

Frequently Asked Questions.

First Home Buyer Lenders Mortgage Insurance Offer.

Updated 19 March 2021.

BankSA's First Home Buyer Lenders Mortgage Insurance (LMI) Offer[^] is available on eligible home loan applications from **Monday 27 July 2020**. The offer can be withdrawn or varied at any time.

Q. What is the offer eligibility criteria?

- Applications must be for a first home loan for a first property (for joint applications, only one applicant must be a first home buyer).
- Loans with LVR up to 85% at the time of formal approval. This offer will be applied at formal application stage and cannot be applied at AIP stage.
- Owner Occupier with Principal & Interest repayment only.
- A maximum loan size of \$850,000.
- Available for applications submitted from Monday 13 July 2020.
- Only one property to be financed per application.

What is not eligible for this first home buyer home loan offer?

- Owner Occupier with Interest Only repayments.
- All Residential Investment Home Loans.
- Portfolio Loans.
- Construction Loans.
- Offer not available in conjunction with the Family Pledge Loans option.
- Residential lending originated under family or company trusts.
- Switches and internal refinances of home loans within the Westpac Group which include St.George, Bank of Melbourne, Westpac, BankSA and RAMS.

What are the important details I need to know?

- The First Home Buyer LMI Offer is available on eligible home loan applications from Monday 27 July 2020 and the offer can be withdrawn or varied at any time.
- LMI of \$1.00 will be incurred. Clients must adhere to LMI obligations during the loan agreement. The LMI Fact Sheet will also be issued to the customer along with the Loan Offer Documents.
- This offer will be applied at formal application stage and cannot be applied at AIP stage
- Clients are not required to be receiving the First Home Owner Grant or government concessions to be eligible for the First Home Buyer LMI Offer.
- The First Home Buyer Flag must be selected within ApplyOnline and notes section to include instructions to apply First Home Buyer LMI Offer. For more information, refer to the training pack on the secure portal.
- Available with Basic Home Loans or Advantage Package¹ Home Loans, Fixed or Variable Rate (\$395 annual package fee applies on Advantage Package¹ Home Loans).
- This offer does not have an income cap for eligible applicants.

Q. How do I check if my client is a First Home Buyer?

Ask your client if they have previously purchased a property. Credit Assessors will also check your client's credit file to ensure they do not have any mortgage enquiries on their file that could indicate that they have previously held a mortgage. If there is an indication your client could have previously purchased property, it's important to verify this with your client to determine if they met the eligibility criteria.

Q. If my client's LVR is greater than 85%, will they be eligible for the First Home Buyer LMI Offer?

No, the offer only applies to LMI eligible deals for LVRs between 80-85% at the time of approval. This offer will be applied at formal application stage and cannot be applied at AIP stage.

Q. When will the First Home Buyer LMI reduction to \$1.00 be processed?

The LMI reduction to \$1.00 will be applied on formal loan approval for applications received on or after Monday 27 July 2020. This offer will be applied at formal application stage and cannot be applied at AIP stage.

If your client's loan is not eligible for the offer, they will incur the full cost of LMI.

Q. Are external or internal refinances eligible for the First Home Buyer LMI Offer?

No, external or internal refinances are not eligible for the offer. This offer is for first home buyers applying for their first home loan for their first property. i.e. purchases only.

Q. Is the offer applicable to residential loans originated under a company or trust borrowers?

No, the offer is not applicable to residential loans originated under family or company trusts.

Q. Would my client be eligible if they currently have an investment property and are looking to purchase their first owner occupier property?

No, your client would not be eligible in this scenario as they have previously purchased a property. Eligible customers must be first home buyers applying for their first home loan for their first property. For joint applications, only one applicant needs to be a first home buyer.

Q. Is this offer available for construction loans?

No, this offer is not available for construction loans (progress drawdowns). If you're unsure, please speak to your BDM to clarify.

Q. Can this offer available for the purchase of land?

Yes, this offer is available for the purchase of land on the basis the customer meets the offer eligibility criteria. The land purchase must be processed separately for the offer to be assessed and applied. Please note construction loans are not eligible for this offer. If you're unsure, please speak to your BDM to clarify.

Q. Do I need to include an ApplyOnline note when submitting the application to ensure the application is eligible for the First Home Buyer LMI Offer?

Yes, you must select the First Home Buyer Flag for at least one applicant, then add ApplyOnline notes for LMI reduction for First Home Buyer product along with other referral notes. Here is an example of sample ApplyOnline Note:

- Client is requesting First Home Buyer LMI Offer reduction to \$1.00
- Name of the client who is a first home buyer
- Client meets the eligibility criteria

Q. How does the First Home Buyer LMI Offer compare to existing competitor offers?

Comparison with the First Home Loan Deposit Scheme (FHLDS):

- Under this scheme ALL applicants must be first home buyers with the scheme open for single or couples (married or de-facto). The BankSA First Home Buyer LMI Offer requires only one applicant on joint applications to be a First Home Buyer to be eligible for the offer.
- The scheme is also available only for the purchase of a home, or the purchase of land and construction of a home. There are Property Price thresholds applicable to different states. The BankSA First Home Buyer LMI Offer is available for a maximum loan size of \$850,000 with an LVR of up to 85% at the time of approval and available for the purchase of a home or land. The St.George offer does not include construction loans.
- The scheme requires an income test and there are income caps for eligibility. The BankSA First Home Buyer LMI Offer does not include an income cap for eligible applicants.

Comparison with other major bank lenders:

- Some lenders may offer a partial refund of LMI, which is done at the time of settlement. With the BankSA First Home Buyer LMI Offer, LMI of \$1.00 is applied at time of loan approval, saving the customer from arranging the extra deposit amount to meet the LMI threshold.

Q. Can I use this offer in conjunction with the Family Pledge option?

No, this offer cannot be used in conjunction with the Family Pledge option.

Q. Why is the LMI premium of \$1.00 still displayed on my client's Loan Offer Documents?

This offer is not an LMI waiver. LMI of \$1.00 is applicable and reflected within the Loan Offer Documents. The LMI factsheet will also be issued to your client with the Loan Offer Documents.

Q. What happens to the LMI premium if my client applies for a loan increase or makes a variation to the loan contract?

Your client will have to pay the further premium where the loan is increased, or the risk represented by the loan to the mortgage insurer changes.

Q. What happens in situations where my client requests a top-up (loan increases) or some other change to a loan that is currently mortgage insured and availed of the First Home Buyer LMI Offer?

Generally, the change will be applied to the existing policy. Your client is not expected to take out a new policy with a new mortgage insurer, unless there is a new security involved. Your client will have to pay the further premium where the loan is increased.

Q. I submitted a full application prior to Monday 27 July 2020. Will the First Home Buyer LMI Offer apply?

No, only eligible applications which are submitted from Monday 27 July 2020, will receive this LMI reduction.

Q. Are existing Westpac Group customers eligible to take up the offer on existing loans?

No, this offer is only available to new applications submitted from Monday 27 July 2020.

Q. Is there a date that applications must be submitted by to be eligible for the First Home Buyer LMI Offer?

Whilst there is currently no cut-off date for application submissions; we recommend that you advise your clients that the First Home Buyer LMI Offer can be withdrawn or varied at any time.

Q. Are there other important considerations to note?

- Existing Consumer Credit Policy applies (e.g. maximum LVR for customer and security types apply)
- Offer is subject to Consumer Bank Credit approval and will be assessed once application is submitted.

Important information.

Credit criteria, fees and charges apply. Terms & conditions available at banksa.com.au/brokers. Based on BankSA's credit criteria, residential lending is not available for Non-Australian resident borrowers.

^ First Home Buyer LMI Offer: Available for First Home Buyers who apply for their first home loan for their first property with loan to value ratio (LVR) up to 85% at time of formal approval. For joint applications, only one applicant must be a first home buyer. Owner Occupier Principal and Interest repayments only. Maximum loan size of \$850k. Offer current as of 27 July 2020 and can be varied or withdrawn at any time. Only one property to be financed per application. Excludes Residential Investment Loans, Portfolio Loans, Constructions Loans, switches and refinances of home loans within the Westpac Group which includes St.George, Westpac, Bank of Melbourne, BankSA and RAMS. Offer not available for Owner Occupier Interest Only loans or residential lending originated under family or company trusts. Offer not available in conjunction with the Family Pledge option. Your clients' application will be assessed and once approved, your client will be charged LMI of \$1.00. This will be reflected within the Loan Offer Documents. LMI subject to approval and customer must adhere to LMI obligations during the loan agreement. This offer is not an LMI waiver. Lenders mortgage insurance (LMI) is issued to Westpac Banking Corporation ABN 33 007 457 141 (Westpac) by either Westpac Lenders Mortgage Insurance Limited ABN 60 074 042 934, Australian credit licence 388077 a subsidiary of Westpac, or by another LMI insurer. This information does not take into account your personal circumstances. Terms, conditions and limitations apply.

¹ Advantage Package: Advantage Package Terms & Conditions apply. A \$395 annual package fee applies and is payable from an eligible BankSA transaction account. Applicants home loan repayments must be direct debited from this transaction account. Read the BankSA transaction account terms and conditions and consider if the product is right for you. Refer to banksa.com.au.

LVR stands for the initial loan to value ratio at loan approval. LVR is the amount of your loan compared to the Bank's valuation of your property offered to secure your loan expressed as a percentage. For example, a loan of \$400,000 to buy a property worth \$500,000 results in a loan to value ratio of 80. Home loan rates are set based on the initial LVR and don't change because of changes to the LVR during the life of the loan.