

Bright future for lo-docs

By Ben Abbott | 18 Oct 2010

[Mortgage Ezy](#) chief executive Garry Driscoll has derided opinions arguing lo-doc lending is “dead” under the incoming National Consumer Credit Protection regime.

Despite market concerns over the impact and extent of responsible lending requirements on lo-docs under the new laws, Driscoll argues “the lo-doc is not dead”.

“With rational new policies being adopted to support and protect all parties such as an accountants letter corroborating the clients income declaration enclosed in an application then the issue raised by the NCCP should be able to be addressed,” he said. Driscoll acknowledges, however, that no-docs are finished under NCCP.

Lo-docs have a positive future as competition improves in the final months of 2010, Driscoll argues.

“Self-employed borrowers did not suddenly disappear from the market, but a certain amount of flexibility did,” Driscoll said, referring to the circumstances following the GFC. “Undeniably there is a built up demand for this type of product as it has not been readily available for a few years now, however in recent months pricing and policy enhancements have enabled legitimate borrowers to reenter the lending market.”

Driscoll said “a growing number of the funders to the mortgage management sector are opening up their lo-docs again”, an “extremely positive sign” for this segment.

[Mortgage Ezy](#) recently cut its variable rate on selected Lo-Doc Solutions by 0.20%, which enabled a wholesale rate for its business partners of 6.89%. This came on the back of moves to beef up its lo-doc platform with policy enhancements aimed at reenergising the self-certified market, most notably with the increase in no LMI or BAS refinances to 70% LVR