

About Mortgage Insurance

What is Lenders Mortgage Insurance (LMI)?

LMI protects lenders against loss should a borrower default on their loan. If the security property is subsequently sold and the proceeds from the sale do not cover the full outstanding balance on the loan, this insurance will cover the lender for the shortfall.

How much is the LMI fee?

The fee for LMI varies depending on the amount of money being borrowed and the size of the borrower's deposit.

When is the LMI fee paid?

The fee for LMI is paid once only at loan settlement.

What is Mortgage Protection Insurance?

Mortgage Protection Insurance covers the borrower in the event of sickness, unemployment, disability or death.

How does Lenders Mortgage Insurance differ from Mortgage Protection Insurance?

LMI protects lenders whereas Mortgage Protection Insurance covers the borrower.

About employment requirements

What is considered to be an acceptable period of time in the same occupation?

Generally 6-12 months in current position or occupation.

Will applicants still be considered if they have only been in their position short-term?

Yes, providing no probationary period applies. We will also take into account employment history and length of time in the same industry.

What is the minimum period required for self-employed applicants?

2 years in the same business.

Will applicants still be considered if they have been self-employed for less than 2 years?

Yes, providing they have been self-employed in the same industry for minimum of 2 years.

About income requirements

Is income from part-time and casual employment acceptable?

Yes, 100% of income accepted provided minimum 12 months in current employment.

Is income from overtime acceptable?

Yes, 100% if it is a condition of employment (eg. Police Officer, Nurse) and 50% if confirmed as regular over minimum 12 months.

Are Centrelink payments acceptable income?

100% accepted where it is considered permanent for the next five years excluding: Family allowance and family supplements (PMI) and unemployment and sickness benefits (GE).

Are business addbacks allowed for self-employed applicants?

Yes, Directors salaries, Director's superannuation, interest on loans being refinanced and non-recurring expenses (must be confirmed).

About equity and deposits

Why is evidence of genuine equity/savings important?

Borrowers who have saved a deposit are more likely to be prepared for difficult circumstances.

What is the minimum genuine savings requirement?

3%.

Savings should be evidenced over a minimum period of how long?

6 months.

When is verification of savings not required?

For loans with LVRs less than or equal to 85%, unless the funds are being borrowed.

The following items represent genuine savings:

- Term deposit held over minimum 6 months
- Regular deposits into a bank account over minimum 6 months
- Equity in Real Estate
- Sale of shares held for minimum of 6 months

The following items do not represent genuine savings:

- Sale of a car
- Tax refund
- Personal loan
- Lotto win
- Gift from parents

About refinancing and debt consolidation

Why are statements required when paying out a debt?

To confirm that the applicant can manage their credit contracts adequately over a period of time.

What do we look for when looking at loan statements?

- Whether payments are made on time
- Regularity of payments
- Additional payments made
- Missed payments
- Dishonours
- Default interest