























Additional assessment requirements	<ul style="list-style-type: none"> <li>• Minimum SMSF net tangible assets of \$150,000 required (prior to loan transaction)</li> <li>• 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</li> </ul>
Other exclusions	<ul style="list-style-type: none"> <li>• Top Ups</li> <li>• Substitution of security</li> </ul>
Lender responsibility	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• SMSF Trustee borrowers and guarantors must obtain independent legal and financial advice and proof of such advice must be retained on the loan file</li> <li>• Lender has verified guarantors' financial position as being able to meet the obligations under the guarantee</li> <li>• Lender to pursue guarantors issuing all notices up to and including the Notice of Demand prior to making LMI claim</li> </ul>
Additional Lender verification requirements	<ul style="list-style-type: none"> <li>• Pay slips for PAYG SMSF beneficiaries showing mandatory superannuation contributions at 9.50%</li> <li>• Statement from SMSF Trustee verifying mandatory super contributions by Self-Employed beneficiaries for the past two years</li> <li>• Letter from Government employers that have higher than 9.50% mandatory super - this can apply if employment term exceeds two years</li> <li>• 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</li> </ul> <p><b>Note:</b> 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"> <li>• Proof of expenses for SMSF - if new, letter estimating costs from an accountant or financial planner; or if established, previous year's invoices/receipts</li> </ul>

#### 4.2.4 Permanent residents of Australia

##### Additional underwriting requirements

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

##### Additional underwriting requirements

Documentation	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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</li> </ul>

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

### 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"> <li>• Standard LMI, Family Pledge and HomeBuyer Plus</li> </ul>
Borrower eligibility	<ul style="list-style-type: none"> <li>• To be eligible for this initiative, all borrowers must be either: <ul style="list-style-type: none"> <li>– eligible for the government's FHOG (where applicable), or</li> <li>– a genuine First Home Buyer (where FHOG is not applicable)</li> </ul> </li> </ul>
Additional Lender verification requirements	<ul style="list-style-type: none"> <li>• Where the FHOG applies, the Lender is required to obtain and hold written evidence of the FHOG eligibility</li> <li>• Where there is no FHOG, however First Home Buyer stamp duty concessions apply, the Lender is required to obtain written evidence of eligibility</li> <li>• 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"> <li>– Asset and Liabilities Statement which may show existing real estate assets in the borrower's name; and/or</li> <li>– credit bureau report which may indicate the existence of any previous mortgages/loans</li> </ul> </li> <li>• Evidence of the Lenders enquiries must be retained on the loan file</li> </ul>

## 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 lender responsibilities, 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](mailto: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 ( <b>owner-occupied</b> )	95%	95%	80%	85%
Purchase of a new or existing residential dwelling ( <b>Investment</b> )	90%	Not available	80%	85%
Purchase of vacant residential land*	95%	Not available	80%	Not available
Construction of a single or duplex residential dwelling ( <b>owner-occupied</b> )	95%	Not available	80%	85%
Construction of a single or duplex residential dwelling ( <b>Investment</b> )	90%	Not available	80%	85%
Refinance dollar for dollar plus reasonable costs ( <b>owner-occupied</b> )	95%	Not available	80%	Not available
Refinance dollar for dollar plus reasonable costs ( <b>Investment</b> )	90%	Not available	Not available	Not available
Refinance with additional funds ( <b>cash out</b> )	90%	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	90%	Not available	Not available	85%
Equity Release (cash out)	90%	Not available	Not available	Not available

\* 90% LVR is the maximum allowable where security is investment.

### 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

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> <li>• 95% <b>plus</b> LMI Premium Capitalisation where security is wholly owner-occupied property</li> <li>• 90% <b>plus</b> LMI Premium Capitalisation where security is wholly or partially investment property</li> </ul>

## 5.2.2 Construction of a single or duplex residential dwelling

### Licensed builder

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

### Owner-builder

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> <li>50% of the expected on-completion valuation</li> </ul>

## 5.2.3 Refinance of an existing loan

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> <li>95% (or product limit if lower) if dollar for dollar.</li> <li>90% (or product limit if lower) if combined with equity release, controlled funds or debt consolidation</li> <li>LVR is to be calculated using the valuation amount</li> </ul>
Lender responsibility	<ul style="list-style-type: none"> <li>Lenders are responsible to ensure that the borrower is not in a worse position following Refinance</li> <li>Verify satisfactory repayment history by completing a review of loan conduct over the previous six months via either loan statements, or CCR and repayment history information. Evidence of the review to be documented by lender.</li> </ul>

## 5.2.4 Off-the-Plan Strata Purchase\*

Additional underwriting requirements		
Maximum LVR	<b>Contract of sale signed</b>	<b>Maximum LVR</b>
	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"> <li>The loan amount must not exceed 100% of the purchase/contract price</li> </ul>		

## 5.2.5 Home Improvements/renovations\*

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> <li>95% of revised (on-completion) valuation, as confirmed by a qualified valuer</li> </ul>
Lender responsibility	<ul style="list-style-type: none"> <li>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</li> </ul>

## 5.2.6 Bridging Loan

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> <li>85% (or product limit if lower) based on total exposure including capitalised interest for term of the Bridging Loan</li> <li>Upon sale of the existing property the residual LVR is not to be any greater than that approved for the Bridging Loan</li> </ul>
Serviceability	<ul style="list-style-type: none"> <li>A serviceability calculation must be completed to ensure serviceability requirements are met based on 100% of the proposed residual debt</li> </ul>
Loan term	<ul style="list-style-type: none"> <li>Up to a maximum of 12 months</li> </ul>
Repayment type	<ul style="list-style-type: none"> <li>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</li> </ul>

## 5.2.7 Debt Consolidation

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

## 5.2.8 Equity Release (cash out)

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

\*90% LVR is the maximum allowable where security is investment.

## 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](mailto: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	
Genworth NDI Ratio	<ul style="list-style-type: none"><li>• To meet Genworth's serviceability requirements, the NDI ratio must be at least 1.00 : 1</li></ul>
Genworth Assessment Rate	<ul style="list-style-type: none"><li>• When using the Genworth Serviceability Calculator, proposed loan repayments and all other mortgage commitment are calculated at the higher of the:<ul style="list-style-type: none"><li>– actual borrowing rate plus a buffer of at least 2.50% per annum; or</li><li>– Genworth Floor Rate</li></ul></li></ul>

## 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](mailto: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 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](mailto: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	90%	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 (i.e. selling period above agreed parameters)
- At least 40 m<sup>2</sup> 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 m<sup>2</sup>
- 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"> <li>• 95% (or product limit if lower)</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Security must conform to the following:               <ul style="list-style-type: none"> <li>– Land size not to exceed 2.2 hectares</li> <li>– Electricity must be connected (or available for connection) to property</li> </ul> </li> <li>• The vacant unimproved land can be zoned residential, Rural Residential or Rural</li> </ul>

### 9.3.2 Rural/Rural Residential

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

### 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"> <li>Apartment/unit located within a postcode defined as a High Density location as per the table below</li> <li>Part of a development comprising more than 10 apartments/units</li> <li>Valuation are to include comparable sales outside the development, and details of any resales within the development</li> <li>LVR and concentration restrictions may apply to individual developments</li> <li>A minimum floor size of 40 m<sup>2</sup> in living area, excluding balconies and car space</li> </ul>	

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"> <li>90% (or product limit if lower) plus LMI Premium Capitalisation where secured wholly or partially by an Investment/rental property</li> </ul>

### 9.3.5 National Rental Affordability Scheme (NRAS)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> <li>90% (or product limit if lower)</li> </ul>
Loan purpose	<ul style="list-style-type: none"> <li>Purchase of newly completed dwelling</li> <li>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</li> <li>Dollar for dollar Refinance of existing NRAS properties</li> <li>Excludes: <ul style="list-style-type: none"> <li>Vacant Land</li> <li>Off-the-Plan Strata Purchases</li> <li>Equity Release (cash out)</li> </ul> </li> </ul>
Serviceability	<ul style="list-style-type: none"> <li>Serviceability assessment to include the market rental as per the Valuation Report, discounted to 65%</li> <li>Tax free incentive to be excluded from serviceability assessment</li> </ul>
Valuation	<ul style="list-style-type: none"> <li>The qualified valuer is to note that the property is part of the NRAS</li> </ul>
Exposure	<ul style="list-style-type: none"> <li>Maximum of 25% exposure to an individual development</li> </ul>
Eligible consortiums	<ul style="list-style-type: none"> <li>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</li> </ul>

### 9.3.6 Display homes

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"><li>• 95% (or product limit if lower)</li></ul>
Other	<ul style="list-style-type: none"><li>• Genworth will assess rental income at normal market rates based on the valuation or existing tenancy agreement</li><li>• 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"><li>– There is no reliance on rental income from the security, or</li><li>– 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</li></ul></li></ul>

### 9.3.7 Pre-fabricated Kit Home (transportable home)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"><li>• 95% (or product limit if lower)</li></ul>
Other	<ul style="list-style-type: none"><li>• 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</li><li>• The dwelling must be connected to all normal services (i.e. water, sewerage, electricity) and fixed to the ground to prevent easy removal</li></ul>

### 9.3.8 Relocated Home

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

### 9.3.9 New house and land package

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"><li>• 95% (or product limit if lower)</li></ul>
Other	<ul style="list-style-type: none"><li>• 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</li><li>• Where builder rebates and/or incentives are noted, the value of the rebate and/or incentive will be discounted from the purchase price</li></ul>

### 9.3.10 Builder/Developer Sale (New Property)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"><li>• 95% (or product limit if lower)</li></ul>
Other	<ul style="list-style-type: none"><li>• Where builder/developer rebates and/or incentives are noted, the value of the rebate and/or incentive will be discounted from the purchase price</li><li>• Any clause or provision in the contract of sale or affecting the title that restricts the ability to sell the property on the open market if the property is sold by the lender exercising its power of sale as the mortgagee-in-possession or borrower conducting a borrower sale (i.e. a sale by the borrower in lieu of the lender exercising its power of sale) is unacceptable for LMI. If there are restrictions on selling the property known (e.g. noted in a valuation) to the lender, the lender must confirm in writing that the clauses do not apply in the event of mortgagee-in-possession or borrower sale</li></ul>

### 9.3.11 Property sold by Private Sale

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

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

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

### 9.3.13 Split Contract Residential Security (party or common wall)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> <li>95% (or product limit if lower)</li> </ul>
Security	<ul style="list-style-type: none"> <li>Genworth will only accept this security:               <ul style="list-style-type: none"> <li>once the development is fully complete</li> <li>the subject unit can be occupied, and</li> <li>individual titles have been issued</li> </ul> </li> </ul>
Valuation	<ul style="list-style-type: none"> <li>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</li> </ul>

### 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 m<sup>2</sup> (minimum of 40 m<sup>2</sup> outside metro areas)
- Properties subject to the Western Lands Act
- Properties adversely impacted by mine subsidence
- Dual key apartments
- Serviced apartments, or apartments that are subject to a management agreement
- Strata title hotel/motel room
- Studio apartment or bedsitter (no separate bedroom)
- Properties that are unique, or have restrictive usage
- Any property that is 'landlocked' (i.e. the property does not have street access)
- Known flood height level is higher than the floor level
- Multiple occupancy security (more than two dwellings on the title)
- Located on an island without sealed road connection to mainland
- Security boundary located within 50 metres of high voltage transmission lines
- Vacant land exceeding 2.2 hectares
- NDIS purpose-built properties



## 10 Security value

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

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

### 10.1 Short Form / Long Form Valuation Requirements

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

For a Valuation to be acceptable to 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 value of a security is not to include any component for GST
- The qualified valuer must state that the security property is suitable for mortgage lending purposes and may be relied upon by 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.

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.

### 10.2 Desktop Assessment Requirements

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

Additional underwriting requirements		
Maximum limits	LVR	90%
	Loan amount	\$1,350,000
	Security value	\$1,500,000
Loan Purpose exclusion	• Construction	
Security	• Single existing residential dwellings • Land size of security not to exceed 2 hectares • Security must be located in an approved postcode location (refer list below)	
Security exclusions	• Any security that requires an extended selling period of more than 6 months • Any security property known to be incomplete or under construction • Off the plan / new dwelling (i.e. has never been sold) • Any known heritage or environmental risks impacting the property • Vacant land	
Security condition	• The security property will be deemed by Genworth to be readily saleable and in habitable condition as at the date of the Desktop Assessment for all purposes associated with lenders mortgage insurance.	









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

## 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](mailto: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).\*
- Where the lender received CCR information, the Lender must:
  - Investigate and address any open accounts evidenced in the CCR to ensure satisfactory account conduct\*
  - Investigate and address any undisclosed liabilities referred to in the CCR\*

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

### 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"> <li>• A completed <a href="#">Genworth LMI proposal form</a></li> <li>• Documentation will be required as per <a href="#">Documentation</a> section of these Guidelines</li> </ul>
Maximum LVR	<ul style="list-style-type: none"> <li>• 95% <b>plus</b> LMI Premium Capitalisation where security is wholly owner-occupied property</li> <li>• 90% <b>plus</b> LMI Premium Capitalisation where security is wholly or partially investment property When calculating the total loan limit and LVR, the Scheduled Balance on existing loan, plus the new loan are to be used</li> </ul>
Loan Purpose	<ul style="list-style-type: none"> <li>• Purchase, Construction, Home improvement, Refinance (dollar for dollar) will be considered at 95% <b>plus</b> LMI Premium Capitalisation</li> <li>• Refinance, Equity Release/Cash out, Debt Consolidation, Controlled Funds will be considered at 90% <b>plus</b> LMI Premium Capitalisation</li> </ul>
Other requirements	<ul style="list-style-type: none"> <li>• Must satisfy these Guidelines</li> </ul>

### Additional underwriting requirements

Credit history	<ul style="list-style-type: none"> <li>• Acceptable repayment history for at least the past three months</li> </ul>
Existing loan history	<ul style="list-style-type: none"> <li>• Existing loan must have been operating for at least three months</li> <li>• Only one Top Up permitted within any three month period</li> <li>• A written explanation is required where full monthly contractual repayments have not been made (e.g. Parenting Repayment Break)</li> </ul>
Loan term	<ul style="list-style-type: none"> <li>• Remaining loan term must not exceed maximum allowable term for product</li> </ul>
LMI premium - where original loan insured by Genworth	<ul style="list-style-type: none"> <li>• The LMI premium for a Top Up will be calculated on the total exposure (Scheduled Balance plus Top Up amount) at the new LVR</li> <li>• 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</li> <li>• 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</li> </ul>
LMI premium - where original loan is not insured by Genworth	<ul style="list-style-type: none"> <li>• 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</li> <li>• The LMI premium is calculated on the total exposure (existing Scheduled Balance plus additional advance)</li> <li>• No Premium Credit will apply</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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</li> <li>• Pricing will be calculated using the LMI premium rate for the new LMI product</li> </ul>

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

#### 16.1.2 LVR or loan amount increases within Guidelines

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

### 16.2 Partial release of security

Where a subdivision or boundary realignment is to occur on an existing security property, or where an insured loan is secured by mortgage over more than one property, and one or more of the securities is to be sold, 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"><li>• A completed <a href="#">Genworth LMI variation form</a> including confirmation of residual loan amount and LVR</li><li>• Full valuation of remaining security not older than 90 days</li></ul>
Other requirements	<ul style="list-style-type: none"><li>• The residual loan amount, LVR and security must satisfy the Guidelines</li></ul>
LMI premium	<ul style="list-style-type: none"><li>• No fee or additional LMI premium will apply</li><li>• Original LMI policy will remain in force and a <a href="#">variation refund</a> will not apply</li></ul>

## 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"> <li>• A completed <a href="#">Genworth LMI variation form</a> including confirmation of residual loan amount and LVR</li> <li>• Current assets and liabilities</li> <li>• Full valuation of remaining security not older than 90 days</li> <li>• Contract of Sale for outgoing security</li> <li>• 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</li> </ul>
Other requirements	<ul style="list-style-type: none"> <li>• Must satisfy these Guidelines</li> </ul>
LMI premium	<ul style="list-style-type: none"> <li>• A fee of \$500 will apply</li> <li>• The original LMI policy will remain in force, and a <a href="#">variation refund</a> will not apply</li> </ul>

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

## 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](mailto:hardship@genworth.com)

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> <li>• A completed <a href="#">Genworth Hardship application form</a></li> <li>• Confirmation that all avenues have been exhausted to reduce LVR to maximum product LVR</li> <li>• Declaration (by Lender/funder) that borrower is in a distressed financial situation</li> <li>• Valuation of remaining security not older than 90 days</li> <li>• Valuation of outgoing security not older than 90 days</li> <li>• Contract of Sale for outgoing security</li> <li>• 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</li> </ul>

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

Minimum underwriting requirements	
Documentation requirements	<ul style="list-style-type: none"> <li>• A completed <a href="#">Genworth LMI variation form</a> including confirmation of residual loan amount and LVR</li> <li>• Confirmation all avenues have been exhausted to reduce LVR to maximum product LVR</li> <li>• Confirmation Hardship assistance is not required</li> <li>• Full set of mandatory documentation as per the <a href="#">Documentation</a> section of these Guidelines</li> <li>• Valuation of remaining security not older than 90 days</li> <li>• Valuation of outgoing security not older than 90 days</li> <li>• Contract of Sale for outgoing security</li> <li>• 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</li> </ul>
Other requirements	<ul style="list-style-type: none"> <li>• Amendments falling under this scenario will be considered on an exception basis only</li> <li>• Must satisfy these Guidelines</li> <li>• A risk-based fee determined on application will apply</li> <li>• The original LMI policy will remain in force, and a <a href="#">variation refund</a> will not apply</li> </ul>

## 16.3 Borrower amendments

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

### 16.3.1 Release &/or addition of a borrower

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

### 16.3.2 Change of borrower name

Applicable where a borrower has legally changed their name.

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

## 16.4 Variation refund

- For loan variations such as substitution of security and partial release of security, and any others, which increase the exposure or risk, a new LMI proposal and LMI premium will apply
- A variation refund in respect of the existing LMI policy may be payable
- 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.

## 16.5 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 (if applicable) due calculated
- A cancellation refund may not be payable where a reduced LMI premium has been paid
- No refund is payable where:
  - separate arrangements are in place with the Lender for a reduced LMI premium rate in lieu of taking premium refunds; or
  - the loan is repaid within one year of the maturity date of the mortgage; or
  - the notification of cancellation of the LMI policy is received by 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
AVM	Automated Valuation Model
AVM Provider	Is a company or organisation that provides AVM's
Base Loan Amount	The Base Loan Amount is the loan amount approved before adding the LMI premium charge
Borrowers of Convenience	A borrower that is added to the loan application to provide serviceability and/or security support but does not receive a tangible benefit from the loan transaction. Borrowers must have a beneficial interest in the loan transaction either by way of joint ownership of the security and/or dependence on the mortgagor in a marital or de facto relationship
Bridging Loan	A Bridging Loan enables a borrower to purchase another home prior to completing the sale of an existing property. The Lender takes a mortgage over both the existing and the new property pending the sale of the existing home
Buffer Rate	Rate set by APRA as the minimum buffer applied to the actual borrowing rate for serviceability purposes.
Builder/Developer Sale	Properties purchased directly from a builder or developer and may be in the form of a house and land package, Vacant Land, house, home unit, villa or townhouse
Combination Loan	Allows a borrower to structure their loan to combine a line of credit facility with a P&I loan
Comprehensive Credit Reporting (CCR)	A Comprehensive Credit Report being a report that includes credit information concerning a borrower such as repayment history of accounts, account open and closed dates, credit enquiries and other information
Construction Loan	A Construction Loan enables a borrower to build a single or duplex residential property on an existing block or vacant residential land, or to carry out structural improvements to an existing dwelling, either for owner occupation or investment purposes
COS	Contract of Sale
Cross Collateralisation	Cross Collateralisation allows Lenders to use equity in all properties held as security by that Lender, to secure all debts outstanding for the same borrower
Debt Consolidation	Debt Consolidation enables a borrower to consolidate existing consumer loans with their home loan, all in one new loan. Examples of consumer loans are personal loans, car loans, credit cards etc. As a consequence of consolidation of all existing debts, the borrower has only one monthly repayment, which in many cases may improve their serviceability and reduce their commitment level
Desktop Assessment	A written assessment or report of value of the security property prepared, without undertaking an internal or external inspection of that property, by a Valuer and issued by Desktop Assessment Provider. The value may also be described in the assessment or report as an assessed value. A Desktop Assessment may also be known as a Desktop Valuation or Residential Desktop Assessment.
Equity Release (cash out)	Includes any loan, or component of a loan where the loan funds are released directly to the borrower, regardless of the proposed purpose
Expatriates	Australian citizens living and working either permanently or temporarily in any country other than Australia
First Home Owner Grant (FHOG)	A grant available to Australians who are buying or building their first home and have not previously owned a home, either jointly, separately or with another person
First Home Super Saver Scheme	The initiative by the Australian Government aimed at assisting Australians aged 18 and over to save for their first home. This scheme allows borrowers save money for their first home within their superannuation fund. This can be achieved by making additional contributions to superannuation funds (before or after tax) up to a maximum \$30,000
First Home Saver Account	The initiative by the Australian Government aimed at assisting Australians aged 18 and over to save for their first home. The government will contribute 17% on the first \$5,000 (indexed) of individual contributions made each year with a capped balance of \$90,000
First Home Buyer	Borrowers purchasing an owner-occupied or investment property for the first time.
Funding Program	A Funding Program is an organisation that provides funding and credit criteria for the origination of mortgages by a third party

FSD	Forecast Standard Deviation. It may also be associated with a confidence score.
Genworth Assessment Rate	This is the higher of the Genworth Floor Rate or the actual borrowing rate plus a buffer of 2.50%.
Genworth Floor Rate	This is the minimum rate Genworth will assess serviceability of a proposal.
Hardship	Where a borrower is experiencing difficulties in meeting their mortgage repayments due to unforeseen circumstances or an unexpected life event
High Density	A High Density apartment/unit is a strata titled home unit or apartment located within a postcode defined as a High Density location as per the <a href="#">High Density postcode list in section 9.3.3</a> , 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