

# Monthly LMI. Made simple.



LMI made easier. Pay monthly.



# What is Monthly Premium LMI?

LMI is an insurance policy that your lender takes out to protect itself against the risk that you default on your loan repayments and your lender is unable to recover the full outstanding loan amount.



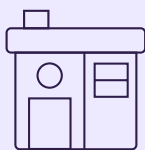
## An additional solution for Australian home buyers without a 20% deposit.

Monthly Premium LMI is a payment option that allows you to pay the LMI fee cost monthly, until your loan has been paid down to below the LVR determined by your lender loan to value ratio<sup>1</sup> (LVR), or until the loan is discharged.

This helps home buyers to:

# 1

Buy a home with less than a 20% deposit



# 2

Pay the LMI fee cost monthly



# 3

Access the first monthly LMI product in Australia





## LMI supports the home buyer and the lender.

Situation	Home Buyer	Lender
Able to buy now with a small deposit	Get into your home sooner with as little as 5% deposit (not including upfront purchase costs such as stamp duty)	Provides your lender with comfort to lend to a home buyer with otherwise good serviceability if they have a smaller deposit (less than 20%)
Your financial circumstances change	Can request temporary hardship assistance from the lender and remain in your home during the assistance period	Helia support lenders' hardship programs
You default on your loan and your property is sold	In certain circumstances, Helia may exercise its discretion to not seek to recover its debt from you	Receives claim payment from Helia if there is a shortfall on the loan after sale of the security property



### We're Helia, a lending hand when you need it.

To help more people buy a home with less than a 20% deposit, Helia is offering a monthly premium LMI solution which allows the LMI fee cost to be paid monthly, as an alternative to the one off cost of Upfront Premium LMI. This means that you don't have to save this additional amount before buying a home.



## Flexibility when you need it most.

### Making things easier for you and your family

#### Pay Monthly

Monthly Premium LMI may enable you to obtain a home loan with a lower deposit, subject to satisfying your lender's eligibility criteria, whilst allowing for the LMI fee cost to be paid monthly.

#### Get home faster

This means you may be able to:

- buy a home sooner and stop paying rent
- buy a more expensive property with the deposit that you have
- borrow up to a maximum of 95% of the market value of the property (not including upfront purchase costs such as stamp duty).

#### More support

Have a more cost effective LMI solution if you pay down your loan sooner or if you wish to switch home loan providers.

### Fees and payment methods

#### How do I pay?

LMI is arranged by your lender and the premium your lender pays to us (the insurer) commences upon settlement of your property purchase. The cost of this premium may be passed on to you by your lender by way of a fee.

The Upfront Premium LMI is the total premium amount paid upfront as a one-off payment at settlement, the loan amount (capitalised) repaid by you over the term of the loan with interest.

#### How it works

The Monthly Premium LMI option is payable each month until the LVR<sup>1</sup> of the loan reaches a specified level determined by your lender. The amount payable will remain fixed unless you make a material change to the loan, for example, change in security, or loan amount.

<sup>1</sup>Loan to value ratio (LVR) means the ratio expressed as a percentage, that the loan amount bears to the market value of the property stated in the original valuation. Depending on your lender, the outstanding loan amount may also include available redraw facilities.

#### More support

Your lender will tell you how much the LMI fee will be, whether it is the upfront or monthly option, when you apply for your loan. The cost will depend on various factors including the size of your deposit and the term of your loan.

The LMI fee typically charged is between 1% and 2% of the loan value, depending on the size of your deposit paid.

#### Did you know?

The LMI fee typically charged between 1% and 2% of the loan value, depending on the size of your deposit and how much you borrow.



## Key differences between paying upfront LMI or paying monthly LMI.

Situation	Upfront Premium LMI	Monthly Premium LMI
Premium Payment	Single premium payable upfront when the loan is settled	Premium payable monthly for the duration of insurance coverage
Premium Capitalisation (included in the loan amount)	Single premium included in the loan amount subject to LVR <sup>1</sup> limits	Premiums are not capitalised into the loan therefore there is no impact on the LVR <sup>1</sup>
Policy/Risk Duration	The loan term e.g. 30 years	Coverage ceases when you pay down the loan balance to below the LVR <sup>1</sup> determined by your lender
Top-ups (Additional advance)	Top-up loans are reassessed and repriced with a credit applied for premium already paid	Top-ups are combined with the remaining loan amount and are reassessed and repriced with the monthly premiums adjusted to reflect the changes to the loan amount and LVR <sup>1</sup>



## Creating pathways to home ownership.

### Isabella and Jake

#### Ready to buy

Isabella and Jake have found a home they want to buy for \$700,000. Typically, they would need a 20% deposit (\$140,000) to secure a loan from their lender. By taking out LMI their lender is prepared to provide a loan up to 95% of the value of the home.

#### LMI opportunity

This means that Isabella and Jake can secure a home loan sooner with a 5% deposit (\$35,000) and stop paying rent. Their lender passes on the LMI premium cost to Isabella and Jake. As they intend to borrow 95% of the value of the property, being the maximum loan amount and maximum LVR, they opt for Monthly Premium LMI. Had they wanted to use Upfront Premium LMI, additional savings would have been required or they would not have been able to purchase the home they desired.

#### Use our online resources to help you understand what's right for you

##### Helia's Deposit

##### Comparison Estimator

Providing insights to the options available to use your deposit to accelerate home ownership.

##### Helia's LMI Fee Estimator

Providing an estimate of the LMI fee payable by the home buyer to the lender to obtain LMI.

#### Did you know?

With Monthly Premium LMI you may be able to borrow up to 95% of the market value of the property, as there is no upfront LMI fee cost to be capitalised into the loan amount.

To find out more about Lenders Mortgage Insurance contact your lender, broker or financial adviser  
Visit [helia.com.au](https://www.helia.com.au)

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heights.