



Hello once again,

Due to ongoing requests we have brought back an electronic version of our previous newsletter. It seems you either don't have time to read them or else you enjoyed them immensely. Not much in the middle. To all those who love them. Here you are.

We shall keep up the occasional group email as well when we feel it is important to pass on relevant information pertaining to your circumstance.

Introductions to the Team as it is Today:

Tanya Bower, you all know Tanya - she has been with us for over 2 years. Tanya follows up on files and packages the submissions.

Amie Murfett - now known as Amie Ignatiadis - most of you know Amie who has been with us nearly a year and a half. Amie is employed to look after our existing client base. Increases, loan health checks, changes, fixing etc.

Abby Everiss - recent addition as Office Manager. Abby has been a whiz on the computers and dragged us into the 21st Century with electronic faxing, in house back ups and the like.



Congratulations to Amie on her recent wedding to the man of her dreams and the father



of her adorable little girls, Nick. Amie and the family looked stunning on the day - more photos readily available for anyone who would like to check them out. The ceremony, reception and the day was divine.

SELF EMPLOYED BORROWERS

When applying for a loan please note that all 2009 company and personal tax returns and financials together with applicable ATO Notices must be supplied for any full-doc loans. Some lenders also require last 4 BAS's and last 3 months of trading Bank Accounts. Many self-employed clients automatically send us a copy of their full returns (co & personal) as soon as they are done. This enables us to do a full assessment when you make loan enquiries.

Last but not least, yes we are still here and kicking

strongly. While a large proportion of brokers slipped away into oblivion, the long term substantial ones survived. What we did in response to the global financial crisis was one simple thing. We cut costs. We did this by cancelling rent, not replacing one full timer when they left to live overseas, and working harder with fewer staff for less volume of loans and cuts in the commissions. We also cancelled all sorts of other costs, less travelling, less courses, etc. BUT, thanks to all of you, we have come through and we have now re-hired a full-time experienced person and are ramping up the education, travelling and staff for next year.

One of the reasons we have been so busy despite lower volumes is the need to fight most loans for many weeks and through multiple "declines" till we get an approval. This is NEW. As money gets tighter in the marketplace the banks don't say they are rationing money instead they just change their lending policy to tougher and tougher criteria so that in effect they ARE rationing their dwindling supplies. I'll outline the types of changes which are happening in the following articles but we are all (in the industry) reeling from the constant effects this has in so many directions.

THANK YOU all for your ongoing loyalty and support (as well as the chocolates, flowers and photos). We are completely RELIANT on your return business and your referrals and we will continue to "do the right thing" and "go the extra mile" for you. If you know anyone who has an **existing** mortgage, ask them to give us a call and see if we can cut their costs. There would be no point refinancing if there wasn't a **benefit** to the client so they have nothing to lose by calling.

Have a great and safe Cup weekend,

Keep in touch, we will....

Judith Goorjian

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Value yourself on
Achievement not on
Recognition .



ALERT TO INDUSTRY CHANGES

As the four majors gobble up the competition and the next cycle hits ready to breed a new bunch of lenders to cover the niche holes in the market, I thought I'd give you a brief rundown of some of the changes which we are experiencing.

Low Doc

The cycle is moving once again. While over the last decade Low Doc loans became more of the norm and were offered even by major banks at same rates, this is now changing. Many lenders have drastically moved their policies, are increasing their rates for low docs and some are insisting on BAS evidence as well as bank statements showing the BAS paid each quarter of self employed borrowers wishing to access this service. Those who are still offering true Low Doc loans could change their policy to match the move in the industry at any moment. We have called a number of you suggest you finalise your increases and release equity while you still can. Please call us urgently if you think you may need funds in the next year.

Development / Business Finance

Very hard to come by. Must have strong background and experience with proven track record. Getting more expensive as well.

ASSESSMENTS

THIS IS THE BIGGY

Many lenders have switched assessments to a Credit Scoring system. No-one seems to know how the hundreds of questions and criteria are determined but everything written on your application goes into a program which ends up with a score. If the score fails then a mere human being cannot override it.

Scores could be on job industry, socio economic background, likelihood of defaults for age bracket - all sorts of unknowns. We are being very very careful as to HOW we put an application together in order to successfully navigate through the minefield.



Loan Levels

Many lenders have cut their maximum loan from 105% to 90% of the value of the security property. Some Lenders will only accept high loans from top accredited brokers and therefore many brokers are limited with the lenders they can access. YES, we are at the TOP lending Tier with no restrictions to lenders or loans.

Super Fund Loans

More and more people are taking control of their Super Funds and setting up their own self-managed fund. There is \$2K approx p.a. to audit and do the tax returns for a SMSF so must be worthwhile for you and you want to hope you can do a better job than the Fund Managers etc. We can now lend in the Super Fund but again there are strict criteria including a history of last two years showing good income into the Self Managed Fund.

Equity Release

Many Lenders require a solid reason or evidence of how spare funds are to be utilized. Some have rules that they will not release more than \$10K and others only for a specific purchase. Others require an accountant or financial planner letter to state the exact purpose of the funds. All in all, harder and harder to release money.

Lenders' Mortgage Insurance

The premiums are rising and the Insurers are getting much tougher with increased requirements for genuine savings.



"As an alternative to the traditional 30-year mortgage, we also offer an interest-only mortgage, balloon mortgage, reverse mortgage, upside down mortgage, inside out mortgage, loop-de-loop mortgage, and the spinning double axel mortgage with a triple lutz."

Commercial Loans

Very high assessment rates and still case by case basis. Hardly any low doc loans around. Reliant on rent for low doc or else difficult. Lower LVRs and must have strength in the deal.

Package Structures

Some of the existing discount packages are changing their tiering. Not for existing loans only for new loans especially the under \$500K loans.

Fixed Loans

Quite high fixed rates. Up to 2.5% higher than variable which we feel the disparity is quite unrealistic. But then, who knows? Expect some market volatility in the next year as the Reserve Bank tries to curb the effect of Rudd's spending.

Lending for Aussies Living Overseas

We are still successfully placing loans but finding a lot of banks are cutting out certain countries and America is no longer the flavour of the month. For obvious reasons.

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