

Deb Foskey MLA

Member for Molonglo
Legislative Assembly of the Australian Capital Territory
GPO Box 1020, Canberra ACT 2601 Australia
Phone 61 (02) 6205 0161 Fax 6205 0007
www.debfoskey.com



Wed 22 Aug 07

Dodgy home loans must end

ACT Greens MLA Deb Foskey will press the Government, in the Assembly tomorrow, to ensure that home loans are only provided to borrowers with the capacity to meet repayments.

“The ACT has seen a dramatic rise over recent years in the number of homes being repossessed, and part of that responsibility must fall on the businesses that lend the money” Dr Foskey said today.

“Sub prime mortgage lenders, businesses that provide loans to people on low incomes or with poor credit histories, account for 68 per cent of property repossession in the ACT.”

“Deregulated financial markets rely on informed consumers but sub prime home loan providers fail to provide full information to prospective borrowers.”

“Furthermore, many low income earners who sign up for home loans under ‘no doc’ or ‘low doc’ application schemes do not have to provide evidence of their income. As interest rates rise, and high fees kick in, many people are forced to default on these high risk home loans.”

“No doc and low doc loans seem to be targeted at clients with poor credit histories. They are well publicised, you just need to watch tv to see the number of advertisements claiming they will give you a loan if the bank won't.”

“I am calling on the ACT Government to legislate that all home loan providers, be they banks, credit unions, or sub prime mortgage lenders, must assess a potential borrowers capacity to meet mortgage repayments before signing them up.”

“We have seen from the recent US collapse that these risky practices can damage an economy, and we are seeing at a local level how much they can damage people’s lives. I am calling on the ACT Government to ensure this practice ends” Dr Foskey said.

* For further statistics, refer to the 2006 CARE report, “They Want to take our House” available at <http://www.carefcs.org/srcfiles/TheyWantToTakeOurHouseSept2006.pdf>

MEDIA CONTACT Kate Taylor 62050161 or 0400401691

another world is possible...

ACT GREENS RELEASE