

Submission to enquiry on laws and regulations instituted for our own good but not

There are banking regulations designed to save borrowers from over extending (not being able to make repayments) I believe these are partly the problem with first home buyers getting into the market.

These regulations were tightened after the GFC. It used to be possible to sign a statement saying you could / would make the repayments (a no doc loan), there was also a low doc loan (basically a statement from an accountant saying you had x income (no longer acceptable)

My example. When I realized I would not be able to fund my retirement, I bought property. I now have property worth \$4m and borrowings of less than \$2m. Before the GFC and consequent tightening, I could phone up my lender point out a property that had plenty of equity and ask to borrow say \$100000, and they would do an on line valuation and money would appear in my account. As the property was increasing by more than my borrowings Equity was always increasing. So the bank was able to sell off if I defaulted

The regulations have been tightened to save me from not being able to make the repayments, just like I was taking out a new loan. As I am retired I have no income and can't borrow the money to live on like I could. My only option is to sell the property but that makes one off money, which is taxable and once that is spent I live on the pension. The golden goose will be dead. And all to protect me from myself.