

Where a loan is regulated under Section 66 of the Uniform Consumer Credit Code (UCCC), a borrower may request 'Changes on Grounds of Hardship'.

**Under Clause 4 of our LMI Policy our prior written consent is required before you (the Lender) enter into any agreement with a borrower to postpone repayments.**

**To obtain the consent of QBE LMI, please ensure you complete the QBE LMI Repayment Assistance Request Form and send this to us before any agreement is entered into.**

**The following is provided by way of general advice.**

A borrower who is unable reasonably, because of illness, unemployment or other reasonable cause, to meet their debtors obligations under a credit contract and who reasonably expects to be able to discharge their debtor's obligations if the terms of the loan were changed in the manner set out below may apply to the lender for such a change.

An application by a borrower must seek to change the terms of the loan contract in one of the following ways:

- (a) Extending the period of the loan contract and reducing the amount of each payment due under the loan contract accordingly (without a change being made to the annual percentage rate or rates);
- (b) Postponing during a specified period the dates on which payments are due under the loan contract (without a change being made to the annual percentage rate or rates);
- (c) Extending the period of the loan contract and postponing during a specified period the dates on which payments are due under the loan contract (without a change being made to the annual percentage rate or rates).

**Please note: Under the UCCC, no penalty interest can be charged during this assistance period and in the event of a claim this amount is not recoverable under our LMI Policy.**

There are a number of requirements or conditions that a borrower must satisfy to request assistance under UCCC. These include:

- The property must be owner occupied and the loan must have been active for 12 months or more;
- A "hardship" request under UCCC can be applied for at any time prior to the commencement of Court proceedings against the borrower;
- The loan amount must be less than a specified amount known as the "hardship threshold".

More information about this amount can be found on the following Government site:

[www.creditcode.gov.au](http://www.creditcode.gov.au)

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

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

- Reason for request - what causes the borrower to require assistance?
- Copy of signed written request from borrower
- Current signed statements of the borrower's financial position - assets & liabilities
- Evidence that council rates and insurance are up to date
- Current estimate of value of security property if obtained by lender
- Evidence of consent of Guarantors (and any joint borrowers) to the request for assistance
- Current balance details of the insured loan account

This type of variation is actioned by the Home Ownership Preservation Team and is outlined in QBE LMI's Default Policy & Procedure manual.

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 Default Inspection 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.

#### **Further information**

The APRA and Mortgage Assistance Schemes have a number of restrictions and limitations in their applications to borrowers. Please ensure you review their policies and guidelines for your own reference.

For additional options for assistance to borrowers please refer to the following websites:

#### **Consumer Credit Code - Section 66 Changes on grounds of hardship:**

[http://www.austlii.edu.au/au/legis/qld/consol\\_act/cc176/s66.html](http://www.austlii.edu.au/au/legis/qld/consol_act/cc176/s66.html)

#### **APRA - Superannuation Release Under Financial Hardship:**

<http://www.apra.gov.au/Superannuation/Early-Release-of-Superannuation-Benefits.cfm>

#### **NSW Housing - Mortgage Assistance Scheme:**

<http://www.housing.nsw.gov.au/Home+Buying+and+Building/Financing+Options/Mortgage+Assistance+Scheme.htm>

#### **VIC Housing - Mortgage Assistance Scheme:**

<http://hnb.dhs.vic.gov.au/OOH/ne5ninte.nsf/childdocs/-6DF6046DC29A4D2CCA25711B001AB577-38A6892BA374C0174A2567AE000548CC?open>

If you require further information regarding the QBE LMI Policy for any borrower request for assistance, please contact the:

Home Ownership Preservation Team  
QBE Lenders' Mortgage Insurance Limited  
[hardship@qbelmi.com](mailto:hardship@qbelmi.com)  
Fax Number: (02) 9221 1397