

Lenders Mortgage Insurance
Underwriting Standards and Guidelines
Australia



Effective 26 July 2019

CUSTOMER SERVICE CENTRE



1300 661 118

At Genworth, 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: customerserviceau@genworth.com

Hours: 8.30am to 6.00pm, Monday to Friday (AEST)

Contents

1	Introduction	4
2	Product summary matrix	5
3	Products	6
3.1	Standard LMI	6
3.2	HomeBuyer Plus	6
3.3	Business Select	7
3.4	Family Pledge	7
4	Borrowers and guarantors	9
4.1	Acceptable borrowers	9
4.2	Additional underwriting requirements	9
4.3	Unacceptable borrowers	11
4.4	Packages	11
5	Loan purpose	13
5.1	Acceptable loan purposes	13
5.2	Additional underwriting requirements	13
5.3	Unacceptable loan purposes	15
6	Employment and income	16
6.1	Unacceptable income types	16
7	Serviceability	17
8	Savings and equity	18
8.1	Genuine savings	18
8.2	Non-genuine savings	18
9	Security	19
9.1	Acceptable security	19
9.2	Minimum requirements	20
9.3	Additional underwriting requirements	20
9.4	Unacceptable securities	24
10	Security valuation	25
10.1	Valuation verification	25
11	Loan features	26
11.1	Acceptable loan features	26
11.2	Additional underwriting requirements	26
12	Credit reporting	28
12.1	Ban period	28
13	Documentation	29
13.1	Mandatory documentation required for LMI proposals	29
14	Genworth decision	30
15	Top Ups	31
16	LMI policy variations	32
16.1	Substitution of security	32
16.2	Partial release of security	32
16.3	Variation refund	34
16.4	Loan discharges - cancellations	34
17	Glossary	35

1 Introduction

Who is Genworth and what is LMI?

Genworth Financial Mortgage Insurance Pty Limited (Genworth) 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 Genworth.

The examples given in these Guidelines are not comprehensive. Genworth will consider any LMI proposal that does not meet these Guidelines based on individual merit if the Lender fully supports the LMI proposal. Genworth 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.

Genworth reserves the right to change these Guidelines at any time without prior or subsequent notice.

Lenders responsibility

Genworth 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 Genworth providing LMI under the Master Policy between Genworth and the Lender.

Genworth 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).

Genworth website

Visit genworth.com.au for the following resources:

- [LMI premium estimator](#)
- [Online serviceability calculator](#)
- [Forms](#)

Customer Service Centre

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

2 Product summary matrix

As a means of regulating the level of acceptable LMI risk, Genworth has maximum LVRs, recommended maximum loan amounts and a maximum total exposure to any one borrower limit, as set out below. Maximum LVRs and recommended maximum loan amounts may vary by product, loan purpose and security type and apply on a 'per security' basis.

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%.

Note: Genworth may choose to limit the loan amount or the LVR based on the individual merit of the LMI proposal or the specific loan product. All LVRs excludes LMI Premium Capitalisation unless indicated.

*Genworth will consider any LMI proposal on a case-by-case basis, based on its merits and risks, under Standard LMI product, where the loan amount is above the recommended loan amounts, subject to the maximum total exposure to any one borrower limit. LVR restrictions may apply.

	Standard LMI	Home Buyer Plus	Business Select	Family Pledge
Maximum LVR (owner-occupied)	95%	95%	80%	85%
Maximum LVR (Investment) including LMI Premium Capitalisation	95%	Not available	80%	85%
Owner-occupied	Yes	Yes	Yes	Yes
Investment	Yes	Not available	Yes - excludes refinance	Yes
Recommended maximum loan amount (per security)*	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied
LVR 90.01 - 95%	\$1,150,000	\$700,000	Not available	Not available
LVR 80.01 - 90%	\$1,500,000	Not available	Not available	\$750,000
LVR 70.01 - 80%	\$2,000,000	Not available	\$1,000,000	\$750,000
LVR 0 - 70%	\$2,000,000	Not available	\$1,000,000	\$750,000
Recommended maximum loan amount (per security)*	Investment	Investment	Investment	Investment
LVR 90.01 - 95%	\$1,000,000	Not available	Not available	Not available
LVR 80.01 - 90%	\$1,300,000	Not available	Not available	\$750,000
LVR 70.01 - 80%	\$1,500,000	Not available	\$1,000,000	\$750,000
LVR 0 - 70%	\$2,000,000	Not available	\$1,000,000	\$750,000
Minimum genuine savings/equity - owner-occupied	5% for LVR > 90%	Nil	20%	Nil
Minimum genuine savings/equity - Investment	5% for LVR > 90%	Not available	20%	Nil
Principal and interest (P&I)	Yes	Yes	Yes	Yes
Interest-only not converting to P&I within 10 years	Yes (max LVR 90%)	No	Yes	Not available
Interest-only converting to P&I within 10 years	Yes	Yes	Yes	Yes
Maximum loan term	40 years	40 years	30 years	30 years
Full documentation	Yes	Yes	N/A	Yes
LMI Premium Capitalisation	Yes	Yes	Yes	Yes
NDI	1.00 : 1	1.00 : 1	1.00 : 1	1.00 : 1
Maximum total exposure (to any one borrower)	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
First Home Buyer (Firsthome) premium discount	Yes	Yes	No	Yes
Graduate package	Yes	Yes	No	No

3 Products

This section provides an overview of:

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

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

3.1 Standard LMI

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

3.2 HomeBuyer Plus

Note: All loans with an LVR of 90% or less do not require genuine savings and can now be written using Standard LMI product and pricing.

Available for borrowers, including First Home Buyers, wishing to purchase an owner-occupied property with limited or no savings, or those wishing to use money not sourced from their own savings as a deposit.

Additional underwriting requirements

Loan purpose	<ul style="list-style-type: none">• Owner-occupied only• Excludes:<ul style="list-style-type: none">– Purchase of investment property– Purchase vacant residential land– Construction– Home Improvements– Refinance existing mortgage– Debt Consolidation– Equity Release (cash out)
Security	<ul style="list-style-type: none">• Excludes:<ul style="list-style-type: none">– Vacant Land– Properties exceeding 2.2 hectares
Deposit/equity	<ul style="list-style-type: none">• Source of deposit must be disclosed<ul style="list-style-type: none">– Can include family gift or FHOG• Excludes borrowed funds such as personal loans, credit cards, loans from family members
Borrowers	<ul style="list-style-type: none">• Excludes Expatriates
Repayment type	<ul style="list-style-type: none">• Excludes Interest-only (unless converting to P&I)
Loan features	<ul style="list-style-type: none">• Excludes line of credit (except where taken as part of a Combination Loan)

3.3 Business Select

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

Additional underwriting requirements	
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 Genuine personal savings 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)

3.4 Family Pledge

Available for borrowers, especially First Home Buyers with no deposit, who have an immediate family member 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	
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 genuine savings/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

	<ul style="list-style-type: none"> • Required to have parameters and documentation to manage risks involved with third party guarantee securities. (Genworth does not cover losses eventuating from the pledge guarantee being invalid or unenforceable)
Guarantor/pledge	<ul style="list-style-type: none"> • Borrowers maximum LVR before the pledge is 110% (ie total loan amount ÷ purchase property security value or purchase price) • Guarantors maximum LVR is 50% for the pledge component only (ie total pledge amount ÷ guarantor security property value) • Guarantors 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) • 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 an immediate family member to the borrower (parent, child or sibling) • 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, Genworth 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

4 Borrowers and guarantors

This section provides an overview of:

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

Genworth 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 Genworth, please contact our Customer Service Centre on 1300 661 118 or by email at customerserviceau@genworth.com

4.1 Acceptable borrowers

- Natural person (over the age of 18) who is a citizen or permanent resident of Australia or New Zealand
- Small Proprietary Company incorporated in Australia
- Trustee of a trust
- Trustee of a Self Managed Superannuation Fund (SMSF).

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

4.2 Additional underwriting requirements

Additional underwriting requirements apply to the following borrower types.

4.2.1 Company incorporated in Australia

Additional underwriting requirements

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

4.2.2 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

4.2.3 Trustee of a Self Managed Super Fund

Genworth will insure loans to SMSFs where the Lender has been pre-approved by Genworth to offer this product.

Additional underwriting requirements

Maximum LVR	<ul style="list-style-type: none">• 80% including LMI Premium Capitalisation
Maximum loan amount	<ul style="list-style-type: none">• \$500,000
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 liabilities 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 Genworth 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 9.50%) 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 9.50% 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 These items are not to be included in the serviceability assessment but can be considered to mitigate serviceability shortfall • All sources listed above must be verified over a two year period
Additional assessment requirements	<ul style="list-style-type: none"> • Minimum SMSF net tangible assets of \$150,000 required (prior to loan transaction) • The SMSF must have a minimum liquid asset (interest/dividend earning assets) balance of 10% 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

	<ul style="list-style-type: none"> • 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 9.50% • 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 9.50% 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

4.2.4 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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4.2.5 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

4.3 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 defacto partner of a citizen or permanent resident of Australia or New Zealand)
- Temporary visa holders.

4.4 Packages

4.4.1 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
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Product availability	<ul style="list-style-type: none"> • Standard LMI and HomeBuyer Plus
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

4.4.2 First Home Buyers (Firsthome)

Genworth 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 and HomeBuyer Plus
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

5 Loan purpose

This section provides an overview of:

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

Genworth 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 Genworth, please contact our Customer Service Centre on 1300 661 118 or by email at customerserviceau@genworth.com

5.1 Acceptable loan purposes

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

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

5.2 Additional underwriting requirements

Additional underwriting requirements apply to the following loan purposes.

5.2.1 Purchase of a new or existing residential dwelling (Investment)

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

5.2.2 Construction of a single or duplex residential dwelling

Licensed builder

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product limit if lower) LVR is the loan amount as a percentage of the lesser of the cost (land value plus 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

5.2.3 Refinance of an existing loan

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product limit if lower) 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

5.2.4 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)
<ul style="list-style-type: none"> The loan amount must not exceed 100% of the purchase/contract price 		

5.2.5 Home Improvements/renovations

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% 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

5.2.6 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

5.2.7 Debt Consolidation

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 95% (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 credit card and personal debt conduct over the previous three months

5.2.8 Equity Release (cash out)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• > 85% LVR and ≤ 95% LVR – cash out component is limited to 20% of the security value• ≤ 85% LVR – no limit applicable to cash out component• LVR is to be calculated using the valuation amount

5.3 Unacceptable loan purposes

Genworth 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.

6 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 all current regulatory requirements.

To utilise income derived from self-employed means, Genworth 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.

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

6.1 Unacceptable income types

Genworth does not accept the following income sources:

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

7 Serviceability

Genworth uses a Net Disposable Income (NDI) method to assess the risk related to a borrower's ability to meet regular fixed commitments. Regular reviews of our floor rate and buffers are completed to ensure that all responsible lending practices are adhered to.

The method Genworth has adopted allows us to determine whether the current interest rate buffer and 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	
NDI	<ul style="list-style-type: none">• To meet Genworth's serviceability requirements, the NDI ratio must be at least 1.00 : 1
Net Monthly Cash Surplus (NMCS)	<ul style="list-style-type: none">• To meet Genworth's serviceability requirements, the Net Monthly Cash Surplus must be greater than 0 (zero)
Genworth Assessment Rate	<ul style="list-style-type: none">• When using the Genworth Serviceability Calculator, proposed loan repayments and all other mortgage commitments are calculated at the higher of the:<ul style="list-style-type: none">– actual borrowing rate plus a buffer of at least 2.50% per annum; or– Genworth Floor Rate

8 Savings and equity

This section provides an overview of:

- sources of genuine savings/equity that are acceptable to Genworth for the purposes of LMI
- additional underwriting requirements, including verification, that apply to genuine savings/equity
- sources of non-genuine savings.

Genworth will consider LMI for any other savings type not listed below, other than [non-genuine savings](#). If you would like to discuss an LMI proposal before submitting to Genworth, please contact our Customer Service Centre on 1300 661 118 or by email at customerserviceau@genworth.com

8.1 Genuine savings

Genuine savings must be held in the borrower's name and can include any combination of the following sources:

- Funds held or accumulated in savings accounts for three months or more
- First Home Saver Account or First Home Super Saver Scheme (initiative by the Australian Government)
- Equity in, or funds from, sale of residential property
- Term deposits held for three months or more
- Shares held for no less than the last three months
- Accelerated loan repayments – where savings have been sacrificed by making accelerated loan repayments over the last three months, the amount of the excess repayments, can be accepted in lieu of genuine savings.

Where genuine savings have not been held for three months, evidence of satisfactory rental payment history can be used to mitigate the genuine savings requirement. The following additional underwriting requirements apply:

- Owner-occupied purchases only
- All borrowers must be First Home Buyers and meet [Genworth's Firsthome](#) requirements
- Funds cannot be borrowed (ie personal loans, credit cards or loans from family members)
- Lump sum payments such as bonuses, tax refunds and proceeds from sale of assets, can be accepted
- First Home Owner Grants (FHOGs) can be accepted at the time of application to contribute to the 5% savings/deposit requirement
- All funds required to complete the purchase transaction (deposit plus settlement disbursements minus the FHOG), must be evident at the time of application.
- Satisfactory rental payment history to be meet the following requirements:
 - History demonstrated over a minimum of 3 months
 - History should confirm rental payments are up to date, with no missed or late (greater than 7 days) rental payments evidenced

Minimum genuine savings are required as follows:

Product	LVR	Genuine savings/equity requirement
Standard LMI	> 90%	5%
Business Select	Any	20%
HomeBuyer Plus	Any	Nil

8.2 Non-genuine savings

Non-genuine savings do not contribute towards the 5% genuine savings requirement and include the following sources:

- Gifts or inheritance (unless savings have been sacrificed by making accelerated loan repayments - see genuine savings above)
- Proposed Savings Plans or Rental Purchase Plans of any kind
- Sale of assets (other than real estate) for example, motor vehicles
- FHOG
- Funds held in company/business accounts
- Builder's or vendor's rebate/incentive.

9 Security

This section provides an overview of:

- security types that are acceptable to Genworth for the purposes of LMI
- additional underwriting requirements, including verification, that apply to specific security types
- unacceptable security types.

Genworth 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 Genworth, please contact our Customer Service Centre on 1300 661 118 or by email at customerserviceau@genworth.com

9.1 Acceptable security

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

Security type	Standard LMI	HomeBuyer Plus	Business Select	Family Pledge
Residential dwelling (house, townhouse, villa, unit, apartment)	95%	95%	80%	85%
Vacant Land (up to 2.2 hectares)	95%	Not available	80%	Not available
Rural/Rural Residential (up to 50 hectares)	95%	Not available	Not available	Not available
High Density apartment/unit/townhouse (or similar security type)				
— New apartment/unit	80%	N/A	80%	80%
— Existing apartment/unit (resales > six months)	90%	N/A	80%	85%
— Graduate package loan	95%	95%	Not available	Not available
Transportable home and Relocated home	95%	95%	80%	85%
New house and land package and Display Homes	95%	95%	80%	85%

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

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

9.2 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 and VIC are only acceptable if the development has been fully completed)
 - Crown Leasehold
 - 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 (ie 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, Genworth will limit the exposure to the borrower to a maximum of four units or 25% of a development, whichever is the lower.

9.3 Additional underwriting requirements

Additional requirements apply to the following security types.

9.3.1 Vacant Land

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> • 95% (or product 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 vacant unimproved land can be zoned residential, Rural Residential or Rural

9.3.2 Rural/Rural Residential

Additional underwriting requirements			
Maximum LVR	Size	Maximum LVR	Location
	Up to 50 hectares	95% (or product 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. ie barns, orchards, stables etc 		

9.3.3 High Density apartment/unit

Additional underwriting requirements		
Maximum LVR	Type	Maximum LVR
	New apartment/unit	80%
	Existing apartment/unit (resales > six months)	90% (or product limit if lower)
	Graduate Package loan	95%
Other	<ul style="list-style-type: none"> • Apartment/unit located within a postcode defined as a High Density location as per the table below • Part of a development comprising more than 10 apartments/units • Valuation 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
2017-2018	3000	4000	5000	6000	800	NA
2020	3003	4006				
2077	3006	4101				
2113	3008	4209				
2121		4215				
2127		4217-4218				
2145						
2150						
2155						
2170						
2250						
2750						

9.3.4 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 secured wholly or partially by an Investment/rental property

9.3.5 National Rental Affordability Scheme (NRAS)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> • 90% (or product 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
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 Genworth prior to the submission of any new loan proposal secured by a property participating in an NRAS scheme for that consortium

9.3.6 Display homes

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 95% (or product limit if lower)
Other	<ul style="list-style-type: none">• Genworth will assess rental income at normal market rates based on the valuation or existing tenancy agreement• 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

9.3.7 Pre-fabricated Kit Home (transportable home)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 95% (or product limit if lower)
Other	<ul style="list-style-type: none">• The construction of a pre-fabricated 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 (ie water, sewerage, electricity) and fixed to the ground to prevent easy removal

9.3.8 Relocated Home

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 95% (or product limit if lower)
Other	<ul style="list-style-type: none">• Genworth 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

9.3.9 New house and land package

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 95% (or product 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

9.3.10 Builder/Developer Sale (New Property)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">• 95% (or product 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 mortgage-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

9.3.11 Property sold by Private Sale

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product 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

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

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product 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/genuine savings 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

9.3.13 Split Contract Residential Security (party or common wall)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product limit if lower)
Security	<ul style="list-style-type: none"> Genworth 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

9.3.14 Third party mortgages/guarantees

The table below outlines third party relationships that Genworth 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

9.3.15 Cross Collateralisation

Genworth 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 mortgagor 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

9.4 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
- 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
-

10 Security valuation

To obtain approval for LMI, the valuation must be prepared in accordance with [Genworth's Valuation Minimum Standards](#) and be prepared by a suitably qualified valuer and valuation firm.

Genworth prefers the Australian Property Institute (API) Property Pro 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.

10.1 Valuation verification

A standard valuation report (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 Genworth 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 valuation 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 Genworth
- 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.

11 Loan features

This section provides an overview of:

- loan features that are acceptable to Genworth 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 Genworth, please please contact our Customer Service Centre on 1300 661 118 or by email at customerserviceau@genworth.com

11.1 Acceptable loan features

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

11.2 Additional underwriting requirements

Additional underwriting requirements apply to the following loan features.

11.2.1 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		

11.2.2 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 (ie 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 Genworth 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 – eg \$20,000 line of credit Interest-only and \$80,000 loan P&I – interest rate type - example fixed/variable for each loan component 	

11.2.3 Split borrowings (same borrowers with common security)

Additional underwriting requirements

- Genworth 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
- Genworth will calculate the LMI premium based on the combined exposure and apportion between the loans

11.2.4 Parenting Repayment Break

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

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– Lenders approval of Parenting Repayment Break– re-amortisation, serviceability calculations and– income evidence (if applicable)

12 Credit reporting

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

- 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).*

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

12.1 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, Genworth will not consider an application for LMI
- The Lender will need to advise Genworth when the ban period is lifted as the credit reporting agency does not send an automatic notification.

13 Documentation

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

- Genworth 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 Genworth 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.

13.1 Mandatory documentation required for LMI proposals

Mandatory documents to be sent to Genworth

- A completed [Genworth 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

14 Genworth decision

- After the LMI proposal has been assessed, Genworth 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 Genworth has fully assessed and approved an LMI proposal
- A Conditional Approval Advice is issued after assessment subject to satisfactory valuation only.

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, Genworth may consider accepting the LMI premium
- Each LMI proposal must be referred to the Genworth'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 Genworth for reassessment in the normal fashion.

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

Payment of LMI premium

- Following approval (acceptance) of the LMI proposal, the LMI premium must be paid to Genworth 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).

15 Top Ups

Minimum underwriting requirements

Documentation requirements	<ul style="list-style-type: none"> • A completed Genworth LMI proposal form • Documentation will be required as per Documentation section of these Guidelines
Maximum LVR	<ul style="list-style-type: none"> • 95% (or product limit if lower) • When calculating the total loan limit and LVR, the Scheduled Balance on existing loan, plus the new loan are to be used
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 (eg 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 is insured by Genworth	<ul style="list-style-type: none"> • The LMI premium for a Top Up will be calculated on the total exposure (Scheduled Balance plus Top Up amount) at the new LVR • The LMI premium amount previously paid on the existing insured loan, and any subsequent Top Ups, will be deducted from the new LMI premium as a Premium Credit • The original LMI policy (and any prior Top Up policies) will be superseded by the new Top Up LMI policy for the total insured amount
LMI premium - where original loan is not insured by Genworth	<ul style="list-style-type: none"> • Additional advances that subsequently require LMI where the existing loan is not already insured by Genworth will be treated as a new LMI proposal for the total loan amount • The LMI premium is calculated on the total exposure (existing Scheduled Balance plus additional advance) • No Premium Credit will apply
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

16 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 additional borrowings, an extended term, or even a change to the security property.

16.1 Substitution of security

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

16.1.1 LVR and loan amount remain the same or decrease

Minimum underwriting requirements

Documentation requirements	<ul style="list-style-type: none">• A completed Genworth 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

16.1.2 LVR or loan amount increases within Guidelines

Minimum underwriting requirements

Documentation requirements	<ul style="list-style-type: none">• A completed Genworth 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

16.2 Partial release of security

Where an insured loan is secured by mortgage over more than one property, and one or more of the securities is to be sold, Genworth will consider a variation to the LMI policy subject to the minimum requirements set out below.

16.2.1 LVR remains the same or decreases

Minimum underwriting requirements

Documentation requirements	<ul style="list-style-type: none">• A completed Genworth 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

16.2.2 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 Genworth 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 • 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

16.2.3 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 Genworth 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

16.2.4 LVR increases outside of Guidelines (resulting from Hardship)

Variations resulting from a Hardship must be submitted to our Hardship team by email at hardship@genworth.com or fax to 1300 135 759

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> • A completed Genworth 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 • Valuation of outgoing security not older than 90 days • 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 is required that full net proceeds are being applied to the loan

16.2.5 LVR increases outside of Guidelines (not resulting from Hardship)

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> • A completed Genworth 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 • Valuation of outgoing security not older than 90 days • 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 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

16.3 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
- 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 Genworth from borrowers regarding refunds will be forwarded to the Lender to address.

16.4 Loan discharges - cancellations

- The Lender is to advise Genworth as soon as the loan has been fully repaid so that the LMI policy can be cancelled in our system and any refund 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 Genworth 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 Genworth 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 Genworth from borrowers regarding refunds will be forwarded to the Lender to address.

17 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
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
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
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
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
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
Genworth Assessment Rate	This is the higher of the Genworth Floor Rate or the actual borrowing rate plus an interest rate buffer of 2.50% per annum.
Genworth Floor Rate	This is the minimum interest rate Genworth uses to 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 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	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
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 Genworth 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 borrowers cost of the LMI premium (including stamp duty on the LMI premium) to the Base Loan Amount. This total is then paid from the loan account. Borrowers can avoid paying the LMI premium up front and can amortise this payment over the term of their 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 proposal, the Premium Credit is the total amount of any premiums previously paid (less stamp duty) in respect of the existing insured loan for the same borrowers and the same 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 Genworth that is either added to the existing loan or maintained in a separate loan account
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