



# mortgage SELECT



Dear Valued Clients,

As always, another massive year has flown by. So much is happening in finance, both in Australia and globally. This filters through and affects every facet of our lives, whether we have any direct involvement in the finance world or not. These unprecedented times are something we must live with, adjust to and go with the flow. Adaption and being able to navigate through the maize of new rules, regulations and banking standards is more important than ever and calls for expertise as never before. Naive new brokers are falling by the way-side and many of the experienced ones are stepping up and are busier than ever.

As you've seen, last year the RBA issued six 0.25% rate rises in a row. This equates to 1.5% increase. However the lenders took this opportunity to raise their rates more than 0.25% each time and increase their margins. Where once upon a time they all moved up or down the same as the RBA, this no longer applies.

our banks fail, heaven help us all. Without lending, business and investors cannot grow. It is only because our lending HAS been so responsible in the past that we have not had the fall out we have seen in the US and UK. Each month, the rules tighten and policies change, leaving us reeling at the impact this will have on our clients as and when they request to borrow more.

As a result, we are busier than ever and have changed our whole staff over from job-sharing part-timers to full-timers and we are currently advertising for two more full-timers. I am spending more time keeping up with the ever changing lending policies and as ASIC Licencing has come to our industry (finally) we are conforming to those regulations as well. A mammoth task. More about the licencing in another article.



I urge all of you to call us before talking to the banks about your increase or changes in your loan. We will know the right way to present your situation for the highest chance of approval or changes. Having an expert, who is on your side and can navigate the new policies is crucial to successful lending more than ever before.

Thank you for your loyalty and especially for your support. We are 100% referral based and 99% of these referrals come through our own existing customer base. Amazing!!! It tells us that our customers are coming back time and again, and are so happy they tell their family, friends

and colleagues.

Personally, I feel privileged to have been allowed into your lives, where I can watch and be part of your financial growth and at the same time be witness to the engagements, marriages, births and various milestones which have occurred in your lives over the last 13 years.

Keep in touch, we will....

**Judith Goorjian**

At the same time, they have ALL reduced their commissions to the broker market substantially and many lenders have reduced their staff and wages/incentives as well. We are all working much harder for less money. The banks continue to make their usual billions in profit. The worst of it is that during this time so many of the CEO's have increased their own wages by millions. I don't know how they sleep at night? Clearly in gold laced sheets and with a smile on their face.

The upside is that our four major banks are ranked in the top 10 banks of the world. We want them to be healthy and strong. As we have seen in the USA and now in Europe. If

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## Customer Care Manager for our Valued Customers

Our business is 100% referral based, with the bulk of new clients coming from our customers wishing to share the great service they have received with their friends, family and colleagues who need or already have a mortgage. This is a massive compliment and means we must be doing it right. Every business I have ever spoken to would love to only deal with referred customers.

As a value add to our loyal and constantly referring customers we have increased our team to include a full-time, experienced Customer Care Manager. We have subsidised this role with the funds that would normally be spent on advertising. As we save money by only working with potential customers who are already aware of our transparency, honesty and expertise from their friend, family or colleague, we return these savings to you by offering this most valuable (free to you) service.

Whilst the cost to us of retaining the Customer Care Manager is far more than would be spent on advertising, we trust this will be recovered through an increase in referrals, which then further enables us to continue to find new and innovative ways to add value to your experience with us.

The role is specifically designed to look after the needs of our existing customer base. Whilst we have always responded to your requests for guidance, increases and new loans, Judith's thorough nature and call to duty has prompted this added innovation. Starting in June, we have

been contacting you within three months of your settlement anniversary to prompt those who have not had the time to pro-actively instigate a Loan Health Check with us. We start with a phone call and, failing contact, we follow up with an email explaining the service. We have been through approx 1/3 of the customer base in the last 4 months.



The result is always either savings in your pocket or further peace of mind, via:

- ♦ A restructure to a better type of split or product with your existing lender.
- ♦ A refund of incorrect fees or refund of discounts which were not applied.
- ♦ A refinance to another Lender after carefully scrutinising the cost of discharge compared to the savings.
- ♦ An increase to your loan NOW, which would not have been possible in the future.
- ♦ A valuable tip, as we know which banks are offering extra incentives, at what time and how to get them.
- ♦ A valuable suggestion that utilises a little known loophole with a particular lender.
- ♦ Knowledge of a special package you may qualify for.
- ♦ A whole myriad of possibilities with absolutely no downside in participation.

## Changes to Mortgage Select

As stated in the editorial, we had a complete changeover of staff in the first 6 months of this year. Amie is still a valued customer and I have the privilege of seeing her regularly at our local chiropractor's where she is working 10 hrs a week. Tanya is taking a well earned break before her youngest starts school in February and Abby is still working with us on a consulting basis.



John



Sash



Abby

We have employed experienced full timers as replacements and are looking for two extra ones. A fully experienced Office Manager and a fully experienced broker (both positions advertised on Seek). If any of you can refer a potential employee we would be most grateful.

### 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.





## Releasing Cash from the Equity in Your Property

Whoa!!!! This has become really, really tough. Each bank has a different policy and an understanding is required across dozens of lenders as to who will do what and under what circumstance. It seems as if the Lenders are rationing their money to those who are purchasing and refinancing existing debt and not releasing to just have it sitting around in case it is needed or an investment opportunity arises.

Full explanation must be provided as to the purpose of the funds and it must be an explanation that conforms to their individual policies. Over \$10K for renovations must have quotes attached and some banks want to treat \$20K as a construction loan. Painful! Funds for investment purpose must have an Accountant's or Financial Planner's letter attached to the submission explaining exactly what they are for - which shares you wish to purchase or what deposit is required for the next property investment. If the purpose is for an investment property, you must be

able to qualify to borrow for the whole property with a proposed rental.

It is extremely difficult to get cash out at present across the board (and even more so for Low Doc with very few lenders allowing any cash out for the low doc market).

Judith spoke to a number of you last year in regard to this and many listened and released their cash, which mostly costs them nothing at the time, although they now have peace of mind that the funds are ready to jump on opportunities that crop up. It is a sensitive topic as it looks quite self-serving to tell our customers to get the cash now while you are able. We



assure you, this is not about us. It is about you and managing your finance needs. Some of you who did not follow through fast enough have felt the sting of the bank having closed their door to cash out and have either had to re-finance to another lender or miss out. Talk to us. Keep the line of communication open and don't be complacent.



**NO PROJECT IS COMPLETE  
UNLESS THE PAPER WORK  
IS DONE**

Need a marketing expert to assist with your brand, strategy, communication and research needs?

Contact John Rawlings 0417 112 419 or

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*"Passionate about growing your business"*

### Alert!!! Changes to Low Doc Loans

As explained in Newsletter Volume 11, low doc loans are for those self-employed clients who do not have their tax returns up to date but DO have the capacity to service the loan, just not the hard evidence at present to prove it. In order to achieve an approval the customer must

have a squeaky clean credit rating and existing loans must show impeccable repayment history. Good lending practice. Since the Global Financial Crisis (GFC) many banks have changed their policy for those wishing to borrow more than 60% of the value of the security property. They now request copies of your BAS and sometimes of your trading bank accounts. We believe more changes are on the horizon. It is highly likely these items will be requested for ALL low doc loans in the very near future. Please think carefully about your future lending needs and rather than wait and then be knocked back due to new policies - **jump now!**

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