



## The Role of Finance in Property Sales

March 8, 2019

In every CPD our trainers are hearing from agents that the property process brings so much stress to the lives of vendors and purchasers – not to mention the stress it creates for themselves as agents. One aspect of the process that causes stress is the financing side of the deal. When purchasers are obtaining finance to acquire a property, this can often be a long and tedious process (particularly in the current environment with the findings from the Royal Commission into the banking and finance industries). At this point, real estate agents often become aggravated by the mortgage brokers and vice versa.

When a real estate agent talks with a buyer and the question of finance is raised, the response will be ‘that their funding is in place’ either with a bank or through a broker. On occasion, potential buyers will say they are ‘just looking’ and a real estate agent may recommend them to a local bank manager, broker or in the case of some larger franchised property agencies - a linked mortgage provider (i.e. Ray White Real Estate may refer the buyer to LoanMarket, LJ Hooker Real Estate to LJ Hooker Home Loans).

Mortgage brokers play an important role in assisting borrowers to source funding when purchasing a property. They will advise their client on appropriate lending options, costings which may include lender mortgage insurance, stamp duties and other borrowing costs. Under the National Consumer Credit Protection (NCCP) Act 2009 legislation, the broker needs to assess what the maximum amount a person/s can borrow without creating financial hardship for that borrower.

The role of an experienced broker will often go further, as lenders may have issues with certain types of properties and they need to match the property choice with the lender. It could be that the lender has a maximum LVR (Loan to Value Ratio) on certain postcodes, or the lender may have a reduced LVR to 70% without mortgage insurance, while some lenders may just not provide finance to that postcode.

Lenders have regulatory obligations when financing a residential dwelling that is to be occupied by the owners or used for an investment purpose. If lenders fail to follow these obligations they can be fined, prosecuted or have their licence to offer credit withdrawn. Currently, ASIC is pursuing several banks for failure to follow responsible lending guidelines. The essence of responsible lending can be summed up in four points.

1. The loan offered must meet the borrower's requirements and objectives
2. The lender must gather financial information from the applicant
3. The lender must verify that the financial information supplied is correct
4. The loan offered will not create substantial hardship for the borrower.

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With all of these requirements, the process of loan appraisal is complex and time consuming for the lender. With some lenders operating offshore processing centres, delays can amount to not just days but in some cases weeks.

What this process means for real estate agents, is that you should be talking to your purchasers about confirming their finance arrangements as quickly as possible, and providing their personal information to their broker or lending institution, so that they can be ready for settlement if they proceed with the purchase of the property.

The financing process is complex and mortgage brokers and lending institutions are currently under scrutiny of their practices after the release of the report from the Royal Commission into the banking sector. As such, you, as a real estate agent, need to be aware of the timeframes and the processes that are involved in a person gaining finance.

If you want to know more about this process, when you make your choice for CPD for the coming year – choose our online program for Real Estate Sales (including the finance process), which explores this issue in great detail and will give you a broader understanding of the financing process from an agent's perspective.

'Til next time,

Wishing you every success in your business ventures,

**Rosy**

## 4 HOUR CPD Seminars

MON 18 <sup>TH</sup> MAR	WAGGA WAGGA Sales & Prop Mgmt + Stock &	FRI 22 <sup>ND</sup> MAR	SYDNEY CBD Strata Management
THU 21 <sup>ST</sup> MAR	SYDNEY CBD Real Estate Sales	MON 25 <sup>TH</sup> MAR	CASTLE HILL Sales & Prop Mgmt
THU 21 <sup>ST</sup> MAR	SYDNEY CBD Property Management	TUE 26 <sup>TH</sup> MAR	ORANGE Sales & Prop Mgmt
THU 21 <sup>ST</sup> MAR	TAREE Sales & Prop Mgmt	WED 27 <sup>TH</sup> MAR	DUBBO Stock & Station
FRI 22 <sup>ND</sup> MAR	NEWCASTLE Sales & Prop Mgmt	WED 27 <sup>TH</sup> MAR	DUBBO Sales & Prop Mgmt

## 2 HOUR CPD Seminars (8am - 10am unless specified otherwise). Pre-reading required Full 12 points!!

FRI 15 <sup>TH</sup> MAR	GOSFORD Sales & Prop Mgmt	FRI 5 <sup>TH</sup> APR	CASTLE HILL Sales & Prop Mgmt
FRI 15 <sup>TH</sup> MAR	PARRAMATTA Sales & Prop Mgmt	WED 10 <sup>TH</sup> APR	BANKSTOWN Sales & Prop Mgmt
FRI 29 <sup>TH</sup> MAR	SYDNEY CBD Sales & Prop Mgmt	THUR 18 <sup>TH</sup> APR	PARRAMATTA Sales & Prop Mgmt
THUR 4 <sup>TH</sup> APR	WOLLONGONG Sales & Prop Mgmt	WED 24 <sup>TH</sup> APR	SYDNEY CBD Strata Management



# From the office

Hasn't this last fortnight gone by quickly – we've even changed seasons (and of course we had ice cream to celebrate the final day of summer). The College has been filled with students these past two weeks. ACOP has been providing CPD seminars as well as our property licensing courses and mortgage broking qualifications. Kick starting the last fortnight we had our trainers tour the Sydney metro areas including Parramatta, Dee Why, Double Bay, Bondi Beach and the Sydney CBD and then as far afield as Gunnedah providing our updated industry knowledge to those completing their CPD points. The ride definitely didn't stop there as our College Principal Rosy Sullivan also appeared as a guest speaker at the first of the EAC Insights Tour of 2019 in Newcastle and then Gosford. These seminars were the opportunity for Rosy to provide valuable and in depth knowledge not only about the legislative changes in the property industry, but also knowledge on emotional intelligence and how to make it work practically in a property agency during the current market changes.

Whilst we have been providing training in many different locations we have also been busy here at ACOP. We had the pleasure of commencing both our Certificate IV in Finance and Mortgage Broking and the Diploma of Finance & Mortgage Broking Management classes last week which were intensely interesting with all the changes being proposed from the recommendations in the Banking Royal Commission Report. Ending this fortnight of training here at ACOP we held our Trust Accounting program and also had an awesome number of students attend our Sales for Real Estate evening course. This module is specifically tailored to those students looking to obtain their Real Estate Licence but aren't able to get time off work and we couldn't be happier to see such eager students.

On Thursday 7th March, Rosy, Rachelle, John Sullivan and John Roberts all attended the Northern Beaches Women's Shelter fundraising event for International Women's Day at Moby Dicks at Whale Beach. What a day. Serious issues of protecting women from domestic violence was the focus of the day, combined with a beautiful setting, made for a fun and memorable event. The support of The Boathouse for their generosity in providing the venue and Bassike clothing for organising the day and their huge contributions for the event and for the Shelter generally (all proceeds going to the Shelter) was simply amazing. Naturally, Rosy was front and centre as the Chair of the Shelter Board, and John Roberts was up there doing his bit as the highly entertaining auctioneer for the live auction charity items. We'll keep you informed about the total raised on the day for the Shelter.

Finishing up the last fortnight here at ACOP we would like to wish Jaymi a terrific start to 2019 as she returns back to full-time university and part-time ACOP, continuing her study in criminology. In addition, we would like to say thank you to our clients, as over the last fortnight we have received many thank you bouquets. It was a beautiful touch to a busy week placing the bouquets of mixed dusky pinks, whites and greens at our foyer area and around our desks to share the beauty. We so appreciate being appreciated.

## Certificate of Registration Courses

Units taken from nationally accredited training qualifications from the CPP07 Property Services Training Package.

MON 18 <sup>TH</sup> WED 20 <sup>TH</sup> MAR	SYDNEY CBD
SAT 23 <sup>RD</sup> SUN 24 <sup>TH</sup> MAR	SYDNEY CBD ONLINE + WEEKEND WORKSHOP
MON 1 <sup>ST</sup> WED 3 <sup>RD</sup> APR	PARRAMATTA
MON 8 <sup>TH</sup> WED 10 <sup>TH</sup> APR	SYDNEY CBD
MON 29 <sup>TH</sup> APR WED 1 <sup>ST</sup> MAY	CASTLE HILL

## Finance & Mortgage Broking Courses

Units taken from nationally accredited training qualifications from the FNS Financial Services Training Package.

WED 1 <sup>ST</sup> FRI 3 <sup>RD</sup> MAY	SYDNEY CBD Cert IV in Finance & Mortgage Broking
WED 1 <sup>ST</sup> TUE 7 <sup>TH</sup> MAY	SYDNEY CBD Dip of Finance & Mortgage Broking Management

# Property Licence Courses

Units taken from nationally accredited training qualifications from the CPP07 Property Services Training Package.

25 <sup>TH</sup> - 26 <sup>TH</sup> MAR	Financial Management SYDNEY CBD	FRI 15 <sup>TH</sup> MAR	Trust Accounting + Insurance SYDNEY CBD
27 <sup>TH</sup> - 28 <sup>TH</sup> MAR	Staff Management SYDNEY CBD		
15 <sup>TH</sup> - 18 <sup>TH</sup> APR	Sales for Real Estate SYDNEY CBD	8 <sup>TH</sup> - 10 <sup>TH</sup> APR 18 <sup>TH</sup> , 19 <sup>TH</sup> , 25 <sup>TH</sup> & 26 <sup>TH</sup> MAR	Trust Accounting PARRAMATTA SYDNEY CBD EVENING (5.30PM - 8.30PM)
1 <sup>ST</sup> - 5 <sup>TH</sup> APR	Stock & Station Agency Practices SYDNEY CBD	11 <sup>TH</sup> - 12 <sup>TH</sup> APR 1 <sup>ST</sup> , 2 <sup>ND</sup> , 3 <sup>RD</sup> APR	Property Management PARRAMATTA SYDNEY CBD EVENING (5.30PM - 8.30PM)
20 <sup>TH</sup> - 23 <sup>RD</sup> MAY	Strata Management Agency Practices SYDNEY CBD		
FRI 29 <sup>TH</sup> MAR	Real Estate Auctioneer Accreditation SYDNEY CBD	9 <sup>TH</sup> - 10 <sup>TH</sup> MAY	Business Broking Agency Practices SYDNEY CBD

View our course calendar for all course details.

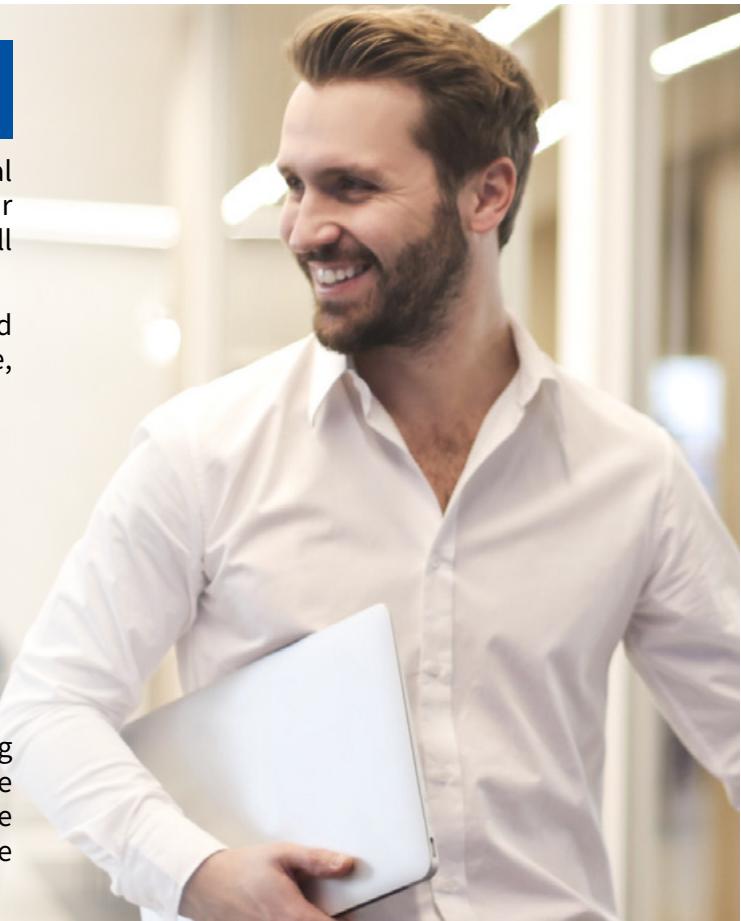
## Start 2019 with Success

With proposed reforms coming for the real estate and property industry, make 2019 the year that you get the qualification and obtain a full property licence.

ACOP provides licensing training programs, and will recognise your prior learning and experience, for the following licence categories:

- **real estate agent's licence**
- **strata manager's licence**
- **business agent's licence**
- **stock and station agent's licence**
- **buyer's agent's licence**
- **on-site residential property manager's licence**

If you are seeking Recognition of Prior Learning (RPL) or Recognition of Current Competence (RCC), talk to us about the types of evidence that you will need to provide to seek these exemptions from training.



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