



Information to manage mortgage stress

Rising costs of living and high levels of consumer household debt are causing borrowers to experience difficulty in meeting their loan repayments. There are a few simple steps that you can take to avoid entering into a mortgage stress spiral.

If you are in trouble – ask for help

If you are experiencing difficulties in meeting your loan repayments due to unforeseen circumstances or an unexpected life event, contact your lender immediately. Borrowers don't often realise that there are a number of ways a lender can assist borrowers experiencing financial hardship if they are given the opportunity early.

Lenders, and the lenders mortgage insurance (LMI) provider, have programs in place designed to assist borrowers who are experiencing hardship.

At Genworth, our team of loss mitigation specialists will proactively work with your lender to match the type of assistance that best suits your needs.

We are here to help no matter what the situation is. Whether someone has lost their job, is earning less money, has overcommitted themselves, had their business fail, are sick or injured, have been affected by a relationship breakdown or a natural disaster.

Every request will be assessed individually in order to determine the best outcome and to give the borrower the best chance of staying in their home.

Common types of assistance we support include, but are not limited to:

- repayment break for a short period of time to allow you to get back on your feet
- conversion of the loan to interest-only or a loan term extension to reduce loan repayments
- refinancing or debt consolidation
- state government mortgage assistance schemes
- allow time for the borrower to seek financial counselling advice
- allow time for the borrower to sell their home (Borrower Sale).

Regrettably, some borrowers experiencing difficulties meeting their loan repayments are not able to recover from their situation. Where this is the case, you can be reassured that Genworth will support you and your lender by providing loss mitigation solutions such as Borrower Sale, that will ensure any potential shortfall claim is minimised.

Borrower Sale

If you are experiencing difficulties meeting your loan repayments, one of the hardest decisions you will have to make is to sell your home. It is important you speak to your lender or broker and seek independent financial and/or legal advice before doing so to ensure they make the correct decision.

When it is clear you are not able to remedy your situation, it may be in your best interest to make the decision to sell your home as soon as possible so any potential shortfall can be avoided or at least minimised.

By selling your home yourself, you are more likely to make the most of any potential equity and achieve a better sale price especially in a soft or falling property market. You will also avoid additional legal and mortgage enforcement costs associated with the lender taking possession.

Genworth has a dedicated team that includes qualified real estate agents who will work in partnership with you and your lender on any borrower shortfall sale scenario providing guidance and recommendations.

Check for eligibility for mortgage assistance programs

There are a number of state government mortgage assistance schemes available. The schemes vary by state and are designed to provide support, for borrowers experiencing difficulty meeting their loan repayments.

Explore the option to access superannuation

Borrowers in a stressed situation may be able to apply to the Australian Prudential Regulatory Authority (APRA) to access their superannuation to meet repayment arrears. When considering this option it is important to understand all implications and to seek advice in determining if this is the right option for you.

Reassess and take control of your financial commitments

The most effective strategy for better personal financial management is to set a budget. Don't discount how effective a monthly budget can be in giving you a framework to better manage your finances

Budgets should not be considered a restraint, but rather a proactive approach to how you spend cash and factor in commitments. If you set an unrealistic budget it's going to fail; so be practical and allow for some flexibility

The principal reason most people stray from a budget is because they lose sight of where they are going and what they have achieved

By applying some simple goals to your budget process, such as reducing the amount outstanding on a credit card or reducing personal loans, you can easily see the results, and are motivated to continue or even find new ways to improve your budget

Seek financial advice - you can get help and take steps to improve your situation.

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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