Genworth Financial

NEWS RELEASE

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Genworth Financial announces extended hardship assistance for natural disaster-affected borrowers

17 May, 2011: Leading lenders mortgage insurance (LMI) provider Genworth Financial (Genworth) today announced an expanded hardship solutions package for borrowers experiencing longer term hardship due to natural disasters.

The overwhelming majority of borrowers who have sought assistance after the recent natural disasters are experiencing hardship due to temporary loss of income. The scale of these events means that, for a number of borrowers, this issue may not be resolved for some months to come.

Working closely with lenders, the new package expands existing initiatives to support extended loss of income, offering a range of repayment break options such as a 50% repayment break for a further 3 months on qualifying loans.

The necessity for new borrower relief initiatives was evidenced in the March 2011 Genworth Homebuyer Confidence Index, which showed that over one in five (21%) respondents affected by recent natural disasters believe they will not be able to recover for at least six months, while around 45% of affected households are looking to take on more debt to aid their recovery.

Genworth CEO, Ellie Comerford, said an anticipated spike in hardship applications over January and February, combined with Genworth's determination to continue to assist borrowers during these difficult times, prompted the new initiatives.

"We recognised that flood-affected borrowers were likely to struggle for longer and leveraging our international expertise, we have developed a borrower relief package that recognised the terrible financial strain borrowers can face in the wake of natural disasters," she said.

Established in 2006, Genworth's hardship solutions program supports lenders working on repayment solutions for borrowers experiencing short-term financial hardship. Initiatives include full or partial relief from mortgage repayments, capitalising interest onto the loan or conversion to interest-only loans on a case-by-case basis.

"Up until now existing measures have, understandably, not been specifically tailored to address natural disaster-related borrower strain and focused on short-term income loss rather than the longer term impacts associated with natural disasters and the economic impact they can have on affected regions," Comerford said.

Genworth is working closely with lenders to introduce these new assistance solutions in the coming weeks in order to support disaster-affected borrowers in Queensland in particular, as they approach the end of their short-term hardship assistance solutions.

“We look forward to working with our key lenders to roll out these natural disaster hardship assistance packages in time so that the borrowers that need it have access to longer-term and more targeted support,” said Ms Comerford.

Borrowers who are experiencing mortgage hardship as a result of the recent spate of natural disasters should contact their lender for more information about assistance solutions available, including those offered by Genworth.

About Genworth Financial
As a leading provider of Lenders Mortgage Insurance (LMI) in Australia and New Zealand, Genworth seeks to make homeownership more accessible to borrowers. With more than 45 years of residential property market data and trends, and experience insuring over 2,500 residential mortgages every week, Genworth has built a reputation for providing unique insights into Australia’s evolving mortgage market.

For more information visit genworth.com.au. Genworth Australia

About Lenders Mortgage Insurance (LMI)
LMI is a financial product that helps borrowers who do not have a large deposit achieve the dream of home ownership sooner. Many banks and lending institutions require borrowers to contribute a 20% deposit before they will agree to provide a loan. LMI protects lenders against loss should a borrower default on their home loan and the net proceeds of the sale may not always cover the full balance outstanding on the loan. By using LMI, lenders are able to pass on this credit risk to a mortgage insurer such as Genworth, which enables them to offer the same loan amount on the same general terms, but require less as a deposit.

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