

QBE LMI Guidelines for Repayment Assistance Requests Australia

QBE Lenders' Mortgage Insurance Limited ABN 70 000 511 071



Where a credit contract is regulated by the National Credit Code (NCC), under section 72, a borrower may request changes on grounds of hardship.

Under the terms of our LMI Policy, our prior written consent is required before you (the lender) enter into any arrangement with a borrower to postpone repayments.

To request QBE LMI's consent, please ensure you complete the QBE LMI Repayment Assistance Request Form and send this to us.

Please also ensure that you obtain the borrower's consent to disclose his/her sensitive information (as that term is defined in the *Privacy Act 1988* (Cth)) to us so that we can then collect and use that information to assess the Repayment Assistance Request. Under Australian Privacy Principle 3.3, QBE LMI cannot collect a borrower's sensitive information without his/her consent. Sensitive information is defined in the *Privacy Act 1988* (Cth) to include medical information.

The following is provided by way of general advice:

Under the NCC, there are no prescribe grounds for making an application other than the borrower's inability to meet the obligations under a credit contract. Common examples include illness and/or unemployment but any other reasonable cause may also be considered.

There are no limits to the form of hardship variation that can be requested. Examples include:

- (a) extending the term of the credit contract and reducing the repayments; or
- (b) postponing repayments during a specified period (without extending the term of the loan); or
- (c) extending the term of the credit contract and postponing repayments during a specified period; or
- (d) capitalisation of existing arrears.

Please note: Under the NCC, no penalty, default or additional interest can be charged during this assistance period. In the event of a claim these additional amounts are not recoverable under our LMI Policy.

Where an application has been made by the borrower, the QBE LMI Repayment Assistance Request Form is to be fully completed by the lender.

In addition, the following supporting information is required in order for QBE LMI to consider Repayment Assistance Requests:

- Confirmation of request from borrower
- Reason for Request - why has the borrower requested assistance?
- Current statement of the borrower's financial position - assets and liabilities
- Evidence of consent of guarantors (and any joint borrowers) to the request for assistance.

In addition, lenders should consider obtaining the following information:

- Evidence that council rates and insurance are up to date
- Current estimate of value of security property

Repayment Assistance Requests are assessed by the Borrower Assistance Team.

The lender and QBE LMI must be satisfied that the proposal is financially viable for the borrower and is not merely delaying the inevitable necessity of a sale of the security property.

If consent is given, QBE LMI requires the lender to confirm that the borrower has satisfied commitments as varied and confirm that the borrower has recommenced repayments upon expiry of the approved assistance period. This advice and confirmation should be noted on the Lenders Monthly Arrears Report to the QBE LMI Arrears Reporting Team.

More information regarding the NCC can be found on the following Government website:

ASIC - National Consumer Credit Regulation:
<http://www.asic.gov.au/credit>

Credit Provided Prior to 1 July 2010 - Consumer Credit Code - Section 66 Changes on grounds of hardship:

If the loan contract was entered into before 1 July 2010, the borrower may qualify for Hardship Repayment Assistance if the loan amount is less than relevant threshold. The threshold may be ascertained by contracting ASIC on 1300 300 360 or through ASIC's website, www.asic.gov.au

If you required further information please contact the:

Borrower Assistance Team
QBE Lenders' Mortgage Insurance Limited
hardship@qbelmi.com
Fax number: (02) 9221 1397