Low Deposit Fee Fact Sheet

Information in this fact sheet is intended for borrowers applying for a new home loan with Macquarie where the loan to value ratio (LVR) is greater than 80%.

What is the Low Deposit Fee (LDF)?

The LDF is a one-off amount payable by you, in connection with the low deposit being paid by you and/or the low amount of equity you have in your security property. The LDF contributes to us (the lender) recovering some of the potential losses that we (the lender) may encounter if you are unable to repay your loan.

When is LDF required?

LDF is required if the LVR is greater than 80%. This means you may be able to apply for a home loan where you have less than a 20% deposit and consider home ownership sooner.

What is the cost of LDF?

The cost of LDF varies and is primarily based upon your loan amount and the LVR. A higher LVR will result in a higher LDF amount being payable.

To find out the cost of LDF, please contact us on 13 62 27 or contact your mortgage broker.

How do I pay for LDF?

LDF is an amount deducted from the available loan funds and collected at loan settlement. There is an option to capitalise this amount to your home loan, however, it's important to understand that capitalising LDF into the loan amount will increase the size of the loan, marginally increasing repayments and the interest paid for the duration of the loan term.

How does a loss event occur and who is covered?

If you are unable to repay your loan and/or a default event occurs, and we (the lender) sustain a loss after the property is sold, then the LDF contributes to us (the lender) recovering some of the loss. We may seek to recover any loss or shortfall from you and/or any guarantors.

LDF and Mortgage Protection Insurance, what is the difference?

It is important not to confuse LDF with any Mortgage Protection Insurance. If you default on your loan, LDF doesn't provide you, the borrower with any protection even though you pay for it – it protects us, the lender.

Can I get a refund of my LDF?

LDF is not refundable or transferable to another lender. This means if you were to repay your loan early, you'll end your loan contract and obligations. Entering into a new loan contract may require a new LDF to be payable.

Example

If you were looking to purchase a property for $700,000, you would normally need a 20% deposit ($140,000). By utilising LDF, we may provide finance of up to 95% of the property value if you don't have the 20% deposit but otherwise meet lending requirements. This means you would be able to purchase this property with a 5% deposit ($35,000), and loan $665,000 from us allowing you to secure a home sooner.

This information has been prepared by Macquarie Bank Limited ABN 46 008 583 542 AFSL and Australian Credit Licence 237502.