

# WHAT IS LENDER'S MORTGAGE INSURANCE?

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## **Q. What is Lender's Mortgage Insurance?**

A. Lender's Mortgage Insurance covers your lender in the event of you defaulting on your loan. You are not protected by Lender's Mortgage Insurance.

If your property is subsequently sold and the amount from the sale is not enough to pay off the loan in full, this insurance will cover the lender for the shortfall. However, you will then be liable to pay for the shortfall to the mortgage insurer.

Lender's Mortgage Insurance is obtained by your lender. This insurance should not be confused with Mortgage Protection Insurance which covers your home loan in the event of such things as your death, disability, unemployment, etc.

## **Q. Why should I pay to insure my lender?**

A. As your lender's risk is reduced, generally you are able to borrow more or pay a lower deposit, allowing you to buy your home earlier.

## **Q. How is the fee for the Lender's Mortgage Insurance paid?**

A. Usually it's a once only non-refundable fee which is paid at loan settlement.

## **Q. What is insured?**

A. The lender's risk of loss if you default on your loan and the proceeds from the sale of the security property are not enough to cover what you owe.

## **Q. What if I repay my loan early?**

A. When you repay your loan early, refunds of premiums paid for Lender's Mortgage Insurance may be available in certain circumstances, at the discretion of the mortgage insurer. Please contact your lender to see if a refund is possible.

## **Q. What happens if I can't make a payment on time?**

A. If you have short-term financial problems, your lender will try to help you sort out a solution. Call them straight away and talk it over. No lender ever wants to force the sale of your home. They will be reasonable if you talk to them immediately and explain your difficulties, but they need to know as soon as possible if financial problems arise.

## **Q. What if I do not understand anything to do with Lender's Mortgage Insurance?**

A. Tell your lender or speak to your legal adviser.

## **To find out more, just talk to us.**

Ask at any branch, call us on 13 22 66 or visit [bankofmelbourne.com.au](http://bankofmelbourne.com.au)

Ask your lender, our lender can also come to you.

