

The problems and how to avoid them

La Trobe Financial has provided you with a housing loan to help you into the great Australian dream of home ownership.

This brochure is designed to help keep that dream alive.

It is a big investment by both you and La Trobe Financial. Sometimes there is a very great temptation to change priorities and delay the mortgage payment while paying for other things.

Don't risk it. The possible loss far outweighs the temporary gain.

Possible causes of arrears

We recognise that there can be unexpected changes in family income. We are prepared to help if the circumstances are beyond your control. An illness or an accident can mean that you are unable to earn a regular income for some time. Please contact us to discuss it. Retrenchment from employment is a disheartening experience. Do not hesitate to tell us. We will discuss with you all options to take into account these or any other problems.

However, if you decide to take out a loan to finance a new car, a boat, or furniture, make sure that you can afford to repay La Trobe Financial's loan as well as the consumer credit loan.

If you decide to pay for consumer goods rather than the roof over your head, we cannot help. Only you can set priorities for where to spend your income.

This is not intended as a scare tactic. We want you to realise that you have financial responsibilities, like every other mortgage holder in Australia. If you do not meet those responsibilities, it is your home (and all the work you have put into getting and maintaining it) which is at risk.

Remember, repayments were discussed when the loan was approved, and assistance for your home ownership can be given only if your hardship is for a limited time.

If repayments are allowed to move into arrears, you may have great difficulty recovering the situation. If the arrears cannot be met, La Trobe Financial must recover its debt. Often the only way is to sell the property.

Get in touch with La Trobe Financial immediately. Discuss the matter and see if we can come to some arrangement.

Otherwise you may:

- Give the property back to La Trobe Financial, together with a letter saying you want La Trobe Financial to sell the property for you;
OR
- Sell the property but only if La Trobe Financial gives permission first;
OR
- Give the property to someone who may then take over the repayments but only if La Trobe Financial gives permission first.

You should understand that you may owe money to La Trobe Financial even after the mortgaged property is sold.

Repayment Arrangements

If you are in financial difficulties, and you let us know this is the case, La Trobe Financial will consider in good faith whether it is reasonably appropriate to vary the payment terms of your loan. We will do this within a reasonable time of receiving your request to vary the payment terms.

Whilst we are considering your request, you will need to make payments at the level that you can afford until we advise you whether or not we will vary the payment terms.

In the assessment of your application to vary the repayment terms of your loan, La Trobe Financial will need to identify the specific situation that has caused the hardship, identify whether the hardship is likely to be for a limited time and assess whether the proposed changes to the credit contract make it more difficult for you to repay the loan in the future.

La Trobe Financial will require supporting evidence of your application and will inform you in writing of our decision and the reasons for our decision.

If you are not happy with our decision and wish to make a complaint through our Internal Dispute Resolution process you can do so by writing to our Chief Operating Officer by post at GPO Box 2289, Melbourne, Victoria, 3001 setting out the basis of your complaint.

If you are not satisfied with our response to your complaint you can use our External Dispute Resolution process and write to the Credit & Investments Ombudsman (CIO) setting out the basis of your complaint. CIO is located at Level 7, 287 Elizabeth Street, Sydney and you can address any complaints to:

CIO • PO Box A252 • Sydney South, New South Wales 1235

Telephone 1800 138 422

Fax (02) 9273 8440

Email info@cio.org.au

Web cio.org.au

Can La Trobe Financial take or sell the mortgaged property?

Yes, if you have not carried out all of your obligations under your contract.

When can La Trobe Financial take or sell the mortgaged property?

Only if you have defaulted in meeting your obligations under your loan. Subject to any laws you will receive a notice in writing so that you can try to do something about the matter.

The notice tells you details of your default and what you can do to fix it and that if you commit a similar default in the notice period, and do not fix it, enforcement action may be taken without another notice.

If you remedy a default within the notice period, La Trobe Financial may not take any further action. La Trobe Financial can take enforcement action without giving notice if:

- There is a good reason to think you committed a fraud to persuade La Trobe Financial to enter into the loan;
- La Trobe Financial has been unable to locate you after making reasonable efforts to do so;
- The court says so; or
- There is good reason to think you have, or will, remove or dispose of the mortgaged property without La Trobe Financial's consent or that urgent action is necessary to protect the mortgaged property.

The problems you may face

These are the prospects which face every mortgage holder, no matter where the mortgage was financed, if repayments slip into arrears and the home must be sold to recover the debt.

- You would have to find alternative accommodation.
- Private rental cost can be as high or higher than your present mortgage payments, and public rental housing has a long waiting list.
- Another finance body may not offer a home loan package at such affordable rates as those you now enjoy.
- Banks, building societies and other lending institutions may require higher deposits and charge higher interest rates, particularly for re-financing packages.
- Any appreciation in the value of your home while you have been making repayments would be reduced by the amount of the arrears and legal costs associated with a sale to recover those arrears.

What to do

Allowing your account to fall into arrears is more than just an inconvenience to you. The longer the arrears situation continues the more difficult it will be for you to bring the account up to date and most importantly, you run the risk that legal action will be taken to recover the debt. Missing a repayment also lengthens the term of the loan, decreases your rate of equity growth, and may lead to a mortgagee's sale of the property.

1. Budget your payments in line with your income. If you are paid weekly make payments to your loan on a weekly basis.
2. If you make payments monthly but are short of the full instalment amount, pay whatever you can and telephone our office to discuss the matter. Always make some contribution to your account on a monthly basis, even where you do not have the full amount.
3. Always give your housing loan payments the priority they deserve. Remember that other accounts such as gas, electricity, telephone etc. are due to be paid and budget for them on the same basis as your housing loan.
4. Don't enter into other credit facilities unless you have the ability to meet all commitments.
5. Don't rely on overtime or part-time work when assessing your ability to meet all commitments.

Who to talk to

La Trobe Financial's Help Desk are the only people who can make a decision on arrears restructuring. They can be contacted on **1800 620 639**

If you experience problems meeting your repayments, talk to us as soon as possible. We would rather talk to you and work out a new repayments scheme with you than send demands for payment which could ultimately lead to the loss of your home.

For direct assistance, telephone or write to:

Manager – Asset Management Help Desk
La Trobe Financial
Level 25, 333 Collins Street, Melbourne
OR
GPO Box 2289
Melbourne VIC 3001

Telephone 1800 620 639

Fax 03 8610 2899

Email hardshipassist@latrobefinancial.com.au

Web latrobefinancial.com



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La Trobe Financial Asset Management
Limited Australian Credit Licence: 222213