

Hi,

I've been a mortgage broker for almost 5 years.

My view is this benchmark buffer has served well and should remain as it is.

Why?

1. People are already borrowing more than they should. Allowing people to borrow more is irresponsible. If interest rates go down 0.25% and someone saves \$100 a month, they won't save the \$100 and put it towards the mortgage.
2. Living expenses – I've always not understood that big ticket one off items are never covered in living expenses. Eg buying a \$40k car isn't captured. Going on a \$20k overseas holiday or a \$10k furniture spree. This buffer in my mind allows for this. Otherwise, for living expenses, we should have another category for depreciating assets that will need replacing or an accrual for one off items like a potential hip replacement, braces for kids or an overseas holiday that might be arranged in 5 years.
3. On the Monday after the recent Federal election I had 2 different people call me saying "they have heard the government is making it easier for first homebuyers to get a loan". In both cases, they were poor quality candidates for a loan with little savings and a poor working history. Dropping this benchmark rate will be a double benefit to these people (who should not get a loan).
4. Mortgage brokers are highly attuned to responsible lending after the royal commission. Allowing people with A. only 5% needed and B. ability to borrow 10-20% more is irresponsible. It will push prices up more and serve no purpose getting people into homes.

Please consider this.

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