



Lenders Mortgage Insurance Underwriting Guidelines

Australia

Effective as at 5 February 2018



At Genworth we pride ourselves on our commitment to our lender and broker customers, ensuring each interaction is a positive experience.

Our Originations Scenario Centre can assist with all of 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 Originations Scenario Centre.

Phone: 1300 661 118

Email: underwritingsupport@genworth.com

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

Contents

Contents	3
1 Introduction	4
2 Maximum LVR and Loan Amount Matrix.....	5
3 Security Location Guide	6
4 Product Summary Matrix.....	8
5 Products	9
5.1 Standard LMI.....	9
5.2 HomeBuyer Plus	9
5.3 Business Select.....	10
5.4 Family Pledge	10
6 Borrowers and guarantors	12
6.1 Acceptable borrowers.....	12
6.2 Additional underwriting requirements	12
6.3 Unacceptable borrowers	14
6.4 Packages.....	15
7 Loan purpose	16
7.1 Acceptable loan purposes.....	16
7.2 Additional underwriting requirements	16
7.3 Unacceptable loan purposes.....	20
8 Employment and income	21
8.1 Acceptable employment	21
8.2 Acceptable income	21
8.3 Unacceptable income types.....	22
8.4 Income and employment verification	23
9 Serviceability	25
10 Savings and equity.....	26
10.1 Genuine savings	26
10.2 Non-genuine savings	26
10.3 Genuine savings verification.....	27
11 Security.....	28
11.1 Acceptable security	28
11.2 Minimum requirements.....	29
11.3 Additional underwriting requirements	29
11.4 Unacceptable securities.....	33
12 Security valuation.....	35
12.1 Valuation verification.....	35
13 Loan features	36
13.1 Acceptable loan features.....	36
13.2 Additional underwriting requirements	36
14 Credit reporting.....	38
14.1 Ban period.....	38
15 Documentation.....	39
15.1 Documentation required for LMI proposals (short form).....	39
16 Genworth decision.....	40
17 Top Ups	42
18 LMI policy variations	43
18.1 Substitution of security	43
18.2 Partial release of security	43
18.3 Variation refund	45
18.4 Loan discharges - cancellations.....	45
19 Glossary.....	46

1 Introduction

Who is Genworth?

Genworth Financial Mortgage Insurance Pty Limited (Genworth) is a leading provider of Lenders Mortgage Insurance (LMI) in Australia. LMI has been an important part of the Australian residential mortgage lending market since it was introduced by the Australian Government in 1965.

LMI is one way of getting into homeownership without having the 20% deposit which is typically required by most banks and financial institutions. LMI facilitates residential mortgage lending by transferring risk from Lenders to LMI providers, predominantly for high loan-to-value ratio residential mortgage loans.

Purpose of these LMI Underwriting Guidelines

These LMI Underwriting Guidelines (Guidelines) are designed for those involved in the mortgage lending industry to assist in completing LMI proposals. These Guidelines represent the minimum acceptable requirements for submission of an LMI proposal to Genworth and cover some of the common scenarios we receive.

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 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](#)
- [Online Security Location Guide](#)
- [Forms](#)

Originations Scenario Centre

If you would like to discuss an LMI proposal before submitting to Genworth, please call our Originations Scenario Centre on 1300 661 118.

2 Maximum LVR and Loan Amount Matrix

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

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 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.

Product	Property type	LVR	Category 1	Category 2	Category 3	All other
Standard LMI	House/unit (owner-occupied)	0 - 70%	\$2,000,000	\$750,000	\$500,000	\$500,000
		70.01 - 80%	\$2,000,000	\$750,000	\$500,000	\$500,000
		80.01 - 90%	\$1,500,000	\$600,000	\$450,000	\$400,000
		90.01 - 95%	\$1,150,000	\$500,000	\$350,000	\$300,000
	House/unit (investment)	0 - 70%	\$2,000,000	\$750,000	\$500,000	On application
		70.01 - 80%	\$1,500,000	\$600,000	\$450,000	On application
		80.01 - 90%	\$1,300,000	\$600,000	\$450,000	On application
		90.01 - 95%	\$1,000,000	\$500,000	\$350,000	On application
	Vacant Land	0 - 90%	\$700,000	\$400,000	\$200,000	On application
		90.01 - 95%	\$600,000	-	-	-
HomeBuyer Plus	House/unit (owner-occupied)	90.01 - 95%	\$700,000	\$500,000	\$350,000	-
	Vacant Land	0%	-	-	-	-
Business Select	House/unit	0 - 80%	\$1,000,000	\$750,000	\$500,000	-
	Vacant Land	0 - 80%	\$600,000	\$400,000	-	-
Family Pledge	House/unit	0 - 85%	\$750,000	\$500,000	\$400,000	-
	Vacant Land	0%	-	-	-	-

3 Security Location Guide

This Security Location Guide provides details of property locations by postcode. The postcodes are broken up into groups based on population figures obtained from the most recent census data, as well as other factors including the geographic spread of the postcode, sales activity, and home prices.

The Security Location Guide is to be used in conjunction with the [Maximum LVR and Loan Amount Matrix](#) to determine the maximum LVR and loan amount available for a specific security property location. Limits may vary depending on product, property type and loan purpose.

	Category 1			Category 2			Category 3		
NSW/ACT	2000 - 2011	2340	2619 - 2621	2324 - 2326	2445 - 2446	2538 - 2541	2360	2466	2642 - 2643
	2015 - 2234	2444	2640 - 2641	2330	2456	2580	2380	2470	2647
	2250 - 2265	2450	2650 - 2651	2333 - 2335	2460	2680	2400	2536 - 2537	2710
	2267	2452	2745 - 2774	2350	2464	2731	2427	2546	2720
	2278	2477 - 2489	2776 - 2785	2428 - 2430	2490	2738 - 2739	2431	2548 - 2551	2790
	2280 - 2308	2500 - 2534	2795	2443	2535	2800	2440	2582 - 2583	2794
	2315 - 2323	2555 - 2579	2830				2447 - 2448	2594	2850
	2327	2600 - 2618	2900 - 2914				2454 - 2455	2628	2870
							2463	2630	2880
Vic	3000 - 3207	3690	3802 - 3810	3217	3500 - 3501	3761	3231	3444	3758
	3211 - 3216	3750	3812	3230	3550 - 3556	3770	3249 - 3250	3450	3764
	3218 - 3228	3752	3910 - 3919	3280	3564	3775	3300	3465	3814 - 3816
	3232 - 3234	3754 - 3755	3926 - 3944	3350	3630 - 3631	3777	3305	3585	3818
	3335 - 3341	3765 - 3767	3975 - 3978	3355 - 3356	3691	3840	3331	3616	3820
	3429	3781 - 3796		3437 - 3438	3756 - 3757	3842	3352	3620	3823 - 3825
				3460 - 3461	3759	3844	3357	3629	3850
							3363	3636	3875
							3377	3647	3880
							3400	3660	3909
							3431	3672	3922
							3440	3677	3980 - 3981
							3442	3730	3995 - 3996
Qld	4000 - 4022	4500 - 4512	4740	4270 - 4272	4655	4802	4285	4800	4825
	4030 - 4179	4516 - 4520	4750 - 4751	4352	4670	4819	4343	4805	4850
	4205 - 4221	4550 - 4567	4810 - 4815	4370	4680	4877	4405	4807 - 4808	4860
	4223 - 4229	4572 - 4573	4817 - 4818	4514	4703	4881	4610	4816	4880
	4280	4575	4865	4521	4710	4883	4650	4820 - 4821	
	4300 - 4306	4700 - 4701	4868 - 4870	4568	4720		4737	4823	
	4350	4711	4878 - 4879	4570	4753				
SA	5000 - 5174			5211 - 5214	5600		5201 - 5204	5341	5540
	5231 - 5234			5290	5608 - 5609		5252 - 5253	5343	5554
	5240 - 5251			5355	5719		5255	5345	5556
							5280	5351 - 5354	5558
							5291	5453	5606 - 5607
							5333	5501	5700
WA	6000 - 6214	6280 - 6282	6530	6290			6225	6430	6721 - 6722
	6229 - 6230	6284 - 6285		6450			6333	6432	
	6232 - 6233	6330		6725 - 6726			6401	6713 - 6714	
NT/Tas	0800	7021	7258	0835 - 0836	7173	7315	0850	7316	7325
	0804	7050 - 7055	7277	0870	7307		7030	7320	
	0810 - 0820	7170 - 7172	7290	7025	7310				
	0828 - 0832	7248 - 7250	7300						
	7000 - 7019								

High Density

The postcodes below are subject to special conditions where the security is located in a unit development comprising more than 10 units/apartments. Refer to [High Density](#) section for requirements.

NSW		Vic	Qld	SA	WA	NT	Tas
2000	2148	3000	4000 - 4006	5000	6000 - 6005	0800	7000
2006	2150	3004 - 3008	4009 - 4010		6018		
2008	2154	3030	4101		6107		
2017	2170	3067	4169		6210		
2019	2193	3141	4215 - 4218				
2077	2200	3181	4870				
2112 - 2114	2205	3205	4879				
2138	2216						
2141 - 2142							
2144							

Genworth will consider any LMI proposal under Standard LMI product, up to 95% LVR, where the security property is located in any postcode in Australia that is not included in the Genworth Security Location Guide. LVR and loan amount restrictions may apply.

Visit the Genworth website to access the [online Security Location Guide](#).

4 Product Summary Matrix

	Standard LMI		HomeBuyer Plus		Business Select		Family Pledge	
Maximum LVR and loan amount (owner-occupied)	95%	\$1,150,000	95%	\$700,000	80%	\$1,000,000	85%	\$750,000
	90%	\$1,500,000						
	80%	\$2,000,000						
Maximum LVR and loan amount (investment)	95%	\$1,000,000	-	-	80%	\$1,000,000	85%	\$750,000
	90%	\$1,300,000						
	80%	\$1,500,000						
Owner-occupied	Yes		Yes		Yes		Yes	
Investment	Yes		Not available		Yes - excludes refinance		Yes	
Minimum genuine savings/equity - owner-occupied	5% for loans with LVR in excess of 90%		Nil		20%		Nil	
Minimum genuine savings/equity - investment	5% for loans with LVR in excess of 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 - maximum 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		1.10 : 1		1.00 : 1		1.00 : 1	
Maximum total exposure (to any one borrower)	\$3,000,000		\$3,000,000		\$3,000,000		\$3,000,000	
First Homebuyer (Firsthome) premium discount	Yes		Yes		No		Yes	
Graduate Package	Yes		Yes		No		No	

5 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 call our Originations Scenario Centre.

5.1 Standard LMI

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

5.2 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 Homebuyers, 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 or construction of investment property— Purchase vacant residential land— 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
Serviceability	<ul style="list-style-type: none">• Must have an NDI of at least 1.10 : 1• All HomeBuyer Plus proposals must be submitted with a copy of the Genworth Serviceability Calculator
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)

5.3 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 verification requirements	<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)

5.4 Family Pledge

Available for borrowers, especially First Homebuyers 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, 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 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)
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 guarantors 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 are able to 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 guarantors 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

6 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 call our Originations Scenario Centre.

6.1 Acceptable borrowers

- Natural person (over the age of 18) who is a citizen or permanent resident of Australia
- New Zealand citizens living and working in New Zealand or permanent residents of 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 Homebuyers](#). Details can be found in [Packages](#) section below.

6.2 Additional underwriting requirements

Additional underwriting requirements apply to the following borrower types.

6.2.1 Company incorporated in Australia

Additional underwriting requirements

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

6.2.2 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

6.2.3 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 guarantors 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 <p>These items are not to be included in the serviceability assessment but can be considered to mitigate serviceability shortfall</p>

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

6.2.4 Permanent residents of Australia

Additional underwriting requirements

Additional 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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6.2.5 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"> • Standard employment and income Guidelines, including verification of employment and income, apply regardless of whether the guarantor's income is required to service the proposed debt

6.3 Unacceptable borrowers

- Associations
- Churches
- 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.

6.4 Packages

6.4.1 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">• 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
LVR	<ul style="list-style-type: none">• Maximum 95% LVR for High Density location
Additional verification requirements	<ul style="list-style-type: none">• Must obtain satisfactory written evidence of university degree qualification

6.4.2 First Homebuyers (Firsthome)

Genworth Firsthome is an initiative aimed at helping First Homebuyers afford their first home 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
Borrowers	<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 Homebuyer (where FHOG is not applicable)
Additional verification requirements	<ul style="list-style-type: none">• Where the FHOG applies, the Lender must obtain written evidence of the FHOG eligibility• Where there is no FHOG, however First Homebuyer stamp duty concessions apply, the Lender must obtain written evidence of eligibility• Where neither the FHOG nor the First Homebuyer stamp duty concessions apply, the Lender must undertake reasonable enquiries to confirm that all borrowers are genuine First Homebuyers. These enquiries include perusal of:<ul style="list-style-type: none">— Asset and Liabilities Statement which may show existing real estate assets in the borrowers 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

7 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 call our Originations Scenario Centre.

7.1 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)	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

7.2 Additional underwriting requirements

Additional underwriting requirements apply to the following loan purposes.

7.2.1 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
Security	<ul style="list-style-type: none"> • Must be located in a category 1, 2 or 3 postcode area as per the Genworth Security Location Guide • A security property located outside of a category 1, 2 or 3 postcode area, will be considered up to 90%

7.2.2 Construction of a single or duplex residential dwelling

Licensed builder

Additional underwriting requirements	
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
Property type	<ul style="list-style-type: none"> Single or duplex residential property only
Valuation	<ul style="list-style-type: none"> The Vacant Land, plus council approved plans and specifications are to be valued by a qualified valuer on an on-completion basis
Building contract	<ul style="list-style-type: none"> The Lender must retain on file a copy of the building plans, specifications and building contract covering all aspects of construction including: <ul style="list-style-type: none"> a fixed price provision with a maximum 12 month term for completion licensed builder's name contract amount and date any special conditions exclusion items drawdown schedule any variations to the original contract
Additional requirements post-approval	
Insurance	<ul style="list-style-type: none"> The Lender is required to sight evidence of a current home owner's warranty insurance policy in place between the builder and the borrower
Progress payments	<ul style="list-style-type: none"> Prior to progress payments the Lender is to ensure: <ul style="list-style-type: none"> the borrower's proposed equity in the construction project is fully utilised prior to advancing any loan funds requests for progress payments by the builder are commensurate with work completed sufficient loan funds are retained throughout the construction period to enable completion at least two progress inspections are made during the construction period, including: <ul style="list-style-type: none"> at slab/footings stage by either a qualified valuer, or a duly qualified engineer to verify construction is in line with approved plans and that work has commenced on the correct block of land at the completion of construction before the final progress payment, a qualified valuer must confirm the property has been constructed in accordance with the approved plans and specifications
Interest	<ul style="list-style-type: none"> Prior to the commencement of full loan repayments, interest accrued on loan advances is to be paid by borrowers on a monthly basis

Owner-builder

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 50% of the expected on-completion valuation
Valuation	<ul style="list-style-type: none"> The Vacant Land, plus council approved plans and specifications are to be valued by a qualified valuer on an on-completion basis
Progress payments	<ul style="list-style-type: none"> Where the construction works are to be completed by an owner builder, a progress valuation is undertaken before each progress payment Prior to progress payments the Lender is to ensure: <ul style="list-style-type: none"> the borrower's proposed equity in the construction project is fully utilised prior to advancing any loan funds requests for progress payments by the owner-builder are commensurate with work completed sufficient loan funds are retained throughout the construction period to enable completion
Repayments	<ul style="list-style-type: none"> Prior to the commencement of full loan repayments, interest accrued on loan advances is to be paid by borrowers on a monthly basis

7.2.3 Refinance of an existing loan

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 95% (or product limit if lower) 90% where refinance with additional funds (cash out) LVR is to be calculated using the valuation amount
Lender responsibility	<ul style="list-style-type: none"> Lenders must ensure that the borrower is not in a worse position following Refinance
Additional verification requirements	<ul style="list-style-type: none"> Verify satisfactory repayment history by completing the following Review loan conduct over the previous six months by obtaining: <ul style="list-style-type: none"> the most recent loan statements for all loans being refinanced; and evidence of repayments being maintained since the last statement (eg a copy of deposit payment receipts, internet statements, or statements showing the deductions being made from another account). This evidence must be no older than three months prior to the date of the loan application should an internet transaction listing be used to verify loan conduct this should be accompanied by a bank issued statement which confirms the borrowers name Review these statements to ensure they do not contain any the following: <ul style="list-style-type: none"> More than one late repayment (30 days or more overdue) in the last six-month period; A missed repayment that remains unpaid; A dishonoured repayment; or The loan being outside of the approved limit or Scheduled Balance at any time during the previous six months Where original documents are not sighted, the Lender must carefully check the statements for any alterations or inconsistencies by: <ul style="list-style-type: none"> confirming first three digits of BSB number (bank and state details) are correct confirming consistency of debits/credits to account checking document alignment and font Retain verification of repayment history on file. A detailed written explanation of any unsatisfactory elements described above must be provided with the LMI Proposal Form, along with copies of the loan statements

7.2.4 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 	
Security	<ul style="list-style-type: none"> The LMI proposal clearly identifies an Off-the-Plan Strata Purchase In all cases, the Lender must obtain a valuation upon completion of construction, which must support the as-if-complete valuation or purchase price and confirm that the property has been completed to the standard specified If relying on purchase price, a Conditional Approval will be issued, subject to a satisfactory on-completion valuation Valuations for Off-the-Plan Strata Purchases, must include three comparable settled sales of similar properties outside of the development Genworth reserves the right not to proceed should the final valuation not be acceptable, or if the resulting LVR exceeds the maximum allowable LVR 	

7.2.5 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

7.2.6 Bridging Loan

Additional underwriting requirements	
Maximum LVR and loan amount	<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
Employment and income	<ul style="list-style-type: none"> A separate serviceability calculation must be completed to ensure serviceability requirements are met based on 110% 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

7.2.7 Debt Consolidation

Additional underwriting requirements	
LVR	<ul style="list-style-type: none"> 90% (or product limit if lower) regardless of the number of debts LVR is to be calculated using the valuation amount (rather than the purchase price)
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
Additional verification requirements	<ul style="list-style-type: none"> Verify satisfactory repayment history by completing the following Review loan conduct over the previous six months by obtaining: <ul style="list-style-type: none"> the most recent loan statements for all loans being consolidated (or three months for credit cards); and evidence of repayments being maintained since the last statement (eg a copy of deposit payment receipts, internet statements, or statements showing the deductions being made from another account). This evidence must be no older than three months prior to the date of the loan application should an internet transaction listing be used to verify loan conduct this should be accompanied by a bank issued statement which confirms the borrowers name Review these statements to ensure they do not contain any the following: <ul style="list-style-type: none"> More than one late repayment (30 days or more overdue) in the last six-month period; A missed repayment that remains unpaid; A dishonoured repayment; or The loan being outside of the approved limit or Scheduled Balance at any time during the previous six months Where original documents are not sighted, the Lender must carefully check the statements for any alterations or inconsistencies by: <ul style="list-style-type: none"> confirming first three digits of BSB number (bank and state details) are correct confirming consistency of debits/credits to account checking document alignment and font Retain verification of repayment history on file. A detailed written explanation of any unsatisfactory elements described above must be provided with the LMI Proposal Form, along with copies of the loan statements

7.2.8 Equity Release (cash out)

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> > 85% LVR and ≤ 90% 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 (rather than the purchase price)
Security	<ul style="list-style-type: none"> Vacant Land is acceptable only if it is up to 2.2 hectares and located in a category 1 or 2 postcode area as per the Genworth Security Location Guide

7.3 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.

8 Employment and income

This section provides an overview of:

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

Genworth will consider LMI for any other employment type or income type not listed below, other than [Unacceptable income types](#). If you would like to discuss an LMI proposal before submitting to Genworth, please call our Originations Scenario Centre.

8.1 Acceptable employment

Employment type	Requirements
Permanent salary/wage employment (full-time or part-time) and contract employment	<ul style="list-style-type: none">• Minimum 12 months continuous employment in the same industry; or• Minimum 6 months with current employer Note: Where the borrower is within a probation period, application may be considered based on the merits and strength of the borrower's overall position
Casual	<ul style="list-style-type: none">• Minimum 12 months in current employment
Second job	<ul style="list-style-type: none">• Minimum 12 months in current employment
Self-Employed	<ul style="list-style-type: none">• Minimum two financial years trading in the current business• LMI proposals may also be considered where a borrower has at least one financial years trading in the current business and at least two years in previous employment within similar occupation/field• Independent Contractors who invoice employer for payment are to be treated as a Self-Employed applicant

8.2 Acceptable income

Note: Refer to section 8.4 for Income and employment verification requirements.

Income type	Requirements
Salary and wages	<ul style="list-style-type: none">• 100% can be used in serviceability
Overtime and shift allowance	<ul style="list-style-type: none">• 80% can be used in serviceability if the payment is regular and ongoing• 100% may be used in serviceability if the borrowers' employment is in the essential services industry (eg Ambulance, Police Service, Nursing, Defence Force and Corrective Services)
Commission	<ul style="list-style-type: none">• 80% of commission can be used in serviceability if received for a minimum of 12 months
Bonus	<ul style="list-style-type: none">• 80% of bonus income can be used in serviceability if received over the previous two financial years. The lower of the two financial years' bonus will be used
Fully maintained company vehicle (PAYG borrowers only)	<ul style="list-style-type: none">• \$5,000 per annum can be added to gross taxable income• Vehicle must be available for unrestricted private use
Vehicle allowance	<ul style="list-style-type: none">• 100% can be added to gross taxable income
Employer Maternity Leave Payment/Paid Parental Leave Payment	<ul style="list-style-type: none">• 50% of Employer Maternity Leave Payment and government Paid Parental Leave Payment (Working Parent Payment) is acceptable on the basis that this income is currently being paid and will continue to be paid until the applicant returns to work
Investment income (interest, dividends)	<ul style="list-style-type: none">• 80% of income if received over the previous two financial years
Child Support/child maintenance payments	<ul style="list-style-type: none">• 100% accepted if the payments are considered permanent for the next five years and the maintenance agreement is registered with the Child Support Agency
Social Security benefits/Government Pension	<ul style="list-style-type: none">• 100% accepted where it is considered to be a stable income source
Overseas income of Expatriates	<ul style="list-style-type: none">• 80% of overseas income converted to Australian dollars can be used in serviceability• Tax deductible investment property loan interest (Negative Gearing) must not be included in serviceability

	<ul style="list-style-type: none"> Excludes Self-Employed income
Rental income	<ul style="list-style-type: none"> 80% of gross rental income can be added to gross salary/wage income 65% of gross rental income can be added to gross salary/wage income for properties eligible under NRAS Interest on investment property loans can be used to offset assessable income (Negative Gearing) Rental yield for all investment/rental properties (including those not held as security) will be limited to 6% of the value of the properties
Self-Employed	<ul style="list-style-type: none"> 100% of most recent year's taxable income, or 120% of the previous year's taxable income, whichever is lower
Depreciation	<ul style="list-style-type: none"> Depreciation of up to 20% of business net profit can be added back to after-tax income in serviceability
Superannuation	<ul style="list-style-type: none"> Superannuation contributions in excess of the compulsory 9.5% of gross annual income can be added back to taxable income
Income/salaries of directors	<ul style="list-style-type: none"> Income/salaries of directors (where not already included in income calculations)
Interest paid on debt being refinanced	<ul style="list-style-type: none"> Interest paid on debt being refinanced
Non-recurring expenses	<ul style="list-style-type: none"> Non-recurring expenses (confirmation from borrowers accountant required)

8.3 Unacceptable income types

Genworth does not accept the following income sources:

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

8.4 Income and employment verification

8.4.1 PAYG salary and wages

Minimum verification requirements

- Lender must obtain one of the following documents for each borrower:
 - Two of the three most recent computer generated pay slips containing borrower name, employer name, ABN, and year-to-date income; or
 - Three months statements from a financial institution showing regular salary credits, with the name of the employer evident. Should an internet transaction listing be used to verify loan conduct this should be accompanied by a bank issued statement which confirms the borrowers name
- If the above documents are unavailable, two of the following must be obtained for each borrower:
 - The employment contract
 - The PAYG Payment Summary (group certificate) or Tax Assessment Notice
 - A letter from the employer that is on company letterhead and contains details of gross annual income (identifying any base income separately), role or position, length of employment, the basis of employment (full or part-time, or casual) and breakdown of the salary package (if applicable)
 - One computer generated pay slip
- Where:
 - income is unable to be confirmed through the above sources; or,
 - original documents are not sighted; or
 - the Lender is relying on a letter from the employer solely; or
 - LMI proposal is being submitted under long form application requirements, the Lender must verify the borrowers employment as follows:
 - Verify employer's contact details through an independent source (eg White Pages)
 - Complete verbal confirmation of the borrowers' current employment and income details and retain record on file
 - Where possible, also confirm the length of employment, and the borrower's occupation or role
 - Complete ABN check on the employer using 'ABN Lookup'
 - Verify details against the loan application and other supporting documentation for consistency
 - If the employer refuses to confirm any details, then a diary note to this effect is to be retained on file
- If there are documentation concerns (eg borrower and employer are related), the borrower's most recent Tax Assessment Notice must also be requested
- Once obtained, the documents must be reviewed in order to ensure:
 - the income is consistent with the year-to-date figure appearing on the pay slip
 - the employer's full details (business name, ABN and contact details) are clearly stated
 - the letter of employment (if obtained) is signed and dated
 - the Lender must be satisfied that the employer is a legitimate business or company, for example by checking that the employer's stated ABN is correct and current. These details are publicly available from the Australian Business Register website abr.gov.au

8.4.2 Self-Employed income

Minimum verification requirements

- Lender must obtain
 - Two most recent full years personal and business tax returns (interim financials are unacceptable)
 - Where original documents are not sighted, the most recent ATO Tax Assessment Notice must be obtained. Where an original Tax Assessment Notice cannot be sighted, you must carefully check for any alterations or inconsistencies
- Once obtained, the documents must be reviewed in order to ensure:
 - accountant's details are clearly stated on the documents; and
 - borrower has a registered ABN for a minimum of two years; and
 - borrower is registered for GST for a minimum of 12 months

Note: Information about ABNs and GST are publicly available from:

- The Australian Business Register website abr.gov.au
- The Australian Taxation Office website ato.gov.au by accessing the For Businesses section.

8.4.3 Other income types

Income type	Minimum verification requirements
Overtime and shift allowance	<ul style="list-style-type: none"> Overtime income must be confirmed by the employer in writing as a permanent condition of employment; or Continuity and consistency of this income must be verified by referencing the borrower's two most recent taxation returns
Bonus	<ul style="list-style-type: none"> Must be evidenced over two most recent financial years using PAYG Payment Summaries (group certificates) or Tax Assessment Notices
Commission	<ul style="list-style-type: none"> Must be evidenced using pay slips from two most recent pay periods
Employer Maternity Leave/ Paid Parental Leave Payment	<ul style="list-style-type: none"> Letter from the employer confirming the date the applicant will return to work
Overseas income of Expatriates	<ul style="list-style-type: none"> Acceptable income evidence must be translated into English and converted into Australian dollars using the current exchange rate <ul style="list-style-type: none"> Three months statements from a financial institution showing regular salary credits, with the name of the employer evident. Should an internet transaction listing be used to verify loan conduct this should be accompanied by a bank issued statement which confirms the borrowers name The two most recent computer generated pay slips must be provided
Rental income	<ul style="list-style-type: none"> Must be evidenced through any one of the following sources: <ul style="list-style-type: none"> Valuation report Rental income statements Fully executed tenancy agreement (signed and dated by landlord and tenant) or Rental appraisal from real estate agent The borrowers' tax returns If multiple sources of evidence are available, the lowest rental amount must be used in the serviceability assessment in all cases If the original serviceability assessment was evidenced by a source other than the valuation report, the rental income is to be re-assessed to ensure the lowest rental income is used for serviceability assessment upon receipt of the valuation report
Investment income (interest, dividends)	<ul style="list-style-type: none"> Must be evidenced over two most recent financial years using tax returns
Child Support/child maintenance payments	<ul style="list-style-type: none"> Must be evidenced through: <ul style="list-style-type: none"> statements from a financial institution showing six months consistent payments; or registered maintenance agreement from Child Support Agency
Social Security benefits/ Government Pension	<ul style="list-style-type: none"> The lender is to confirm and verify eligibility

9 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 assessment 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 assessment 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 For HomeBuyer Plus proposals, the NDI ratio must be at least 1.10 : 1
Genworth Assessment Rate	<ul style="list-style-type: none"> The Genworth Assessment Rate, including an interest rate buffer, applies to all mortgage commitments When using the Genworth Serviceability Calculator, proposed loan repayments are calculated at the higher of the: <ul style="list-style-type: none"> actual borrowing rate plus a buffer of at least 2.25% per annum; or Genworth Assessment Rate
Existing mortgage loan repayments/mortgage limit/Scheduled Balance	<ul style="list-style-type: none"> Existing mortgage loan repayments (current repayments) will be assessed using the Genworth Assessment Rate Repayments based on the limit/Scheduled Balance (plus any available Redraw) will be calculated at P&I over a 30 year term, using the Genworth Assessment Rate <p>Note: The higher of the two will be included in the loan serviceability calculations</p> <ul style="list-style-type: none"> Verification of the existing mortgage limit/Scheduled Balance (plus Redraw) and stated repayment is required via current loan statements or written confirmation from the Lender. (Internet printouts are acceptable if the borrowers name, account number and any available Redraw are recorded)
Cost of living	<ul style="list-style-type: none"> Genworth uses the Household Expenditure Measure (HEM) as a baseline cost of living It is the Lender's responsibility to identify the applicants true or actual living expenses and to record each amount accordingly and complete the Actual Living Expenses field in the Serviceability Calculator The higher of the HEM or Total Actual Living Cost will be used in the calculation of the NDI ratio In all cases where two single applicants share living expenses, for purposes of serviceability we would apply the single applicant living expense to each applicant. The only exception to this policy is that of applicants in a defacto relationship where the couple living expense may be used
Sole borrower with non-applicant spouse	<ul style="list-style-type: none"> For a married or de-facto person who is the sole applicant on a loan, the Genworth living costs for a couple will be applied unless independent income for the non-applicant spouse can be evidenced by the most recent pay slip
Joint income/joint commitments	<ul style="list-style-type: none"> Where the borrowers have existing joint commitments with parties who are not included in the loan application, 100% of the existing commitment is to be used in calculating serviceability for the new loan If the borrowers share an income source such as rental income with parties not included in the subject transaction, the borrower's tax return or certificate of title is to be used to ascertain the percentage of ownership. This will determine the percentage used in calculating serviceability for the new loan
Notional rental expense	<ul style="list-style-type: none"> Where the borrower is purchasing an investment property, and is said to reside with family or friends either rent-free or at an unusually low cost, a notional rental expense of \$150 per week (\$650 per month) per borrower, will be included as an existing commitment when determining serviceability The notional rental expense will not apply to loans for the acquisition of Vacant Land

10 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 call our Originations Scenario Centre.

10.1 Genuine savings

Genuine savings must be held in the borrowers 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 (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 funds 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 homebuyers 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.

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

Note: Refer to section 10.3 for Genuine savings verification requirements.

10.2 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.

10.3 Genuine savings verification

Minimum verification requirements	
Deposit funds held in accounts with a financial institution	<ul style="list-style-type: none"> • Must be in the name of the borrower and not be older than three months prior to the date of the loan application • Can be verified using any of the following: <ul style="list-style-type: none"> — Savings or account statements on a financial institution's stationery — Passbooks — If savings are held with the Lender, a diary note stating the amount of the genuine savings held — Loan statements on the Lender's stationery showing accelerated repayments — Internet statements are only acceptable if all of the following are present: <ul style="list-style-type: none"> o The borrowers name o Account number o Individual transactions are itemised and there is a running account balance o The logo of the bank or financial institution is displayed o If the borrower's name or the logo is not displayed on the Internet statements, a separate bank issued statement must be provided to verify these details • Once obtained, the documents must be reviewed in order to ensure: <ul style="list-style-type: none"> — savings are genuine and evident over a three month period, with no lump sum or unusual deposits (large deposits are acceptable if investigated and explained satisfactorily) — the statements are genuine • Where original documents are not sighted, the Lender must carefully check the statements for any alterations or inconsistencies by: <ul style="list-style-type: none"> — confirming first three digits of BSB number (bank and state details) are correct — confirming consistency of debits/credits to account — checking document alignment and font
Shares	<ul style="list-style-type: none"> • Obtain a certificate or statement in the name of the borrower dated not older than three months prior to the date of the loan application • Once obtained, the documents must be reviewed in order to ensure they are genuine
Rental payment history	<ul style="list-style-type: none"> • At least one borrower must demonstrate a recent and satisfactory rental payment history for a minimum of six months • This must be verified via a letter or rental statement from the managing real estate agent detailing the following: <ul style="list-style-type: none"> — Full name of tenant/s — Address of the tenanted property — Commencement date of the tenancy — Amount of rent paid per cycle — That all rental payments were received on time. Where missed rental payments are evidenced, it will be considered unsatisfactory payment history and normal genuine savings criteria will apply
FHOG	<ul style="list-style-type: none"> • All funds required to complete the purchase transaction (deposit plus settlement disbursements minus the FHOG), must be evident at the time of application • It is the responsibility of the lender to verify that at the time of application, all borrowers are eligible to receive the FHOG
Equity in residential property	<ul style="list-style-type: none"> • Obtain a rates notice and loan statement (if applicable) in the name of the borrower • If waived, obtain settlement statement showing proceeds of sale or solicitors letter confirming sale proceeds • Once obtained, the documents must be reviewed in order to ensure they are genuine
Gift/inheritance where savings have been sacrificed by making accelerated loan repayments	<ul style="list-style-type: none"> • Obtain loan statements on the Lender's stationery in the name of the borrower dated not older than three months prior to the date of the loan application showing accelerated payments • Once obtained, the documents must be reviewed in order to ensure accelerated payments are genuine and evident over a 3 month period and that the statements are genuine

11 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 call our Originations Scenario Centre.

11.1 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	95%	Not available	80%	Not available
Rural/Rural Residential				
— 2.2 to less than 10 hectares (Rural Residential)	90%	Not available	Not available	Not available
— 10 to less than 20 hectares (Rural)	70%	Not available	Not available	Not available
— 20 to 40 hectares (Rural)	60%	Not available	Not available	Not available
High Density apartment/unit				
— New apartment/unit	80%	80%	80%	80%
— Existing apartment/unit (resales > six months)	90%	90%	80%	85%
— Graduate package loan	95%	95%	Not available	Not available
Stratum title (VIC) home unit	85%	85%	80%	85%
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%
Second Mortgage	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)	90%	Not available	80%	Not available

11.2 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 planning scheme
 - In need of repair or has been poorly maintained
 - Reduced marketability due to location
- At least 50 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 40 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.

11.3 Additional underwriting requirements

Additional requirements apply to the following security types.

11.3.1 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

11.3.2 Rural/Rural Residential

Additional underwriting requirements			
Maximum LVR and loan amount	Size	Maximum LVR	Location
	2.2 to less than 10 hectares (Rural Residential)	90% (or product limit if lower)	Category 1, 2 or 3 postcode areas
	10 to less than 20 hectares (Rural)	70%	Category 1, 2 or 3 postcode areas
	20 to 40 hectares (Rural)	60%	Category 1, 2 or 3 postcode areas
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		

11.3.3 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 Genworth Security Location Guide Part of a development comprising more than 10 apartments/units Valuation are to include comparable sales outside the development, and details of any resale's within the development LVR and concentration restrictions may apply to individual developments A minimum floor size of 50 m² (40 m² in high demand locations) in living area, excluding balconies and car space 	

11.3.4 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

11.3.5 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

11.3.6 Stratum title (Vic) home unit

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none"> 85% (or product limit if lower)

11.3.7 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 agreementIf 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, orA 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

11.3.8 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

11.3.9 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 connectedAn on-completion inspection and report from a qualified valuer must confirm the house has been installed and the property meets our acceptable security GuidelinesThe Lender will be required to ensure the property complies with Local Government Authority requirements

11.3.10 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 incentivesWhere builder rebates and/or incentives are noted, the value of the rebate and/or incentive will be discounted from the purchase priceValuations must include:<ul style="list-style-type: none">three comparable settled sales of similar properties outside of the estate/developmentadditional arms-length resale evidence within the same development is acceptable

11.3.11 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 priceValuations for Builder/Developer Sales, must include:<ul style="list-style-type: none">three comparable settled sales of similar properties outside of the developmentadditional arms-length resale evidence within the same development is acceptable

11.3.12 Property sold by Private Sale

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 Lender is 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 lengthit is a sale without the intervention of an agent between non-related parties

11.3.13 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)90% (or product limit if lower) for Vacant LandThe 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 transactionensure that the qualified valuer has noted the purchase price and also the nature of the transaction

11.3.14 Second Mortgage

Additional underwriting requirements	
Maximum LVR	<ul style="list-style-type: none">95% (or product limit if lower)70% where Genworth insures a loan secured only by a Second Mortgage
Other	<ul style="list-style-type: none">Genworth considers LMI proposals for loans secured by Second Mortgage security as either:<ul style="list-style-type: none">a stand-alone (or separate) loan; oradditional security for a loan for which a first mortgage over another security property is providedLoans with a Second Mortgage that require insurance, where the original first mortgage, or any other collateral security is not insured with Genworth, or where the Second Mortgage loan is behind a first mortgage to another Lender, the LMI premium is calculated on the total of the uninsured loans at the new LVR

11.3.15 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

11.3.16 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

11.3.17 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

11.4 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
- Company Share title (Vic)
- Improved site with land size larger than 40 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 40 m²
- 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.

12 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 API Property Pro Pro-forma Report template developed specifically for residential mortgage valuation work.

12.1 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
- 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.

13 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 call our Originations Scenario Centre.

13.1 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

13.2 Additional underwriting requirements

Additional underwriting requirements apply to the following loan features.

13.2.1 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%	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		

13.2.2 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 	

13.2.3 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

13.2.4 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">— maternity/paternity leave approval— Lenders approval of Parenting Repayment Break— re-amortisation, serviceability calculations and— income evidence (if applicable)

14 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 call our Originations Scenario Centre.

- The Lender must obtain a credit bureau report on all individual borrowers and guarantors and any related entities
 - The credit bureau report must be clear of any defaults, writs, judgements or bankruptcy
- 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
 - confirm the directors of each related entity (if any)
 - confirm the directorships of individual borrowers and guarantors (if any).

14.1 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.

15 Documentation

This section provides an overview of details of the relevant documentation that must be sent to Genworth to support the LMI proposal.

- All documents used for the purpose of verification must be originals, or copies of the originals that have been certified as true copies. Once the Lender or its agent¹ has sighted the originals and certified the copies, they must be retained in the loan file
- Where original documents are not sighted, carefully check the documents for any alterations or inconsistencies
- 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 \(short form\)](#) can be found on our website.

15.1 Documentation required for LMI proposals (short form)

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 (HomeBuyer Plus proposals must be submitted with a copy of the Genworth serviceability calculation - Lenders' own calculations will not be accepted)
- Full valuation report (or approved alternative) - no more than 90 days old
- A copy of the contract of sale if the transaction involves a purchase of a new unit/apartment/townhouse/villa
- Credit bureau reports with adverse credit history. A suitable written explanation from the borrower is to accompany the LMI proposal
- For Refinance transactions and Top Ups, unsatisfactory loan account statements
- Evidence of income verification, and copies of all documents that you have used or relied upon eg pay slips, PAYG Payment Summaries (group certificates), tax returns, income declaration for Business Select proposals

Additionally, if Self-Employed or a company

- Last two year's personal tax returns for each borrower and/or company director; plus either:
 - Last two year's company or business tax returns for all related businesses/entities; or
 - One company or business tax return plus one set of the financials reflecting two years trading activity for all related businesses/entities

Additionally, if Self Managed Superannuation Fund (SMSF)

- A copy of the SMSF serviceability calculation used in your loan assessment

Additionally, if LMI proposal is outside of LMI Underwriting Guidelines

- Supporting comments outlining the strengths of the LMI proposal is to be submitted

Note: Genworth reserves the right to request more detailed information or supporting documents for any LMI proposal.

¹ Includes any mortgage manager, loan originator, mortgage broker, loan broker and their agents and all subagents involved in the establishment of the insured loan.

16 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 full review of the LMI submission will be required, including reverification of income, employment, funds to complete, account conduct and credit bureau history
- The following information is required to be submitted to Genworth for reassessment:

Document	Where to obtain
Copy of original submission (including Genworth LMI Proposal Form , loan application and valuation)	Your records
Updated income and employment verified either through obtaining the most recent pay slip or by phoning the employer. If employment has changed, standard verification procedure applies as per Documentation section of these Guidelines	From the borrower
Updated Assets and Liability statement	From the borrower
Updated Serviceability Calculator	Your records
Updated valuation report	From qualified valuer
Updated credit bureau report	Genworth will obtain
Other supporting documents as applicable (eg Refinance statements)	Your records

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 relevant Relationship Manager for approval

Note: Any loans with arrears history will not be accepted for reinstatement

- The following information is required to be submitted to Genworth for reassessment:

Document	Where to obtain
Relodgement LMI Proposal Form for expired Acceptance Advice	Your Genworth Relationship Manager
Copy of loan statement from drawdown showing satisfactory repayment conduct	Your records
Updated income and employment verified either through obtaining the most recent pay slip or by phoning the employer. If employment has changed standard verification procedure applies as per Documentation section of these Guidelines	From the borrower
Updated Assets and Liability statement	From the borrower
Updated Serviceability Calculator	Your records
Updated valuation report	From qualified valuer
Updated credit bureau report	Your records

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).

17 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 and loan amount	<ul style="list-style-type: none"> 95% of a revised (on-completion) valuation for genuine Home Improvements 90% for all other loan purposes 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 LMI Underwriting 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 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

18 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.

18.1 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.

18.1.1 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 LMI Underwriting 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

18.1.2 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 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 LMI Underwriting 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

18.2 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.

18.2.1 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 LMI Underwriting 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

18.2.2 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• Updated employment and income evidence and 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 LMI Underwriting 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

18.2.3 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 Documentation section of these Guidelines
Other requirements	<ul style="list-style-type: none">• Must satisfy LMI Underwriting 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

18.2.4 LVR increases outside of Guidelines (resulting from Hardship)

Variations resulting from Hardship must be submitted directly to the Hardship team.

Fax: 1300 135 759 Email: hardship@genworth.com

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

18.2.5 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 supporting documentation as per 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 LMI Underwriting 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

18.3 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.

18.4 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.

19 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
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 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 Homebuyer	Borrowers purchasing an owner-occupied property for the first time who qualify for the government's First Home Owners Grant (FHOG)
Funding Program	A Funding Program is an organisation that provides funding and credit criteria for the origination of mortgages by a third party
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 Genworth Security Location Guide , 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
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

Rural/Rural Residential	For the purpose of these Guidelines, property with residential improvements between 2.2 hectares and 10 hectares in size is considered Rural Residential, and property with residential improvements between 10 hectares and 40 hectares is considered Rural
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