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**VIEWPOINT**

Pepper's recent acquisition of a \$5bn loan book from GE has raised questions over the opportunities present in the low-doc market. We asked our pundits for their thoughts.

**Belen Lopez Denis**  
 Citibank



**On the competitiveness of second tier banks:** The portfolio of opportunities are opening beyond the four majors – we have seen that already with the most recent APRA results showing market share. It is actually

recalibrating back towards pre-GFC, in which you can actually see the second tier lenders having a higher loan market share, while the majors are starting to reduce.

**Is there appetite for low-docs?** It would be a matter of watching how much appetite there is for risk out there from an investor's perspective, which is really the main source of funding for the second tier lenders. So it might be coming back, but at a significant premium.

**Should brokers look at low-doc opportunities?** I would think that brokers have greater opportunities in the prime market, now that greater competition is back; funding is allowing for the second tiers and the white labellers to be back again.



## Cameron Wiles

Smart Move Home Loans



**Is there an emerging low-doc market?** With the documentation required now to satisfy those requirements of a low-doc, you'd almost have a good chance of trying to full-doc it. For example, providing the last 12 months' BAS

and the last 12 months of tax returns – well, there may be an opportunity there to construct an income and find a lender that would be willing to listen, rather than going through a low-doc and a declaration and things like that. If brokers are willing to sort of run the gauntlet of the new NCCP regulations there is an opportunity for them there I guess, though with the major banks moving away from those types of deals you are going to be dealing more with the second tier and the non-banks. So, if you become a specialist in that area, then there is definitely an opportunity there, but I certainly wouldn't be jumping into that space the way the regulations are at the moment.

## Mark Forsyth

Firstfolio



**What's your take on the low-doc market?** There's obviously an appetite for customers to get low-doc. I think there is still a market. Despite the fact that the government doesn't want people to have low-docs, and the funders would like low-doc not to be

there, I think the fact of the matter is there is an appetite from some segments of the public to have a low-doc loan

**Is there an opportunity for brokers in this market?** It just makes the broker's discussion with the client a lot easier. If he/she has a broader range of product and a broader range of suppliers – the major banks or non-bank lenders – it makes his/her life a lot easier. I think it's good for brokers. It shows there's commitment in the market from other than the big banks – as in debt markets, and non-bank lenders – so it's good news for the broker.

To see our low-doc video coverage, visit [www.brokernews.com.au/tv](http://www.brokernews.com.au/tv)