

# Non-Conforming Loans

## Low Document Loans

Low Documentation (or No documentation) loans are designed for the self-employed or small company borrower whose financial statements may not be available for many different reasons (eg Accountant hasn't completed their financials). The borrower must have a sizeable deposit or equity in existing real estate property. Generally, most lenders lend a maximum of 80% of the property value with mortgage insurance applying above 60%.

These loans are usually a variable rate and offer most of the features and benefits attached to the lender's standard variable rate loan product. A Low Document Loan can be just as competitive as a full documentation loan, however they provide less hassle as the borrower doesn't have to provide the lender income documentation.

## Credit-Impaired Loans

At some point in the past, a borrower may have experienced difficulty in meeting their monthly commitments due to lack of work, suffered unexpected business losses or had a difference of opinion with a former credit provider. Unfortunately, in

these cases the former credit provider may have lodged a payment default (or black mark) on their credit report with a credit recording agency. When applying for finance, a default lodged on a credit report may cause some frustration as a lender may not take an understanding view of the borrower's explanation surrounding the default.

Credit-Impaired Loans are designed especially to assist a borrower in these circumstances. Usually these loans incur an extra interest rate margin and possibly extra fees and charges.

## Second Mortgages

A second mortgage is an additional loan on a property. Second mortgages usually carry a higher interest charge as the first mortgage carries first priority in the case of default.

The second mortgage also carries rights to the property, but these are subordinate to those of the first mortgage. In the case of approving a client for a second mortgage, the lender will calculate the affordability and risk of the first mortgage before calculating whether you would be able to meet any additional repayments.

## Contact Us

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