

# **Senate Select Committee on Superannuation and Financial Services**

## **Main Inquiry Reference (a)**

**Submission No. 171**

(Supplementary to Submission No. 149)

**Submittor: Department of Justice &  
Industrial Relations**

GPO Box 825H

HOBART TAS 7001

Mr Peter Maloney

 - (03) 6233 6754

 - (03) 6233 3920

L58 PM:DJV  
18 november 1997

forwarded by ~~5~~  
Mr Peter Maloney 5  
Dept of Justice  
21 NOV 1997  
2:45 PM 18/5/01

Mrs. Jan Martin,  
Executive Director,  
Law Society of Tasmania,  
28 Murray Street,  
**HOBART Tasmania 7000**

Dear Mrs. Martin,

### Mortgage Investment Lending

I refer to recent discussions between yourself and Mr. Peter Maloney of the Department of Justice regarding mortgage investment lending by lawyers.

As requested, I set out my concerns regarding the current practices of lawyers in relation to mortgage lending:-

1. What procedures are in place for interest rate setting?
2. What procedures are in place for using approved valuers?
3. On applications for funding, do lawyers consider LVR and ability to service the loan, or do lawyers regard themselves purely as security lenders?
4. What procedures are in place for monitoring the performance of a loan in the following areas -
  - (a) reporting and monitoring on arrears;
  - (b) the frequency of revaluing property and comparing it with the amount of mortgage outstanding;
5. What information is provided to prospective investors?

6. What reporting is provided to investors?
7. What procedures are in place to independently audit the lending processes and administration of loans as compared with the inspection provisions contained in the Rules of Practice?

I would want to be satisfied in relation to all these aspects before considering amending the *Legal Profession Act* so that mortgages made by mortgage investment companies are covered by the Solicitors' Guarantee Fund.

Yours sincerely,

SIGNED  
RAY GROOM

**Ray Groom**  
**Attorney-General**

