

Genworth Financial helps its 1000th distressed borrower keep their home

1 April 2008 – Borrowers suffering mortgage stress can avoid losing their homes if they alert their lender early and agree to restructure their finances, according to Genworth Financial (Genworth), Australia's largest lenders mortgage insurer.

Reacting to increasing levels of mortgage stress, Genworth has established its Hardship Solutions program, which has recently approved the 1,000th request for assistance since its inception in November, 2006.

Peter Hall, Country Executive of Genworth, said that under the Hardship Solutions program, over 89% of requests for hardship assistance had been approved, and of these over 95% of borrowers were able to get back on their feet.

Mr Hall said borrowers who are in trouble should not wait until the last minute to seek help, when it may be too late. "The first thing they should do is pick up the phone and call their lender. There are solutions available that can keep them in their homes."

A team of Genworth professionals monitor customer delinquency reports (usually those at least three months behind in mortgage repayments) to identify cases where a solution might be found.

Mr Hall said interest rate rises alone were not the primary cause of mortgage stress. Changes in personal circumstances such as relationship breakdown, illness or job loss were among the most common factors identified by the Hardship Solutions team.

"It is in no-one's interest, not ours, not the lenders and certainly not the borrowers, to remove people from their homes. Genworth works with the lender and the borrower to negotiate a solution aimed at curing mortgage defaults and keeping borrowers in their homes," Mr Hall said.

"Solutions are based on individual circumstances, but may include decreased repayments, interest only repayments for a set period, capitalizing arrears onto the loan or repayment holidays."

"Most of whom we help stay in their homes and do not re-appear on delinquency lists in the future, so we are not delaying the inevitable. These people do have good repayment potential and are just going through a temporary glitch."

Case 1

Pensioners “John” and “Sue”, a married couple, had been trying to sell their home in Sydney and move to Queensland. Unfortunately, the sale fell through twice, and the resulting strain caused John to suffer from depression requiring specialist care.

As a result of John’s condition, John and Sue’s marriage broke down. John left his wife causing their mortgage to fall into arrears, as Sue could not meet the repayments on the income from her single pension.

Later, John and Sue reconciled and were again able to meet their repayments. However, they did not have the capacity to cover the resulting 7 months of missed payments.

The Genworth Hardship team approved adding the amount in arrears onto the loan as the borrowers had demonstrated a consistent payment history for the past 6 months.

Case 2

“Kylie” was on maternity leave when her partner “Todd” suffered a work related back injury, making him unable to work for up to a year.

As a result, Kylie and Todd’s mortgage fell into arrears. They desperately wanted to keep their home and believed they could get back on track following Todd’s recovery.

The Genworth Hardship team approved the deferral of repayments for the next six months, with the option to extend this further pending the improvement of their financial position.

About Genworth Financial

Genworth Financial is a leading financial security company meeting the retirement, longevity and lifestyle protection, investment and mortgage insurance needs of more than 15 million customers. It has a presence in more than 27 countries.

About Lenders Mortgage Insurance (LMI)

LMI is one of the most popular ways to achieve the dream of home ownership sooner for borrowers that do not have a large deposit.

Many Banks and Lending institutions require borrowers to contribute a 20-30% deposit before they will agree to provide a loan. LMI protects lenders against a loss should a borrower default on their home loan. If the security property is required to be sold as a result of the default, 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 risk to a mortgage insurer such as Genworth Financial, which in turn, enables them to offer the same loan amount but require less deposit.

For further information, call Emma Rumble, Marketing Leader on 02 8248 2227, or visit

www.genworth.com.au.