



.Hello to All,

It's crazy how fast these six monthly newsletters come around. We seem to measure time by them.

Firstly, thank you for your response to our letter requesting your help in our recruitment of new staff. We have two long time clients interested in a total career change, starting with us this month. A big move for both of them and



for us but one which will pay off, providing they like the banking and finance sector. Over the next three months they will be learning every aspect of the back office with John and Tanya. Hopefully they love it as we all do. It takes passion and persistence to claw our way over the maze of policies, rules, regulations and technicalities.

Our latest member of Mortgage Select, Tanya Bower, started with us four months ago, 20 hours a week. She has been diligent in her training and is a wonderful support to John who really needed the help. In the New Year we will look at hiring a second Tanya to fill the other 20 hours per week as our workload grows.



Your feedback is incredibly valued as it enables us to tweak our systems and processes. As we grow, 'systems' become more vital to ease training and to ensure the different processes with each lender are covered.



As always, we thank you for your flowers, gifts, cards, testimonials and kind words of appreciation. Your acknowledgment means the world to us and is what gives us the most satisfaction - "HAPPY CUSTOMERS".

All of us at Mortgage Select wish you and your families a very safe and happy break over Christmas / New Year.

JUDITH GOORJIAN

Clients Rule!!!

I thought you may be interested in some statistics which have come to light. As a natural result of growing our numbers, it becomes necessary to measure our progress in a number of different areas. This is imperative for us to know and identify ebbs and flows in the business. What works and what doesn't and also gives us targets for improvement which can be measured. It has taken me a number of months to collate a whole range of statistics to this end, one of which is where we are getting our leads? How come we are always busy and inundated with business when the bulk of brokers are spending a fortune on advertising and buying business just to get it in the door?

- 49.6% of July 06 -June 07 loans were repeat business from existing customers, consisting of increases/top-ups, restructuring, refinancing, selling and buying new homes, and additions to investment portfolios.
- 49.4% were brand new customers referred by existing customers, and
- 1% was referred by the likes of accountants and solicitors.

This is stated not to big note ourselves, but to show that "Doing the Right Thing" and "Going the Extra Mile" is what makes the difference. Your obvious recognition of our value makes **you** our greatest advocates.

Thank you.



**Common sense is
the best sense.**



What Value is a Mortgage Broker?

It has come to my attention that some people really don't understand the intrinsic value a broker should have. While it is great to negotiate the cheapest interest rate, there is so much more to it.



- It could be we suggest a slightly higher rated product because the fees effectively counteract the cost.
- It could be that an eager misinformed bank staffer is forced into a discount war with us simply because we are on the scene and they are desperate to make their targets. In these instances, it was our competition which forced the reduction in either rate or fees, and the lenders commitment to the broker channel says they will ALWAYS match or better the best a branch can provide.
- It is most definitely the case that we have a large number of lenders products and packages at our fingertips, updated daily, and this is both informative to the client and a massive time saver.
- We also like to think our experience, guidance and service, all provided at no cost to the client, is of value. There are many niches and quirks which different banks and lenders have. Provided we know your full circumstances and future possible plans, we can match your needs and structure. How would you begin to determine the differences? This is something we live and breathe every working day, we are learning and we are analysing constantly. , ie
 - certain lenders are kinder in their assessment of large families
 - others are more lenient in negative gearing situations
 - others have cheaper mortgage insurance
 - others are better for construction or owner builders... the list goes on.
- Of course there is the ongoing service and availability of someone who knows your situation and circumstance, who you can call for guidance on an ongoing basis and even receive calls when appropriate to let you know of new deals and packages which may suit you, even without having to move to another lender.

U.S. Sub-Prime Meltdown

You have been calling wondering how this might affect your mortgages? Whilst Australia does follow the U.S. in many ways, our non-conforming market, as we call it here, is not nearly as risky and fragile as that in the U.S. We have less than 10% of the population to that of the U.S. and our lenders do have stricter criteria. Unfortunately those non-bank lenders who obtain their lending funds from the U.S. are feeling the pinch and rates with the likes of RAMS, Pepper, First Mac and others have risen by, in some case, 0.5%. I am pleased to report that our common sense approach and the fact that we put our customers before our bottom line means that we have not placed a single client with one of these lenders for many years even though they pay a higher commission.

SELF EMPLOYED BORROWERS

When applying for a loan please note that all 2007 company and personal tax returns and financials must be complete by end of November '07. 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.



"We did have one property in your price range, but I'm afraid we sold it in 1943."

NSW Mortgage Stamp Duty

As of 1st September 2007 mortgage stamp duty in NSW will be abolished for owner occupiers (natural person not corporate) only. More duties will be abolished in July 08 and July 09. I'll keep you informed as they role out.

Going the Extra Mile

We have been asked to relay and share this story as it was such a great win and so indicative of our culture.



A young couple in their mid 30's (I consider that to be young) bought a beautiful home in Caulfield. They are both independently self-employed and were not up to date with their tax returns so had to apply for a low doc loan (income verification not required) at 80% of the purchase price. The mortgage insurance payable was about \$4,500 which was expected as a cost of purchase. The vendors were unable to settle due to sub-division issues and because it was not my client's fault that settlement was going to be delayed by many months, they allowed them to move in and start to renovate the property extensively. All was ready and in place for settlement at our end, we were all just waiting for the vendors. The renovations looked brilliant and I was wishing we could get a new valuation but knew that lending policy says they take the formal valuation or purchase price, whichever is the *lesser*. In this case it was very unfair and unrealistic.

Without the client's knowledge or expectation and with our work complete, I nevertheless went on a campaign with the bank to override the standard policy. After hours of battling, we finally got a win and the bank agreed to let us order another valuation. I made sure it was with the same valuer who had inspected the property 6 months earlier. We had a list prepared of the improvements and costs and we crossed our fingers and hoped the report would not be conservative. The report came in \$50K short of what was needed to avoid mortgage insurance completely. Give a red rag to a bull and that was me. I knew it was a very soft report so I left the office and drove around the area finding my own comparison sales and calling real estate agents to identify sales prices. I put a full proposal together and went back to the valuer whom I knew, as we both have been in the industry many years and had crossed paths many times. These relationships are carefully handled for exactly these situations. You have to pick your battles. To the valuer's credit, and even though I was in effect challenging his work, he did the extra research and promised to get the co-director to make a ruling. Lo and behold, we received the \$50K increase in the subsequent report, a huge win as valuers do not readily admit such a big error, but the challenge wasn't over yet.

Now I had to battle another bank policy. They don't take second valuations as it can be conducive to underhand practice, bribery and the like.

I have tried many times to have new valuations accepted even with this particular major bank but not been successful **ever** even though I have been a large supporter for 10 years and we are on their "**premium panel**" of brokers. Settlement was finally imminent and I had no time to start the process with another bank and hope the valuation was OK. I pressed on and kept up the pressure. I had already achieved a win given they allowed the update and the clients were thrilled that the mortgage insurance was reduced from \$4,500 to \$2,000 but I wasn't satisfied. I argued and persisted and kept stating my case higher and higher up the ladder until I think the bank gave up and agreed to take the amended valuation and eliminate the mortgage insurance completely. The mad scramble happened to re-do the loan documents, prepare settlement and settle on time.

I was elated and my staff looked on in amazement. They saw that I had spent three weeks driving this development when the client had no expectation and we were not to be paid any extra for our efforts. Of course, they are thrilled to be part of a culture which really does "**Do the Right Thing and Go the Extra Mile**". Actually lives what it preaches.

The clients however are interesting. The young lady completely understands what has happened. We received a huge bouquet of flowers and a very teary hug (on both sides) as she had been dealing with all this by herself while her partner was overseas. Her partner on the other hand, while being a lovely fellow has no appreciation of what has happened expecting any broker to have achieved this result. Those in the industry know it took many special pieces to fall into place to make it possible.

1. I don't know anyone who would bother with no benefit to themselves as the clients were satisfied regardless.
2. It takes many years of experience to know what battles are worth fighting for and might be winnable.
3. It takes relationships handled just right, where mutual respect has grown between us and the bank, as well as us and the valuer for each piece to fall into place.
4. It takes tremendous passion, energy and tenacity with no thought to our bottom line, to battle against all odds for all that time with so many different departments.

I have dozens of stories like this, all different but all showing great wins and it is these which make a difference and gives me the greatest joy in my profession.

Regulation and Training

This year our industry body changed its name from the Mortgage Industry Association of Australia (MIAA) to



the Mortgage and Finance Association of Australia (MFAA). This allowed them to encompass a range of other finance specialists besides those dealing with mortgages, such as leasing companies, equipment finance specialists etc. Besides being trained in Certificate IV in Mortgage Broking, Privacy Act Regulations, Consumer Credit Code and various other modules, each of us must complete 25 points of Continued Professional Development (CPD) in order to keep up our accreditation. This may be a course, seminar or presentation organised by the MFAA, which may cost \$250 to attend and be worth one CPD point. Yes it is costly and time consuming, but part of the ongoing professionalism of the industry. It will also eventually weed out those who write very little business and therefore have little experience.

Mortgage Select Website

I have noticed that many of you, our friends and clients, ask similar questions relating to the various lending products, eg offset accounts, low doc loans, fixing interest rates etc. In previous newsletters we have addressed some of these issues and I appreciate that when life is so hectic, it can be time consuming locating the right newsletters and articles to check up on a particular item, so, for your convenience, the Mortgage Select website is being updated with a Newsletter Index. This update is scheduled for (as soon as my IT specialist can make the time). In the meantime, I'm attaching the Index for your quick reference. Please have a look and let us know if this useful to you.

Hopefully this will also allow us to include new information for you in future newsletters. We are obviously still always happy to talk with you about a bank product to ensure you have the right information. If what you are looking for is not in a past newsletter, please call us for accurate and current information. We love to catch up with you as well as to provide the service and assurance for which you trust us.

Write to us at:

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