AVM.

9.1 Short form / long form valuation requirements

A valuation (short or long form) provides a brief description of the proposed security including the location and surrounding area, the size and construction, type of improvements, recent comparable sales, and the condition and marketability of the property.

For a valuation to be acceptable to Helia the following minimum components must be included and verified:

- Must be less than 90 days old at the time acceptance advice is issued
- Must provide at least three acceptable and recent settled comparable sales of similar properties
- The value of a security is not to include any component for GST
- The qualified valuer must state that the security property is suitable for mortgage lending purposes and may be relied upon by Helia
- Must be based on existing condition of property and/or the on-completion value of proposed construction including relevant costs
- Essential repairs are to be detailed as either an estimate cost or an allowance provided
- A separate value is to be provided for land and improvements, except where strata title properties are involved
- Improvements to the land must comply with the local government zoning/planning scheme.

Helia prefers the Australian Property Institute (API) property pro-forma report template developed specifically for residential mortgage valuation work. However, where outside the API property pro supporting memorandum guidelines (or equivalent API document) a residential long form report may be required.

9.2 Desktop Assessment requirements

Desktop Assessments are available to Lenders where the Lender has been pre-approved in writing by Helia to offer this method of assessing a security's value for LMI.

Additional underwriting requirements		
Maximum limits	LVR	90%
	Loan amount	\$1,800,000
	Security value	\$2,000,000
Loan purpose exclusion	• Construction	
Security	• Single existing residential dwellings • Land size of security not to exceed 2 hectares • Security must be located in an approved postcode location (refer list below)	
Security exclusions	• Any security that requires an extended selling period of more than 6 months • Any security property known to be incomplete or under construction • Off the plan / new dwelling (i.e. has never been sold) • Any known heritage or environmental risks impacting the property • Vacant Land	
Security condition	• The security property will be deemed by Helia to be readily saleable and in habitable condition as at the date of the Desktop Assessment for all purposes associated with Lenders mortgage insurance.	

9.2.1 Acceptable Desktop Assessment

For a Desktop Assessment to be acceptable to Helia the following minimum components must be included in the assessment:

- Full security property address
- Title details
- Property type (i.e. house or unit)
- Number of bedrooms and bathrooms
- Land area (houses only)
- Image which clearly shows the improvements in adequate detail
- Street or location map
- Minimum three settled comparable sales that transacted within the last six months
- Confirm the report is extended for use to Helia or the Lender's LMI provider
- Must be less than 90 days old at the time acceptance advice is issued
- The value of a security is not to include any component for GST
- The Assessment must state that it may be used and / or relied upon by Helia or a Lenders mortgage insurer

9.3 Contract of Sale (COS) Purchase Price validated by Automated Valuation Model (AVM) Requirements

COS purchase price (consideration) validated by AVM is available to Lenders where the Lender has been pre-approved in writing by Helia to offer this method of assessing a security's value for LMI.

In the instance where an arm's length purchase price (consideration) can be validated by an AVM and is within the parameters addressed below, no Valuation or Desktop Assessment will be required.

Additional underwriting requirements		
Maximum limits	LVR	90%
	Maximum security value	\$1,500,000
	Minimum security value	\$250,000
Loan purpose	• Purchase for owner occupied or Investment purposes only	
Security	• Single existing residential dwellings • Security must be located in an approved postcode location (refer list below)	
Security exclusions	• Vacant Land • Purchases which have a settlement date greater than 2 months of the contract date • Off the plan / new dwelling (i.e. has never been sold) • Any security referred to as a high-density apartment/unit as per Section 8.3.3	
Security condition	• The security property will be assumed to be readily saleable and in habitable condition as at the date of the contract of sale for all purposes associated with Lenders mortgage insurance.	

9.3.1 Acceptable Contract of Sale

For a purchase price (consideration) stated on a contract of sale to be acceptable to Helia the following minimum requirements must be met:

- The purchase price (consideration) stated in the COS must have been negotiated in arm's length transaction through an independent Australian based real estate agent (that is, not a private sale) with the property marketed to the open market
- The purchase price (consideration) stated in the COS must be inclusive of any rebates or other discounts.
- The COS must have a settlement date within 2 months of the date the contract is entered into (i.e. the contract date).
- The purchase price (consideration) must be supported by an AVM in accordance with the requirements of this document

9.3.2 Automated Valuation Method

Use of the AVM provides validation of the accuracy of the purchase price (consideration) stated in a COS. Therefore, to accept a purchase price (consideration) stated in a COS, the following AVM tolerance must be met:

- The value of the property stated in or produced by the AVM must be within plus or minus 5% of the purchase price (consideration) stated in the COS; and
- The value of the property stated in or produced by the AVM must have a Forecast Standard Deviation (FSD) or confidence score of 15 or below

Where the AVM tolerances are not met Helia will require an alternate valuation type to be provided.

9.4 COS / AVM & Desktop Valuation Postcodes

NSW	VIC	Qld	SA	WA	TAS
2000, 2007-2011	3000, 3002-3004	4000,4005-4007	5000, 5006-5025	6000, 6003-6012	7000, 7004-7005
2015-2050	3006, 3008	4010-4014	5031-5035	6014-6031	7007-7011
2060-2077	3011-3013	4017-4022	5037-5052	6034-6038, 6041	7015-7019, 7021
2079-2090	3015-3016	4030-4032	5061-5070	6044, 6050-6066	7025, 7030, 7050
2092-2097	3018-3034	4034-4037, 4051	5072-5076	6069-6074	7052-7055, 7109
2099-2108	3036-3044	4053-4055	5081-5098	6076 - 6077	7112, 7116, 7120
2110-2122	3046-3049	4059-4061	5107-5110	6081-6084	7140, 7150
2125-2128	3051-3061	4064-4070	5112-5118	6100-6105	7170-7173, 7184
2130-2138	3064-3068	4073-4078	5120-5121	6107-6112	7190, 7215-7216
2140-2148	3070-3076	4101-4125	5125-5127	6121- 6125	7248-7250, 7252
2150-2168	3078-3079	4127-4133	5152-5155	6147-6160	7260, 7262, 7264
2170-2174	3081-3085	4151-4161	5157-5159	6162-6164	7270, 7275, 7277
2176-2177, 2179	3087-3090	4163-4165	5161-5174	6166-6176	7290
2190-2200	3093-3096, 3099	4169-4174	5201, 5204	6180, 6208-6211	7300-7304
2203-2214	3101-3109, 3111	4178-4179, 4183	5210-5214	6215, 6220, 6230	7306-7307
2216-2234	3113-3116	4205, 4207-4218	5223, 5235	6232-6233	7310, 7315-7316
2250-2251	3121-3156	4220-4221	5238, 5241-5242	6236-6237, 6239	7320-7322
2256-2265	3158-3163	4223-4228, 4270	5244-5245	6255	7325, 7330
2267, 2278	3165-3175	4272, 4275	5250-5256	6258, 6271, 6275	
2280-2287	3177-3202	4280, 4285	5260, 5264, 5271	6280-6282	
2289-2300	3204-3207	4300-4301	5275-5277, 5280	6284-6285, 6290	ACT
2302- 2307	3212-3220	4303-4306	5290-5291	6302	2600-2607
2315-2330	3222-3228	4309-4313	5330, 5333	6312, 6324, 6330	2611-2612
2333-2338, 2340	3230-3233, 3241	4340-4344	5341, 5343	6333, 6348	2614-2615
2343, 2346, 2350	3250, 3260, 3264	4350, 4352	5345, 5351-5353	6401, 6450	2617, 2620
2352, 2358, 2360	3268, 3272, 3280	4355-4358	5355, 5372-5374	6503,6511	2900, 2902-2906
2365, 2370, 2372	3282, 3284, 3300	4361-4362	5412, 5453, 5461	6514, 6516	2911-2914
2380, 2420-2423	3304-3305, 3331	4370, 4380	5501-5502	6525, 6530, 6532	
2425, 2427-2431	3335, 3337-3338	4390, 4400-4401	5554, 5556, 5558	6536, 6556, 6560	
2439-2441	3340, 3342	4405, 4500-4512	5571, 5573	6562, 6566	NT
2443-2450	3350-3352	4514-4521	5575-5576, 5581	6725-6726	800, 810, 812, 820
2452-2456, 2460	3355-3357, 3363	4550-4570	5583, 5605-5607		822, 828, 830, 832
2462-2464, 2466	3370, 3373, 3377	4572-4573, 4575	5609, 5680, 5710		834-836, 850 ,860
2470-2474	3380-3381, 3400	4580, 4605-4606			870, 875
2477-2489	3427, 3429, 3431	4610, 4621, 4625			
2500, 2502	3434-3435	4650, 4655			
2505-2506	3437-3438, 3440	4659-4660, 4670			
2508, 2515-2519	3442, 3444	4674, 4677			
2525-2530	3450-3451, 3458	4700-4701, 4703			
2533-2541	3460-3461, 3463	4710-4711, 4715			
2545-2546	3465, 3478, 3496	4737, 4740-4741			
2548-2551	3498, 3500, 3505	4750-4751			
2557-2560	3515, 3523	4753-4754, 4800			
2564-2567	3549-3551	4802, 4810-4819			
2570-2583	3555-3556, 3561	4849, 4852, 4861			
2587, 2590, 2594	3564, 3568, 3579	4865, 4868-4873			
2611, 2619-2622	3585, 3608, 3612	4877-4885, 4898			
2627-2628, 2630	3616, 3620-3621				
2640-2644	3629-3631, 3636				
2646-2647	3638, 3644				

2650-2651, 2653 2660, 2663, 2666 2680, 2701, 2705 2710, 2713-2714 2720, 2731 2738-2739, 2745 2747-2750 2752-2754 2756, 2758-2763 2765-2770 2773-2780 2782-2787, 2790 2794-2795 2798-2800 2820-2821, 2830 2845, 2847-2848 2850, 2852, 2866 2870	3658, 3660, 3666 3672, 3677-3678 3685, 3690-3691 3699, 3713-3714 3717, 3722-3723 3730, 3737, 3741 3747, 3750 3752-3754 3756-3758 3763-3766, 3770 3775, 3777 3781-3783, 3786 3788, 3791, 3793 3796-3797, 3799 3802-3810, 3812 3814-3816, 3818 3820-3821 3823-3825 3840, 3842, 3844 3847, 3850-3851 3858, 3860, 3862 3871, 3875, 3880 3888, 3892, 3898 3904, 3909-3913 3915-3916 3918-3919, 3922 3925-3927 3929-3931, 3934 3936-3944, 3950 3953, 3956 3959-3960, 3971 3975-3978 3980-3981, 3984 3995-3996				
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**Units / apartment/townhouses within a High Density postcode and defined as per section 8.3.3 are not acceptable for COS/AVM

10 Loan features

This section provides an overview of:

- loan features that are acceptable to Helia for the purposes of LMI
- additional underwriting requirements, including verification, that apply to specific loan features.

If you would like to discuss an LMI proposal before submitting to Helia, please contact our Customer Service Centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

10.1 Acceptable loan features

Loan feature	Standard LMI	Business Select	Family Pledge
Interest-only not converting to P&I within 10 years	90%	80%	Not available
Interest-only converting to P&I within 10 years	95%	80%	85%
Line of credit	90%	80%	Not available
Combination Loan	95%	Not available	Not available
Split borrowings	95%	80%	85%
Redraw	Yes	Yes	Yes
Maximum loan term	40 years	30 years	30 years
Parenting Repayment Break	90%	Not available	Not available

10.2 Additional underwriting requirements

Additional underwriting requirements apply to the following loan features.

10.2.1 Interest-only loans

Additional underwriting requirements			
Maximum LVR and term	Repayment structure	Maximum LVR	Maximum term
	Interest-only loans converting to P&I within 10 years	95%	Maximum Interest-only term not to exceed 10 years
	Interest-only loans NOT converting to P&I within 10 years	90% including LMI Premium Capitalisation	10 years
Serviceability	Interest-only facilities will have their repayments calculated over the total loan term less the initial Interest-only period. ie original loan term 30 years with original Interest-only term five years, repayments will be calculated at P&I over 25 years		

10.2.2 Combination Loan

A Combination Loan allows a borrower to structure their loan to combine a line of credit facility with a P&I loan.

Additional underwriting requirements		
Line of credit (Interest-only)	Maximum amount	Maximum LVR
	20% of the total loan amount	95%
Repayment type	<ul style="list-style-type: none"> • For loans up to 90% LVR, the total loan can be Interest-only or P&I • For loans above 90% LVR, the non-line of credit component must be fully amortising from commencement (i.e. cannot be Interest-only converting to P&I) 	
Other	<ul style="list-style-type: none"> • For loans above 90% LVR, a line of credit component can only be insured where Helia insures all loans secured by the same property • A maximum of four loan components are allowed 	
Lender responsibility	<ul style="list-style-type: none"> • Lender is to provide: <ul style="list-style-type: none"> – loan amount split – e.g. \$20,000 line of credit Interest-only and \$80,000 loan P&I – interest rate type - example fixed/variable for each loan component 	

10.2.3 Split borrowings (same borrowers with common security)

Additional underwriting requirements

- Helia will consider LMI for split loans with the same borrowers, which may have different loan purposes, different interest rates, repayment methods or different loan terms
- Helia will calculate the LMI premium based on the combined exposure and apportion between the loans

10.2.4 Parenting Repayment Break

Subject to the additional underwriting requirements below, Lenders can approve the Parenting Repayment Break without seeking consent from Helia.

Additional underwriting requirements

Maximum LVR	<ul style="list-style-type: none">• 90% – at time of request
Loan purpose	<ul style="list-style-type: none">• Owner-occupied loans only
Credit history	<ul style="list-style-type: none">• 12 full monthly repayments must be made prior to Parenting Repayment Break• Repayment history must be clear of missed/late repayments for at least six months
Repayment type	<ul style="list-style-type: none">• Interest-only not permitted
Other	<ul style="list-style-type: none">• Parenting Repayment Break can be taken as either:<ul style="list-style-type: none">– three months ‘no repayments’ or– six months ‘half repayments’• Maximum of two Parenting Repayment Breaks during life of loan• 12 full monthly repayments must be made between each subsequent Parenting Repayment Break• Repayments to be re-amortised over remaining term following a Parenting Repayment Break
Documentation	<ul style="list-style-type: none">• Lender is to retain evidence of:<ul style="list-style-type: none">– parental leave approval– lender’s approval of Parenting Repayment Break– re-amortisation, serviceability calculations and– income evidence (if applicable)

11 Credit reporting

This section provides an overview of Helia's credit reporting requirements, including verification, for the purposes of LMI. If you would like to discuss an LMI proposal before submitting to Helia, please contact our Customer Service Centre on 1300 661 118 or by email at underwritingsupport@helia.com.au

- The Lender must obtain a credit bureau report on all individual borrowers and guarantors and any related directorships and / or proprietorships, where income or benefit from these related entities is being applied for servicing purposes
 - The credit bureau report must be clear of any writs, judgements or bankruptcy
 - Unpaid defaults will not be accepted under any circumstances
 - Maximum two paid defaults, from non-financial institutions, up to a total of \$1,000 are acceptable
- The Lender must:
 - investigate all enquiries within the last 12 months and compare them against the assets and liabilities statement on the loan application*
 - provide an explanation of unmatched credit enquires with the LMI proposal
 - investigate all credit bureau reports, including possible matches and cross referenced files*
 - validate credit bureau reports with applicants' identification details
 - provide a written explanation signed by the individual on adverse findings on a borrower's or guarantor's credit bureau report
 - investigate and confirm the directors of each related entity (if any)*
 - investigate and confirm the directorships of individual borrowers and guarantors (if any).*
- Where the Lender received CCR information, the Lender must:
 - Investigate and address any open accounts evidenced in the CCR to ensure satisfactory account conduct*
 - Investigate and address any undisclosed liabilities referred to in the CCR*

**a notation on file is required in these instances*

11.1 Ban period

- An individual who believes that they are, or are likely to be, a victim of fraud can request a credit reporting agency not to use or disclose their credit reporting information
- The duration of a ban period is 21 days however it can be extended
- During a ban period, Helia will not consider an application for LMI
- The Lender will need to advise Helia when the ban period is lifted as the credit reporting agency does not send an automatic notification.

12 Documentation

This section provides an overview of details of the relevant documentation that must be sent to Helia to support the LMI proposal, if submitted via email or eLMI Portal (excluding e-form).

- Helia reserves the right to request more detailed information or supporting documents for any LMI proposal
- In addition to documents detailed below, other documentation is obtained as part of the loan approval process. They do not need to be sent in to Helia unless requested or considered appropriate under your duty of disclosure, however must be retained on the Lender file
- A downloadable version of the [LMI proposal checklist](#), can be found on our website.

12.1 Mandatory documentation required for LMI proposals

Mandatory documents to be sent to Helia

- A completed [Helia LMI proposal form](#)
- A copy of the completed loan application
- A copy of the serviceability calculation used in your loan assessment
- Full valuation report (or approved alternative) - no more than 90 days old
- Lenders supporting notes (in all instances). Also, if the LMI proposal is outside of these guidelines, Lenders notes should outline the strengths of the LMI proposal

13 Helia decision

- After the LMI proposal has been assessed, Helia will issue:
 - an acceptance advice
 - a conditional approval advice
 - a decline advice; or
 - a request for additional information depending on the outcome of the assessment
- If approved, the acceptance advice will include the amount of the LMI premium plus GST and stamp duty payable at settlement
- Upon payment of the LMI premium, a certificate of insurance will be issued.

Acceptance advice and conditional approval advice

- An acceptance advice is issued after Helia has fully assessed and approved an LMI proposal
- A conditional approval advice is issued after assessment subject to satisfactory valuation only.
- Any changes to the assessed information (including financial position, or income and expenses of the applicants) should be noted and resubmitted to Helia for reassessment.

Document	Approval duration
Acceptance advice	180 days
Conditional approvals advice	90 days

Expired acceptance advice

Where loan funds have not been advanced

- Where an acceptance advice has expired and the loan funds have not yet been advanced, a new LMI proposal will be required.

Where the loan funds have been advanced, but the LMI premium has not been paid

- Where an acceptance advice has expired and the loan funds have been advanced, Helia may consider accepting the LMI premium
- Each LMI proposal must be referred to the Helia's customer service centre for consideration.

Note: Any loans with arrears history will not be accepted for reinstatement

Expired conditional approval advice

- Any conditional approval advice that does not convert into a full approval within the 90 day time frame will expire
- No reinstatement is available
- If LMI is still required, the LMI proposal will need to be resubmitted to Helia for reassessment in the normal fashion.

Note: All borrower/guarantor information must be verified again in order for Helia to reassess the LMI proposal.

Payment of LMI premium

- Following approval (acceptance) of the LMI proposal, the LMI premium must be paid to Helia within 28 days of:
 - settlement (for a property purchase or Refinance); or
 - the first loan advance (for any other loan purpose).

Lapsed LMI approval

- Where the LMI premium is not paid within six months of the LMI approval, the approval will lapse and will be withdrawn.

Relodgement proposal

- Where the LMI approval has been withdrawn and LMI is still required, a new relodgement proposal form will need to be submitted with updated assessment criteria as well as a copy of the loan statement from drawdown (if the loan has been advanced).

14 Top Ups

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> • A completed Helia LMI proposal form • Documentation will be required as per documentation section of these guidelines
Maximum LVR	<ul style="list-style-type: none"> • 95% plus LMI Premium Capitalisation (or product / loan purpose / security type limit if lower) where security is wholly owner-occupied property • 95% including LMI Premium Capitalisation (or product / loan purpose / security type limit if lower) where security is wholly or partially investment property when calculating the total loan limit and LVR, the Scheduled Balance on existing loan, plus the new loan are to be used
Loan purpose	<ul style="list-style-type: none"> • Purchase, Refinance (dollar for dollar) will be considered at 95% plus LMI Premium Capitalisation (or product / security type limit if lower) • Construction, Home Improvement, Refinance, Equity Release/Cash out, Debt Consolidation, Controlled Funds will be considered at 90% plus LMI Premium Capitalisation (or product / security type limit if lower)
Other requirements	<ul style="list-style-type: none"> • Must satisfy these guidelines
Additional underwriting requirements	
Credit history	<ul style="list-style-type: none"> • Acceptable repayment history for at least the past three months
Existing loan history	<ul style="list-style-type: none"> • Existing loan must have been operating for at least three months • Only one Top Up permitted within any three month period • A written explanation is required where full monthly contractual repayments have not been made (e.g. Parenting Repayment Break)
Loan term	<ul style="list-style-type: none"> • Remaining loan term must not exceed maximum allowable term for product
LMI premium - where original loan insured by Helia	<ul style="list-style-type: none"> • The LMI premium for a Top Up will be calculated on the existing Scheduled Balance plus Top Up amount at the new LVR. The LMI premium for an Internal Refinance will be calculated on the existing current Scheduled Balance plus the amount that the Internal Refinanced loan amount exceeds the Scheduled Balanced at the new LVR • The LMI premium amount previously paid to Helia on the existing insured loan, and any subsequent Internal Refinance or Top Ups, will be deducted from the new LMI premium as a Premium Credit • The original LMI policy (and any prior Top Up and/or Internal Refinance policies) will be superseded by the new Top Up and/or Internal Refinance LMI policy for the total insured amount
LMI premium - where original loan is not insured by Helia	<ul style="list-style-type: none"> • Additional advances that subsequently require LMI where the existing loan is not already insured by Helia will be treated as a new LMI proposal for the total loan amount • No Premium Credit will apply (unless Lender has alternate pre-approved premium arrangement)
Other	<ul style="list-style-type: none"> • Where a Lender submits an LMI proposal for a Top Up under a different LMI product to the original LMI policy, the LMI proposal can be considered under the new LMI product provided the LMI proposal meets all guidelines for the new LMI product • Pricing will be calculated using the LMI premium rate for the new LMI product

15 LMI policy variations

During the term of an insured loan, circumstances may change and a borrower may seek to vary certain aspects of the loan by way of addition or removal of borrowers and/or guarantors, a change in loan term, or even a change to the security property.

Helia is required to be advised of and consent to the listed variations types below. Other variations made to a loan including (but not limited to) repayments changes (Interest-only to Principle and Interest, Principle and Interest to Interest-only, fixed to variable, variable to fixed etc), loan product switches, consolidation or splitting of loans, are not required to be reported to Helia.

All LVRs excludes LMI Premium Capitalisation unless indicated (i.e. base LVR).

15.1 Substitution of security

Where a borrower proposes to sell an existing security property, and replace it with another of similar or higher value, Helia will consider a substitution of security subject to the underwriting requirements set out below.

15.1.1 LVR and loan amount remain the same or decrease

Minimum underwriting requirements

Documentation requirements	<ul style="list-style-type: none">• A completed Helia LMI variation form including confirmation of residual loan amount and LVR• Full valuation of new/remaining security not older than 90 days
Other requirements	<ul style="list-style-type: none">• The residual loan amount, LVR and security must satisfy these guidelines
LMI premium	<ul style="list-style-type: none">• No fee or additional LMI premium will apply• Original LMI policy will remain in force and a variation refund will not apply

15.1.2 LVR or loan amount increases within guidelines

Minimum underwriting requirements

Documentation requirements	<ul style="list-style-type: none">• A completed Helia LMI proposal form• Documentation will be required as per the documentation section of these guidelines• Full valuation of new/remaining security not older than 90 days
Other requirements	<ul style="list-style-type: none">• Must satisfy these guidelines
LMI premium	<ul style="list-style-type: none">• A new LMI premium will be payable• The original LMI policy will be cancelled and where applicable, a variation refund will apply

15.2 Partial release of security

Where a subdivision or boundary realignment is to occur on an existing security property, or where an insured loan is secured by mortgage over more than one property, and one or more of the securities is to be sold, Helia will consider a variation to the LMI policy subject to the minimum requirements set out below.

15.2.1 LVR remains the same or decreases

Minimum underwriting requirements

Documentation requirements	<ul style="list-style-type: none">• A completed Helia LMI variation form including confirmation of residual loan amount and LVR• Full valuation of remaining security not older than 90 days
Other requirements	<ul style="list-style-type: none">• The residual loan amount, LVR and security must satisfy the guidelines
LMI premium	<ul style="list-style-type: none">• No fee or additional LMI premium will apply• Original LMI policy will remain in force and a variation refund will not apply

15.2.2 LVR increases within guidelines (total net sale proceeds are applied to the loan)

Minimum underwriting requirements

Documentation requirements	<ul style="list-style-type: none">• A completed Helia LMI variation form including confirmation of residual loan amount and LVR• Current assets and liabilities• Full valuation of remaining security not older than 90 days
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	<ul style="list-style-type: none"> • Contract of sale for outgoing security • Settlement disbursement details confirming net proceeds and destination of funds. In cases where a disbursement notice is not available, confirmation in writing that full net proceeds are being applied to the loan
Other requirements	<ul style="list-style-type: none"> • Must satisfy these guidelines
LMI premium	<ul style="list-style-type: none"> • A fee of \$500 will apply • The original LMI policy will remain in force, and a variation refund will not apply

15.2.3 LVR increases within guidelines (part sale proceeds are applied to the loan)

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> • A completed Helia LMI proposal form • Documentation will be required as per the documentation section of these guidelines
Other requirements	<ul style="list-style-type: none"> • Must satisfy these guidelines
LMI premium	<ul style="list-style-type: none"> • A new LMI premium will be payable • The original LMI policy will be cancelled and, where applicable, a variation refund will apply

15.2.4 LVR increases outside of guidelines (resulting from Hardship)

Variations resulting from a Hardship must be submitted to our Hardship team by email at hardshipsAU@helia.com.au

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> • A completed Helia Hardship application form • Confirmation that all avenues have been exhausted to reduce LVR to maximum product LVR • Declaration (by Lender/funder) that borrower is in a distressed financial situation • Valuation of remaining security not older than 90 days • Arm's length contract of sale (involving a licensed real estate agent) or valuation report (not older than 90 days) for outgoing security • Settlement disbursement details confirming net proceeds and destination of funds. In cases where a disbursement notice is not available, confirmation in writing is required that full net proceeds are being applied to the loan

15.2.5 LVR increases outside of guidelines (not resulting from Hardship)

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> • A completed Helia LMI variation form including confirmation of residual loan amount and LVR • Confirmation all avenues have been exhausted to reduce LVR to maximum product LVR • Confirmation Hardship assistance is not required • Full set of mandatory documentation as per the documentation section of these guidelines • Valuation of remaining security not older than 90 days • Arm's length contract of sale (involving a licensed real estate agent) or valuation report (not greater than 90 days) for outgoing security • Settlement disbursement details confirming net proceeds and destination of funds. In cases where a disbursement notice is not available, confirmation in writing is required that full net proceeds are being applied to the loan
Other requirements	<ul style="list-style-type: none"> • Amendments falling under this scenario will be considered on an exception basis only • Must satisfy these guidelines • A risk-based fee determined on application will apply • The original LMI policy will remain in force, and a variation refund will not apply

15.3 Borrower amendments

Where an insured loan has a change to the borrower(s), Helia will consider a variation to the LMI policy, subject to the minimum requirements set out below.

15.3.1 Release and / or addition of a borrower

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> • A completed Helia LMI variation form including confirmation of residual loan amount, LVR, and remaining and new borrower/s details • A copy of completed loan application form including new borrower details (including personal details, income & employment details)
LMI premium	<ul style="list-style-type: none"> • No fee or additional LMI premium will apply • Original LMI policy will remain in force and a variation refund will not apply

15.3.2 Change of borrower name

Applicable where a borrower has legally changed their name.

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> • A completed Helia LMI variation form including confirmation of residual loan amount, LVR, and remaining borrower/s changed details
LMI premium	<ul style="list-style-type: none"> • No fee or additional LMI premium will apply • Original LMI policy will remain in force and a variation refund will not apply

15.4 Variation refund

- For loan variations such as substitution of security and partial release of security, and any others, which increase the exposure or risk, a new LMI proposal and LMI premium will apply
- A variation refund in respect of the existing LMI policy may be payable where the exposure is reduced by the variation
- No refund will be paid where the amount calculated is less than \$500
- The following variation refunds apply:

Period from date of LMI premium payment to date of variation	Refund payable
Three months or less	80%
Over three months to one year	70%
Over one year to two years	50%

Note: Any enquiries received by Helia from borrowers regarding refunds will be forwarded to the Lender to address.

15.5 Loan discharges - cancellations

- The Lender is to advise Helia as soon as the loan has been fully repaid so that the LMI policy can be cancelled in our system and any refund (if applicable) due calculated
- A cancellation refund may not be payable where a reduced LMI premium has been paid
- No refund is payable where:
 - separate arrangements are in place with the Lender for a reduced LMI premium rate in lieu of taking premium refunds; or
 - the loan is repaid within one year of the maturity date of the mortgage; or
 - the notification of cancellation of the LMI policy is received by Helia more than three months after repayment of the insured loan; or
 - the refund amount is less than \$500; or
 - a loss has eventuated; or
 - the loan has been reported to Helia to have had arrears.

See below for the current refund rate table, which is subject to change:

Period from date of LMI premium payment to date when loan has been repaid in full	Refund payable
One year or less	40%
Over one year to two years	20%

Note: Any enquiries received by Helia from borrowers regarding refunds will be forwarded to the Lender to address.

16 Glossary

Term	Definition
Advantageous/ Favourable Purchases	Refers to purchases from a family member at a discounted price or where a vendor is selling the property at a discounted price to a person to whom they are indebted
AVM	Automated Valuation Model
AVM Provider	Is a company or organisation that provides AVM's
Base Loan Amount	The Base Loan Amount is the loan amount approved before adding the LMI premium charge
Borrowers of Convenience	A borrower that is added to the loan application to provide serviceability and/or security support but does not receive a tangible benefit from the loan transaction. Borrowers must have a beneficial interest in the loan transaction either by way of joint ownership of the security and/or dependence on the mortgagor in a marital or de facto relationship
Bridging Loan	A Bridging Loan enables a borrower to purchase another home prior to completing the sale of an existing property. The Lender takes a mortgage over both the existing and the new property pending the sale of the existing home
Buffer Rate	Rate set by APRA as the minimum buffer applied to the actual borrowing rate for serviceability purposes.
Builder/Developer Sale	Properties purchased directly from a builder or developer and may be in the form of a house and land package, Vacant Land, house, home unit, villa or townhouse
Combination Loan	Allows a borrower to structure their loan to combine a line of credit facility with a P&I loan
Comprehensive Credit Reporting (CCR)	A Comprehensive Credit Report being a report that includes credit information concerning a borrower such as repayment history of accounts, account open and closed dates, credit enquiries and other information
Construction Loan	A Construction Loan enables a borrower to build a single or duplex residential property on an existing block or vacant residential land, or to carry out structural improvements to an existing dwelling, either for owner occupation or investment purposes
COS	Contract of Sale
Cross Collateralisation	Cross Collateralisation allows Lenders to use equity in all properties held as security by that Lender, to secure all debts outstanding for the same borrower
Debt Consolidation	Debt Consolidation enables a borrower to consolidate existing consumer loans with their home loan, all in one new loan. Examples of consumer loans are personal loans, car loans, credit cards etc. As a consequence of consolidation of all existing debts, the borrower has only one monthly repayment, which in many cases may improve their serviceability and reduce their commitment level
Desktop Assessment	A written assessment or report of value of the security property prepared, without undertaking an internal or external physical inspection of that property, by a valuer and issued by Desktop Assessment Provider. The value may also be described in the assessment or report as an assessed value. A Desktop Assessment may also be known as a Desktop Valuation or Residential Desktop Assessment.
Equity Release (cash out)	Includes any loan, or component of a loan where the loan funds are released directly to the borrower, regardless of the proposed purpose
Expatriates	Australian citizens living and working either permanently or temporarily in any country other than Australia or New Zealand
First Home Owner Grant (FHOG)	A grant available to Australians who are buying or building their first home and have not previously owned a home, either jointly, separately or with another person
First Home Super Saver Scheme	The initiative by the Australian Government aimed at assisting Australians aged 18 and over to save for their first home. This scheme allows borrowers save money for their first home within their superannuation fund. This can be achieved by making additional contributions to superannuation funds (before or after tax) up to a maximum \$30,000
First Home Saver Account	The initiative by the Australian Government aimed at assisting Australians aged 18 and over to save for their first home. The government will contribute 17% on the first \$5,000 (indexed) of individual contributions made each year with a capped balance of \$90,000
First Home Buyer	Borrowers purchasing an owner-occupied or investment property for the first time.

Funding Program	A Funding Program is an organisation that provides funding and credit criteria for the origination of mortgages by a third party
FSD	Forecast Standard Deviation. It may also be associated with a confidence score.
Helia Assessment Rate	This is the higher of the Helia Floor Rate or the actual borrowing rate plus a buffer of 3.00%.
Helia Floor Rate	This is the minimum rate Helia will assess serviceability of a proposal.
Hardship	Where a borrower is experiencing difficulties in meeting their mortgage repayments due to unforeseen circumstances or an unexpected life event
High Density	A High Density apartment / unit / townhouse is a strata titled home unit or apartment located within a postcode defined as a High Density location as per the High Density postcode list in section 9.3.3 , and part of a development comprising more than 10 apartments/units
Home Improvements/Renovations	Genuine Home Improvements are additions or alterations made to the property that add value to the property. Examples of acceptable Home Improvements include replacement or major upgrade of kitchen or bathroom, addition of swimming pool, garage or carport, extensive landscaping, upgrade or inclusion of a concrete driveway and / or complete re-roofing of premises
Immediate Family Member	A spouse, de facto partner, child, parent, grandparent, aunt, uncle, cousin, grandchild or sibling of an applicant; or a child, parent, grandparent, aunt, uncle, cousin, grandchild or sibling of an applicant's spouse or de facto partner. It includes step-relations (e.g. step-parents and step-children) and adoptive relations.
Internal Refinance	A refinance of a loan currently held with the same Lender where the existing loan is entirely replaced by a new loan.
Interest-only	An Interest-only facility is where the borrower is only required to meet interest repayments for a specific period of time
Investment	An investment property loan enables a borrower to purchase or construct residential real estate for investment purposes, and may also include borrowings secured by residential property for any investment purpose
Lender	Those with a direct relationship with Helia such as traditional Lenders and Funding Programs. Excludes mortgage managers and originators who generate loans through a Funding Program
LMI Premium Capitalisation	Refers to the ability to add the fee charged to the borrower for the cost of the LMI premium (including stamp duty on the LMI premium) to the Base Loan Amount. This total amount is then paid from the loan account. Borrowers avoid paying the LMI fee up front as it is amortised over the term of the loan
Loan to Value Ratio (LVR)	For a purchase or construction, the LVR is calculated by dividing the Base Loan Amount by the lesser of the purchase price or the security valuation amount. For Refinances, the LVR is usually based on the valuation amount only
Net Monthly Cash Surplus (net MCS)	Income available each month after all expenses and commitments have been factored in, including proposed home loan repayments
National Rental Affordability Scheme (NRAS)	NRAS is a federal and state Government initiative that aims to increase the supply of new rental dwellings and improve rental affordability. It is also designed to stimulate investment in affordable housing by providing tax incentives to investors. The properties must be rented to eligible tenants on low / medium income (maximum income thresholds apply) at a discount to normal market rents. The developer / consortium needs to obtain approval from the NRAS to have the dwellings included in the scheme
Negative Gearing	Negative Gearing for an investment property occurs when the annual interest payable on the loan used to acquire the property plus other expenses incurred in maintaining the property exceeds the annual rental income from the property
Net Disposable Income (NDI)	The net amount of income a borrower has available after payment of tax, existing commitments and family living expenses
New Property	Any property (including any house, unit, villa or townhouse) that has been fully completed for less than 12 months and/or has not been sold since the construction of that property (ie the vendor is a developer/builder or a related party of the developer/builder)
Non-Arm's Length Transaction	Relates to the sale of a property where a registered real estate agent is not acting for the vendor, and the parties (purchaser and vendor) are related

Non-Resident	A Non-Resident is any person without permanent residency status in Australia, and / or any person who resides and is employed in another country. Excludes New Zealand citizens and Expatriates
Off-the-Plan Strata Purchase	Refers to unit / town house developments that have not commenced construction at the time finance is sought/contract of sale signed. When a property is purchased 'off-the-plan' it may be up to 12 months (or more) before settlement can be effected upon completion of construction
Parenting Repayment Break	Provides a break in repayments for eligible borrowers who are on, or planning to, take maternity/paternity leave
Pre-fabricated Kit Home (transportable home)	Applies to a range of Pre-fabricated Kit style dwellings, which, once properly erected and connected to power and water, are not significantly different to a traditional dwelling
Premium Credit	For a Top Up or Internal Refinance proposal, the Premium Credit is the total amount of any premiums previously paid to Helia (less stamp duty) in respect of the existing insured loan for the same insured one or more common borrower/s and one or more common security
Principal and Interest (P&I)	A loan where the principal and the interest are repaid together over the term of the loan
Private Sale	This relates to the sale of a property between parties that are not related, without the intervention of an agent. This transaction type is considered to be at arm's length
Redraw	A facility that allows access to additional repayments made on a loan up to the Scheduled Balance
Refinance	A Refinance is where a borrower pays out an existing mortgage loan with funds from a new loan, (through another Lender), using the same security property. A Refinance may often form part of a Debt Consolidation loan, and may include additional funds in the form of an Equity Release
Relocated Home	Where an existing dwelling is purchased and then relocated onto another block of land. A Relocated Home should not be confused with a Pre-fabricated Kit Home
Rental Purchase Plans	Rental Purchase Plans enable the borrower to save the deposit whilst occupying the security
Savings Plans	Savings Plans provide for the borrower to save for the deposit on a home after approval of a mortgage loan
Scheduled Balance	The Scheduled Balance is the loan amount that would have been outstanding if the minimum repayment under the loan contract had been made on the due dates
Second Mortgage	A Second Mortgage is where a borrower obtains an additional loan using an already mortgaged property as security
Self-Employed	For LMI purposes, an individual is considered Self-Employed when they receive the majority (ie more than 50%) of their total income from a business in which they are the sole trader, a partner, director or shareholder. Includes independent contractors who invoice employer for payment
Split Contract Residential Security (party or common wall)	Relates to land being purchased by a borrower that is subject to the purchaser entering into a building contract arrangement for a dwelling that will be part of a development (ie have common walls or slab and common property/driveway)
Top Up	A further advance to an existing loan insured by Helia that is either added to the existing loan or maintained in a separate loan account
Total Exposure	Total Helia insured dollar value of current and inforce loans across all Lenders.
Vacant Land	Land that is devoid of any improvements. The vacant unimproved land can be zoned residential, rural residential or rural
Vendor Finance (WRAP finance)	Typically, the balance of the purchase price of a property is paid at settlement (usually six weeks from the exchange of the contract of sale). Vendor finance allows for the balance to be paid in instalments over a specified period of time. The title is transferred into the purchaser's name upon receipt of the final instalment