



Dear Valued Clients,

I trust you all had a great New Year / Easter and are well entrenched now into 2010. As usual, the last six months has passed in a blink.

The RBA has increased the rates for the last 4 months in a row with another rate rise expected this month and possibly next month. Many of you have started to fix your existing loans to avoid the rises. Hindsight will tell us if this has been worthwhile in saving interest. We already know that interest saved or not, it certainly gives "peace of mind" to know that you can pay a set amount for the next period of time which is affordable for you.

We have a new full-time File Packager - welcome John! - to replace Amie, who is still a valued customer and has reduced her working hours from 25 to 10 and is now working at our local chiropractor on reception. We are also advertising for a full-time Customer Care Manager to look after our rapidly growing customer base of over 850 customers. This role will address bank mistakes to which our customers have alerted us, as well as provide annual home loan health checks, loan increases, split loans and refinance existing loans where required. They will also call you with the occasional tips that help to reduce your loan interest rate or pay off your loan faster. The person in this role will have their work cut out for them - as you can imagine it will be extremely busy. I am interviewing experienced personnel at present. Tanya is taking some time off before her youngest child starts school in February.



I have been to many bank trainings and seminars which talk about the Global Financial Crisis and the impact this has had on them, how this effects lending and how much auditing they must now do. Therefore we are ensuring more than ever before that every "T" is crossed and every "I" is dotted or applications will be sent back to be re-submitted. Even a Tax File Number that is not crossed off results in a returned application to be re-submitted in its entirety. Try faxing a 200-page submission numerous times!

Feedback I've received is that 2009 was a pretty tough year for most people and now as 2010 gets into the full swing, there is a definite upbeat feel in the air. We are so incredibly lucky in Australia with our economy and our safe and sensible lending practices.

Policies are rapidly changing with each bank and each lender. We are spending huge hours each day keeping up with the changes and the various quirks and analysing new products. As finance is in such a complete flux of change, please ensure you call us with your loan enquiries so that we can guide the process to the best possibility of a good outcome for you.

Thank you for your continued support and referrals, without which we would not survive. As a 100% referral based company (which is an achievement to be proud of) we rely totally on you thinking of us when talking to your friends, colleagues and family so that you can suggest they do a loan health check in regard to their existing mortgage.

Looking forward to our continued association,

Judith Goorjian

Licensing has arrived!

We have been hanging out for a long time for our industry to become more regulated and to try to limit the number of cowboys. Finally we've arrived. Similar to the Financial Planning Industry, brokers must now carry their own licence or operate under another's licence.



Initial Registration for Licensing had to be completed by 1st June 2010 and the full Licence must be

applied for by 31st December 2010. We have already successfully registered Mortgage Select and are now applying for our own licence. This is very costly and time consuming, but necessary. We are in the process of formally setting up all the necessary procedures and processes for compliance. Abby is instrumental in helping us provide to ASIC the relevant documentation required to satisfy their stringent guidelines.

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Credit Scoring — what is it?

This is scary, as the unknown often is. When an application for finance is submitted to the bank it is run through a computer program that credit scores the application. The program is made up of many years of data and research as to which demographic has the highest likelihood of default and it **does not explain its approved or declined decision**. It could be that Japanese hairdressers who live in Brunswick have had a history of defaulting on their loans over the last two decades and therefore this demographic is turned down. Or Greek barbers in Timbuktu or 30 yr old female, single, actuaries in Heidelberg. There could even be age related issues. No-one knows and, due to the obvious discrimination factors, no-one's telling. This is what is so scary. Even submitting a perfect loan, which conforms to policy, for vanilla clients

that would have once sailed through does not guarantee an approval. Therefore going to auction with only a pre-approval in your pocket is risky.

Credit Scoring runs on a point scoring mechanism. Every box that is not filled out on the application, no matter how unimportant it may seem, subtracts points. For example - who is your next of kin in case of emergency? What are the account numbers on all existing accounts with any institution? This is why we call you again and again asking for every bit of information possible rather than lose marks on silly items.

Credit scoring has always been used. The difference is that in the past, it could be manually overridden by an experi-

enced assessor. This is no longer the case with most lenders (but not all). Through constant submissions, training, discussions in the marketplace with other professionals, and the fact that Judith is the Founding Director of her own Aggregator and therefore privy to far more than the average broker in the field, we know which lenders are more lenient on different areas. Invaluable information - which has our strike rate at the top of the market.



"I'm looking for an exorcist or a ghost-buster. I'm being haunted by my past credit history!"

Cherry Picking

No, we don't have a fruit drive going on! It is a term we have chosen to use for the lender's picking and choosing of customers. With limited funds on offer they are picking the cream of the crop. Think to yourself, if I had \$1m to lend to my ten neighbours each of whom wanted \$333K, what would I do? Would I lend to the neediest? Would I lend to the nicest? What criteria would I use to choose which three neighbours would get the funds? No doubt an objective party would advise you to do the following: Check on the security offered against these funds. Is it a property that is in demand and easily sold? Does the neighbour have the income and capacity to comfortably repay the loan

each month? Have they shown a good history of loan repayments in the past? Do they have a profession or are they in an industry which is likely to continue in the future or is it becoming obsolete? They can pick and choose vanilla customers. They are turning away non-conforming and low doc customers and absolutely cherry picking. Our customers are mostly vanilla and yet it is still getting more and more difficult to get loans approved. However, some good old fashioned common sense goes a long way.

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.

Contact us at:

mortgage SELECT AUSTRALIA
21 Marara Road, Caulfield Sth,
VIC 3162

Phone: (03) 9578 1968

Fax: (03) 9578 5880

Email: officemanager@
mortgageselect.com.au

