



Columbus Capital 'has no funding issues'

Mortgage funder

Columbus Capital has denied that its decision to stop loan originations until further notice was a result of a dry-up in funds.

After just one year in the mortgage funding market, managing director of Columbus Capital Andrew Chepul told *AB* that the company had notified its originators that it will not be doing any more origination business until 2008.



Andrew Chepul

Chepul said the decision was not a result of a lack of funding, but rather a response to "market conditions".

"We've grown significantly over the year and our concern was that due to market conditions it was best to slow down and consolidate until 2008, because we're conscious we've got to provide a proposition to our origination base," he said. "There's funding, but because we acquired a large portfolio and the fact that that portfolio was only recently securitised ... we want to basically maintain some continuity into 2008 and slow the growth down. And the best way to do that is just go on hold until the new year."

Chepul said the company had phoned each of the 16 originators it deals with directly to notify them of the decision. While Chepul told *AB* its originators "understood" the decision, Mortgage Ezy chief executive Peter James said its brokers did not feel the same way. "Certainly we've tried to cooperate and understand ... However, underneath that, there's certainly not a lot of understanding from brokers, and in particular clients, when something like this happens," he said.

"The brokers are absolutely outraged because it was firstly not communicated very well at all and secondly just the physical fact that they've got all these settlements with many clients expecting funds. A lot of brokers' perceptions now are that dealing with lenders that use securitisation is too hard," James explained.

His comments come after the RBA noted that Australia's \$60bn mortgage securitisation market was beginning to slowly open up again. ■

*Are you affected by Columbus Capital's decision to cease its loan originations or are you losing faith in securitisation?
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