



Borrower frequently asked questions when selling their property

I can't afford my loan repayments anymore. Should I consider selling my property?

If you do not think you can keep meeting your loan repayments, contact your lender or broker immediately. Do not wait until your lender is forced to be involved in facilitating a solution. In many cases a proactive solution can be negotiated if your lender is given the opportunity to work with you. The decision to sell your home may be a difficult one and you should seek independent financial/taxation and/or legal advice before doing so.

If I decide to sell my property, what do I need to provide to my lender?

In order to be given time to sell your property you will need to complete both a Statement of Financial Position and Acknowledgement of Debt form (if not already provided) and provide an agreement with a real estate agent with evidence the property is being marketed.

What happens if I sell my property and the sale price does not cover the loan?

As your loan is covered by lenders mortgage insurance (LMI), any shortfall after the property is sold will be paid by the lenders mortgage insurer, Genworth, to the lender upon receipt of a claim. Genworth is then entitled to pursue you to recover those losses.

Who is Genworth?

Genworth is a leading provider of LMI in Australia. They make home ownership possible for more Australians as well as provide assistance and options to borrowers experiencing difficulties meeting their loan repayments. You can obtain more information about Genworth at genworth.com.au

What is LMI?

LMI protects lenders against a loss should a borrower no longer be able to afford their loan repayments. If the property is required to be sold, LMI will cover the lender for any shortfall where the sale price of the property does not cover the outstanding loan balance plus claimable costs.

Why did I have to pay for LMI when I took out the loan?

As a general rule you would have paid for LMI if you borrowed more than 80 per cent of the value of the property.

If I paid the LMI premium, why does it not cover me?

LMI covers the lender, not the borrower. It should not be confused with mortgage protection insurance, which covers a borrower in the event of death, sickness, unemployment or disability.

If I decide to sell my property, who do I liaise with during the process?

You should maintain contact with your lender throughout the entire sale process. Initially to get approval for time to sell your property, again once you start marketing and then whenever you receive a sale offer. Your lender will liaise with Genworth.

If there is going to be a shortfall, do I need to get approval before accepting a sale price?

Yes. During the sale process all purchase offers should be referred to your lender for approval before being accepted. Your lender will liaise with Genworth.

How will I know if there is going to be a shortfall?

As a general guide you should look at whether the estimated sale price provided by a real estate agent will cover the balance of your loan, plus the interest accruing each month.

Can I be given time to sell my property?

An agreement allowing you time to sell your property may be given when there is clear evidence the property is being adequately marketed and priced realistically to sell.

How much time will I be given to sell my property?

Subject to agreement by the lender and Genworth, an initial term of three months may be provided in order to market and sell your property.

Can the time to sell my property be extended?

The original term may be extended if the property has not sold during this time and there is clear evidence the property is being adequately marketed and is priced realistically to sell.

If I sell my property will the lender or Genworth need to contact the real estate agent?

If there is likely to be a shortfall the lender or a designated representative of Genworth may make contact with the real estate agent throughout the sale process to seek feedback on the prospects of a sale.

Will selling my property affect my pension and/or unemployment benefits?

We are unable to provide any financial, taxation or legal advice. You will need to contact Centrelink or your own independent financial, legal and/or tax advisor to seek appropriate advice.

If I am separated or divorced can I agree to sell the property if the loan is in joint names?

All borrowers and legal owners of the property listed on the mortgage will be required to agree to sell the property.

Can the agreement allowing me time to sell my property be terminated?

If during the sale process there is not clear evidence the property is being adequately marketed and priced realistically to sell, the arrangement to allow you time to sell your property may be discontinued.

What will happen if the agreement allowing me time to sell my property is terminated?

The lender may undertake or continue with normal legal action to gain possession of the property and sell it.

What happens if I can afford to make the loan repayments and repay the arrears before my property sells?

You should contact your lender as soon as possible if your circumstances change and are able to service the loan and clear the outstanding arrears.

What happens if I decide not to sell my property?

This will depend on the lender, as well as your individual circumstances. The lender may undertake or continue with normal legal action to gain possession of the property if you are unable to make any loan repayments or meet an agreed repayment arrangement entered into.

What happens when my property sells?

When the property has sold unconditionally and you have a settlement date, you should contact your lender.

If there is a shortfall after I sell my property do I pay the lender or Genworth?

You will need to pay Genworth.

When will Genworth contact me to repay the shortfall?

It may take a few months after the property has been sold before a representative of Genworth will contact you. This will allow time for the LMI claim to be processed and the debt to be assigned.

When do I pay Genworth?

You will need to wait until the lender has assigned the debt to Genworth. This will happen after the property has sold and the LMI claim has been paid by Genworth.

Can I pay the shortfall over a period?

Yes. Genworth has indicated it will consider flexible payment arrangements once the shortfall debt has been assigned to them by the lender.

If I want to discuss the debt with Genworth who do I call?

You can contact Genworth on 1800 010 441. Genworth's Borrower Sale team will be happy to discuss the debt with you, hear suggestions on payment plans or come to an arrangement with making a one-off payment.

If I want to sell my property but cannot afford to will Genworth cover any costs?

Genworth has indicated where there is likely to be a shortfall on a Genworth insured loan and they have consented to the sale and approved the sale price, they may cover some costs.

What sort of costs will Genworth cover?

Genworth has indicated it will cover real estate agents commission up to three per cent of the sale price up to \$25,000, marketing costs up to \$2,000 and conveyance costs up to \$1,500.

How will Genworth cover these costs?

Genworth will work with you and your lender to determine the best method for covering these costs.

If I sell my property is Genworth able to provide any other assistance?

Genworth has developed some best practice guides to assist those who wish to voluntarily sell their property. These can be found at genworth.com.au

Who can I contact if I don't feel my concerns have been fairly resolved?

The Financial Ombudsman Service and the Credit Ombudsman Service provide consumers with a free, impartial service for resolving complaints with participating financial service providers. Contact details can be found in the Useful Links section of our website.

For more information

The LMI Toolkit on the Genworth website contains tools and resources that will assist you to better understand LMI and the mortgage market. Among these resources are case studies, fact sheets and videos that further explain LMI, the process of buying a home, and information on what you should do if you find yourself in financial hardship.

genworth.com.au/lmitoolkit

Disclaimer: information contained in this fact sheet is intended to be a general information source regarding the matters covered, does not constitute legal, accounting, tax or other financial advice, and is not tailored to a borrower's specific circumstances. Borrowers should consider their own personal circumstances and seek advice from their professional advisers before making any decisions that may impact their financial position.

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