



LMI Hints and Tips

# What next: Pre-sale

## **Your property is to be sold leaving a shortfall on the loan. What happens next?**

When there is a shortfall on your loan following the sale of your property, you should be aware that your lender will claim against its policy with QBE LMI. Once a claim is paid by us to your lender, the amount paid (the shortfall) is what you, the borrower, will now owe to QBE LMI.

We have the right to recover the outstanding balance from you and you may be contacted by our mercantile agents. The timeframe when settlement occurs and when our mercantile agent contacts you will vary depending on your lender's processes. While you are waiting for contact, if you have any questions please contact us at [lmirecoveries@qbe.com](mailto:lmirecoveries@qbe.com). See overleaf for the process after settlement.

# QBE LMI Recoveries Process

## FAQs

### Who is QBE LMI?

QBE LMI is a lenders' mortgage insurance (LMI) provider. The lenders' mortgage insurance provides cover to your lender in the unfortunate event of you defaulting on your home loan and your mortgaged property being sold.

### Is lenders' mortgage insurance the same as mortgage protection insurance?

No, mortgage protection insurance provides cover to borrowers in respect to their mortgage repayments in the event of unforeseen circumstances such as unemployment, illness or death. This should not be confused with lenders' mortgage insurance which provides insurance to your lender, not you the borrower, in the event of a shortfall sale.

### If I paid the premium, why doesn't LMI cover me?

The premium is usually passed on to the borrower as a cost of providing the loan. Without lenders' mortgage insurance your lender may have required a deposit greater than 20 per cent in order to approve your loan.

### What happens if there is a shortfall on my loan?

If the property you mortgaged with your lender has been sold leaving a shortfall on the loan, and we have paid the shortfall to your lender, your lender will assign all your lender's rights to QBE LMI to recover the outstanding loan balance (the shortfall) owed by you.

This means that the shortfall is now owed by you to QBE LMI.

### There is a shortfall on your loan, you may be contacted by a QBE LMI mercantile agent. Why?

QBE LMI's mercantile agent may contact you to make arrangements to repay the shortfall owed by you. We are willing to consider any reasonable lump sum payment to settle the shortfall in full, or a reasonable repayment arrangement proposal made by you. So that we can consider your offer to settle the debt in full or propose a repayment arrangement, please contact our mercantile agent.

### Will this affect my credit rating?

QBE LMI is committed to acting reasonably and in good faith in considering, and/or assisting you to propose genuine and practical proposals for repayment of the shortfall. If a reasonable agreement can't be reached, we may record a default against your credit report.

### Is other assistance available to me?

There is help available. QBE LMI encourages you to seek advice from a financial counsellor or a community legal centre. They provide a free, independent and confidential service and may be able to assist you to consider your financial circumstances and options.

### Who can I contact?

You can contact QBE LMI on [lmirecoveries@qbe.com](mailto:lmirecoveries@qbe.com), or once you receive our correspondence, we encourage you to contact our mercantile agent. Their name and contact details can be found on the letter that you will receive.



#### Property sold

Your property has sold and settlement has resulted in a shortfall



#### Lender claim lodged

Lender lodges a claim with QBE LMI



#### Claim paid

QBE LMI pay the claim to lender



#### Assignment of debt

The shortfall is now assigned to QBE LMI by lender



#### QBE LMI contact

Depending on your circumstances, we may make contact with you to discuss the outstanding shortfall