

# LENDERS' MORTGAGE INSURANCE AND LOW DEPOSIT PREMIUM FACT SHEET.

Lenders' Mortgage Insurance (LMI) or Low Deposit Premium (LDP) may apply where there is an increased risk associated with a home loan. The circumstances of your loan determine whether a loan will incur LMI or LDP. They are a one-off cost and not a fee for the establishment of a loan.

<b>What is Lenders' Mortgage Insurance?</b>	<ul style="list-style-type: none"> <li>Lenders' Mortgage Insurance (LMI) is a one-off insurance premium that protects the Bank (not you) against the potential loss we may incur if you are unable to repay your loan</li> <li>The LMI premium is added to the total loan amount and is collected on your behalf and passed to our insurance provider Genworth Australia</li> <li>The LMI premium is not a bank fee or an establishment fee.</li> </ul>
<b>What is Low Deposit Premium?</b>	<ul style="list-style-type: none"> <li>Low Deposit Premium (LDP) is a one-off fee designed to reflect the risk associated with a low deposit loan. LDP is added to the total loan amount, and if we ask you to pay LDP we won't ask you to pay for LMI</li> <li>The LDP is a bank fee and not an establishment fee.</li> </ul>
<b>What happens if the security property is sold and the sale price does not cover the loan?</b>	<ul style="list-style-type: none"> <li>For loans with LMI, Genworth Australia will cover the Bank for any shortfall where the sale price of the property does not cover your outstanding loan. After the shortfall is paid to the Bank, Genworth Australia may seek recovery from you</li> <li>If you have paid LDP, we may seek to recover from you any outstanding amount.</li> </ul>
<b>When is Lenders' Mortgage Insurance/Low Deposit Premium applied?</b>	<p>LMI and LDP apply where there is an increased risk associated with your home loan e.g. where the ratio of the loan amount to the value of the property exceeds certain thresholds.</p> <p>LMI and LDP should not be mistaken for separate insurances, such as loan protection insurance which may provide coverage in events such as loss of job, temporary disablement, permanent disablement or death.</p>
<b>What determines the Lenders' Mortgage Insurance Premium or Low Deposit Premium?</b>	<p>LMI premium and LDP is typically based on the size of the deposit you have, and the value of the property. The circumstances of your loan will also determine whether a loan incurs LMI or LDP. You are only required to pay either LMI or LDP.</p>
<b>How much does Lenders' Mortgage Insurance and Low Deposit Premium cost?</b>	<p>Indicative quotes for LMI and LDP can be obtained via the Upfront Cost Calculator which is available on CommBank's website, <a href="http://commbank.com.au/homeloans">commbank.com.au/homeloans</a>, or your lender.</p>
<b>Is the premium refundable?</b>	<p>The premium is not refundable.</p>
<b>Example</b> (for illustrative purposes only)	<ol style="list-style-type: none"> <li>If you want to buy a house valued at \$500,000, we would normally require you to have a \$100,000 deposit (20% of the property value). If you only have a deposit of \$60,000, and sufficient income to support the loan, you can take advantage of Lenders' Mortgage Insurance or Low Deposit Premium. We could then lend you the \$440,000 that you need to buy your new home.</li> <li>If you were self-employed and wanted to buy a house valued at \$500,000 using a low doc loan, we would normally require you to have a \$200,000 deposit (40% of the property value). If you only have a deposit of \$125,000, and sufficient income to support the loan, you can take advantage of Lenders' Mortgage Insurance. We could then lend you the \$375,000 that you need to buy your new home.</li> </ol>