

What's the answer if your mortgage repayment falls short?

Whether you're affected by fluctuating interest rates or **or by a change in your personal circumstances**, the pressure of maintaining regular mortgage loan repayments can be overwhelming at times. Here is some information to help you understand the available alternatives.

What to do before it gets worse

If you're about to miss a mortgage payment or already have, rest assured there is help available. Taking a big breath and raising the issue with your lender is the best thing you can do – in fact, the earlier you do that, the more options your lender will have to assist you.

Failing to resolve the situation may force the lender into taking action against you. This can include:

- Fees being applied.
- A higher default interest rate on missed payments.
- Taking recovery action on your home loan, forcing a property sale.
- Enforcement charges, plus court and legal costs.

A two-way relationship

Your lender will want to help you maintain your mortgage. One option is to give your lender a hardship notice. It looks like this:

- First, you contact your lender to explain the situation, which may require a person-to-person meeting at their office.
- Before the meeting, consider what options are available and define a 'plan of attack'. This will show the lender that you're proactively searching for an answer. After all, people are more likely to want to help you if they can see you're trying to help yourself.
- Whatever plan you decide on, you can give your lender a hardship notice orally or in writing that you are unable to meet your obligations – your lender can guide you in this.
- Your lender has 21 days from receiving your hardship notice to ask you for any further information it requires. If it does not require further information, it has 21 days from receiving your hardship notice to decide whether or not it will agree to change your loan.
- Depending on your situation, the lender may come back with a scenario to ease payments for the short term, increasing them later. This may escalate your overall loan costs, but you will maintain your home and mortgage, and will be better off in the long run.
- Your lender must give you a notice as to whether or not it agrees with to change your loan following a hardship notice. If the lender does not agree, it must give you reasons why.

Lenders do have an obligation to consider your request, so don't think that it's a lost cause. If the lender will not assist you, you may be able to make a complaint to an external dispute resolution scheme of which your lender is a member. Your lender can give you details of how to contact that

scheme.

Helpful support

Believe it or not, **you're not on your own** – every month there are mortgage holders having issues with making payments, and just as there are legal rights for home buyers, there are also legal services for mortgage holders.

Perhaps there are also other financial issues, or bills, that also need attention, in which case free advice is available from the [Financial Counseling](#) hotline on 1800 007 007.

Albeit a difficult and somewhat embarrassing issue, you can speak to your mortgage broker about your loan issues. They will explain your options, suggest a plan, and work with you to minimise worries and achieve a resolution.

Whether you're a client or not, if you require more information or advice contact your local broker as soon as possible. They can help with sorting through what options are available to resolve your financial difficulties.

Visit Moneysmart.gov.au, another great resource for tips to help you keep up with your mortgage repayments.