

Securing a home loan without a substantial deposit (usually 20 per cent) can be challenging. With the support of Lenders Mortgage Insurance (LMI), Suncorp Bank may be able to accept a smaller deposit and provide you with a home loan that might otherwise be unavailable, helping you purchase a property sooner.

Who does LMI cover?

LMI is an insurance that protects Suncorp Bank against the risk of not recovering the full loan balance if you fail to meet your loan repayments and default on your loan. In these unfortunate circumstances, if the property is sold and there's a shortfall between the outstanding loan balance and the proceeds from the sale of the property, the LMI provider will pay this shortfall to us.

Who's responsible if the proceeds from the sale of the property aren't sufficient to repay the outstanding loan?

Good question. You remain responsible. In this situation, the LMI provider will pay us an amount in accordance with the LMI policy (usually the shortfall). Once an LMI claim has been paid, we'll typically pass the outstanding debt you owe to the LMI provider. The LMI provider may then seek to recover the remaining debt from you or any guarantors.

What if I experience financial hardship?

We understand that life is unpredictable. If you're experiencing financial hardship, and are struggling to make your loan repayments on time, rest assured that there is help available. If you find yourself in financial hardship, you should contact us immediately on 1800 225 223 to discuss your options. More information is available at suncorpbank.com.au/help-support/financial-difficulty.

What is an LMI premium?

The LMI premium is a once-off cost payable to the insurer by us when your property purchase is complete.

How is the LMI premium paid?

We'll typically pass the cost of the LMI premium to you as a fee. You can choose to pay the LMI fee from your own funds or you may be able to add (capitalise) this amount into your loan. We can provide details on the options available to you.

How much does LMI cost?

The cost of LMI will differ depending on various factors including the size of the loan, how much you borrow and how much of the purchase price you pay from your own funds. The more you contribute, the lower the LMI will be. Additional discounts or loadings may apply, so make sure to speak to your lender, broker or financial adviser for a quote.

Keep in mind, if you were to refinance your home loan to another lender, an LMI fee might be payable again.

Is LMI refundable?

LMI is generally not refundable; however, in some limited situations you may be entitled to a partial refund of the LMI fee, depending on the arrangements between us, and our LMI provider.

To find out more about LMI:

- Give us a call on 13 11 75 or contact your broker or financial advisor
- Visit the Australian Securities and Investments Commission's website at moneysmart.gov.au.

Information is intended to be of a general nature only and any advice has been prepared without taking into account any person's particular objectives, financial situation or needs. You should make your own enquiries, consider whether advice is appropriate for you and read the relevant Product Disclosure Statement or Product Information Document before making any decisions about whether to acquire a product.

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