

It's no secret that the biggest challenge that most first home buyers face is having to save for a deposit, rather than being able to afford the loan repayments. In response to this and in our continued efforts to assist Australians with their dream of home ownership, we are now offering your customers the flexibility to pay for Lender's Mortgage Insurance (LMI) monthly.

This will provide borrowers with an alternative to capitalising the LMI premium into their loan or paying the entire premium in one upfront payment. Borrowers can now pay the LMI premium in monthly instalments over time, which means a greater portion of their loan can be utilised to support the purchase of their home.

This option will take into consideration the individual circumstances of the borrower, including how long they intend to hold the property, how long they plan to pay down the principal and interest, and whether they are taking out an interest-only mortgage.

Importantly, our new monthly premium LMI enables borrowers to stop paying the monthly LMI premium when their loan balance reduces to an 80% loan-to-value ratio*.

Key differences between paying upfront LMI or paying monthly LMI

	Upfront LMI premium product	Monthly LMI premium product
Premium Payments	Single premium payable upfront when the loan is taken out	Premiums payable monthly for the duration of insurance coverage
Premium Capitalisation (included in the loan amount)	Borrower option subject to LVR limits	Premiums are not capitalised into the loan therefore there is no impact on the LVR. However, the cost of the monthly premium is considered in determining the borrower's ability to service the loan
Policy / Risk Duration	Typically, 30 years	Coverage ceases when loan reaches 80% LVR*
Top-ups	Top-up loans are reassessed and repriced with a credit applied for premium already paid	Top-up loans are reassessed and repriced with the monthly premiums adjusted to reflect the changes to the loan
Portability	No	N/A as your monthly payments will cease when you home loan is refinanced, and a new policy will be created with your new lender

For more information, please visit <http://www.gatewaybank.com.au/Monthly-LMI> or refer to the attached Broker Fact Sheet.

If you would like to find out more about this LMI option or if have a scenario that you would like to discuss, feel free to give our BDM a call directly on 02 9307 4301.

Please reply upon receipt of this email.

Thank you

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Steven Chan

Business and Change Analyst

Level 10, 68 York St, Sydney NSW 2000

t: 02 9307 4306 f: 02 9307 4299

e: stevenchan@gatewaybank.com.au

www.gatewaybank.com.au | 1300 302 474

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