Portfolio Lenders Mortgage Insurance

Helia offers Portfolio Lenders Mortgage Insurance (LMI) for lenders looking to insure a pool of loans secured by residential property. Portfolio LMI, also known as Pool LMI, transfers the credit risk associated with shortfall losses on residential mortgages to Helia.

This cover can be used for residential mortgage-backed security (RMBS) transactions or other risk mitigation and capital optimisation purposes.

At Helia, we understand that you may have diverse portfolios requiring LMI cover. We will work with you to provide a solution that best addresses your needs, including coverage on the entire pool or a segment if requested.

Portfolio LMI supports the lender

- Risk protection - LMI provides protection from losses if the borrower defaults on loan repayments and you (the lender) are unable to recover the outstanding amount from the security property. This reduces your credit risk and promotes greater investor confidence in RMBS transactions.
- Lower funding costs – By providing credit enhancement, LMI can reduce the subordination levels required for higher credit ratings and lower the weighted average cost of funding for issuers.
- Access to investors – LMI can make RMBS more appealing to a broader range of investors, further supporting competitive funding rates.
- Capital efficiency – Lenders can optimise their use of capital as they may require lower levels of regulatory capital for insured loans.
- Asset sales – LMI can help access additional sources of liquidity when selling high LVR loan portfolios to other lenders.

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Application process

1. Contact us via email (PortfolioLMI@helia.com.au) to discuss the loan pool and your requirements.
2. If you wish to proceed, you will be requested to provide a dataset. We will provide you with our mandatory data fields.
3. A quote is provided 5 to 10 business days after we have received the complete dataset. To prepare the quote we review the dataset, perform a risk assessment and remove excluded loans. Our quotes are subject to our subsequent sample audit.
4. Once pricing is agreed, Helia conducts a sample audit. The audit involves a review of the loan documentation and relevant credit policies. If any major issues are identified during the review, we will share this information with you and discuss your options.
5. The audit and subsequent execution of legal documents take 5 to 10 business days.
6. After audit completion, we will send an invoice and LMI cover will commence on payment.

Please note: timeframes may vary depending upon the size and complexity of the transaction.

Exclusions

The following standard exclusions apply:

- Security property is used for any purpose other than residential
- Limited or low-documentation (low-doc) loans
- Loans with a current scheduled balance greater than $1,500,000
- Loans to a borrower where the aggregate exposure insured by Helia in respect to the borrower exceeds $2,500,000
- Loans in arrears for 30 days or more at any time during the last 12 months
- Loans in arrears for any duration or in hardship as of the date the LMI cover commences
- A security property that is not described as readily saleable or habitable in the original or subsequent valuation
- A loan not originated according to and in compliance with the lender’s credit policy
- A loan previously declined for LMI
- Property located on single industry postcode list. The postcodes are listed in Helia’s underwriting standards and guidelines.

Other criteria

- Typically Pool LMI is for low loan-to-value ratio (LVR) and seasoned loans. Helia will consider loans that are less than six months seasoned or above 80% LVR, however, pricing will reflect the higher risk and capital requirements for those segments
- Non-resident borrowers may be considered as segment of a pool but require due diligence on pool composition, credit policies and underwriting practices.

For more information and to express your interest in Portfolio LMI, please contact our team; PortfolioLMI@helia.com.au

Helia

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