

Tarek Baytieh

From: Tarek Baytieh
Sent: Monday, 26 November 2012 10:31 AM
To: HSL General Alert
Subject: Response to National Economics Editor Jessica Irvine
Attachments: SM MB Articles 121125.pdf

Importance: High
Sensitivity: Confidential

Good Morning All

Some of you may have read the completely disparaging articles pertaining to Mortgage Brokers in yesterday's Sunday Mail. These articles were printed across the major Newspapers across the country. My direct response to her is at the bottom of this email (FYI). The online response has been overwhelming too this morning (<http://www.theadviser.com.au/breaking-news/8021-daily-telegraph-condemns-brokers>)

Besides the fact that Jessica has NEVER applied for a home loan, yet felt that she possessed the knowledge/experience to rate our offering, the article smacked of complete ignorance and a lack of research, backed by none other than 'Choice' & 'Rate City'. Not surprising, but extremely disappointing! Due to time constraints yesterday, I neglected to dispel quite a few of her 'accusations'. These are:

\$2000-\$4000 Commission on a \$400k Loan – WOW!! \$4000!! Woot woot! I am on the TOP Comm's level with nearly all the Lenders I utilise. My Upfront Commission on a \$400000 loan is \$2158. As for the Trail payments, Commonwealth Bank, who I utilise more than any other Lender, is one of the few Lenders that does NOT pay a Trailing Commission in Year 1! That's right, I get nothing until the loan has been in existence for at least 1 year, and that is at a rate of 0.1660%. Yet, I still have to service my Clients regardless... As you can see, I do it all with my Comm's payments in mind.

Over 80% of all Home Loans are funded through the Major Banks and their subsidiaries. They pay the least amount of Commissions! Hence, using the averages, 80%+ of all loans written by Brokers are being paid at the lowest rates of Comm's (that is, less in most cases than the number I am being paid as stated above)!

'Volume Quota's' of 0.15% - No such thing! These are 'Conversion Allowances' – usually paid if your conversion rates >80% of all loans submitted. ALL Brokers should be striving to achieve 100% conversion rates. The reason behind these conversion rates is to minimise the amount of loans that are submitted 'in hope'. These applications do nothing other than give the Client 'false hope' and clog the system, which then causes turnaround blowouts. All good Brokers would be exceeding 80% Conversions. In fact, Clients should question the 'conversion' rates of all Brokers...

Comm's for Financial Planners banned – this is akin to comparing a washing machine to a home loan... okay not quite. Financial Planners Comm's were significantly more attractive than Broking Comm's. Up to 4% Upfront (as opposed to 0.50 – 0.80%) and 0.6% - 1.5% Trailing (as opposed to 0.15-0.30%). The collapse of Storm Financial & the 'Tree' schemes highlighted these occurrences. Ultimately, if you're not happy with your home loan, it is far simpler to move as opposed to the options that were available on the Financial Planning space, and the circumstance of obtaining a home loan are extremely different to those of participating in Financial Planning.

As for Choice & Rate City... Hah!! How much are they being paid for the 'recommendations'?! No mention of these whatsoever! Rate City can't even get their interest rate comparisons correct, yet they are meant to be a trusted source of home loan information?! As for Choice, massively successful 'One Big Switch' promotion' recently NOT!! Oooh yeah, their 'unbiased' participation didn't yield a cent... Look!! That's one well fed pig that just flew past!!

Cutting edge journalism... hard hitting current affairs!!

Have a great week everyone, and please don't forget to complete our Client Service Feedback – we need your opinion!!

Take Care
Tarek

Please help us to improve our service and go into the draw to win one of 3 \$100 Gift Vouchers

<https://www.surveymonkey.com/s/HSLClientServiceFeedback>

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Sarcasm – The gulf between the author of sarcastic wit and the person who doesn't get it...

From: Tarek Baytieh
Sent: Sunday, 25 November 2012 11:00 AM
To: 'jessica.irvine@news.com.au'
Subject: Mortgage Madness
Importance: High
Sensitivity: Confidential

Dear Jessica

Thank you for your extremely enlightening article on how 'dodgy' we all are! In fact, if I wasn't Broker' myself, I would swear off them for the rest of eternity after reading your articles published in today's Sunday Mail. Actually surprised you just didn't compare us to the 'white shoe brigade' that paraded through the Gold Coast in decades gone by, or even 'Used Car' salesmen of the same era... In fact, this is the sort of media I would expect to see on Today Tonight/Current Affair – I think you know what I'm getting at.

But, enough with comparisons – Rate City & Choice do enough damage with ill-informed and misleading comparisons – in fact I'm quite surprised no national authority has ever taken them to task for it. Question though,

interesting that you didn't declare how much these online 'comparison sites' earn for their 'referrals'? Or indeed how successful Choice recent campaign One Big Switch was? Or even the 'Fee' that Choice received for their 'services'...? Yes of course, that would then be an 'unbiased' comparison and we couldn't have that could we?!

So, from a Broker who has been in the industry since 2000, is fully Accredited with Australian Finance Group, holds a full ASIC Credit Licence, and whose business is 100% referral based, how many of us did you speak with before writing your somewhat misinformed/misleading article? I would take a stab in the dark and say ZERO!

I'm not saying that there aren't Brokers in the industry who don't fit the 'profile' that you've published, but I would suggest that they are the exception rather than the rule. You also state that Borrowers are 'often' unaware that 'Commissions' exist – I guarantee you not one of my Clients wouldn't know they exist, and in fact are declared in the Credit Proposal Report that we MUST provide to all Borrowers who obtain a Home Loan, as is legislated by the NCCP and enforced by ASIC. Most Lender 'Loan Contracts' also state the specific amount paid. Surely the Borrowers read these documents before they signed?

Another question for you is 'cheapest is always best'? Sure, if you are after cheapest and nothing else, then perhaps the internet may be for you... good luck if you qualify though – just ask Choice how many fit from their campaign... Comparing a home loan to a washing machine? Oh dear... if that's the level of importance you place on a home loan, then perhaps you & Rate City/Choice are a match made in heaven. I'm sure they might even give you a discount for the 'free' kick you've just given them.

Thanks for your time! If you're even semi-inclined as a journalist to research the 'other' side, I welcome your contact. In fact, after an hour in my office, what you thought you might do when the time comes, may not be what you actually end up doing... 😊

Thanks & Take Care
Tarek

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