

## Why your broker asks so many questions??

Ever wondered why mortgage brokers have to ask you so many questions about your financial circumstances? It's to ensure that fraudulent applications don't slip through the cracks and that your loan suits your needs now and your plans for the future.



Brokers can face claims against them if they submit inaccurate documentation, regardless of whether falsities are the brokers' intention, a mistake or the result of a client's dishonesty.

It is your broker's job to find out everything they can about your financial situation and your goals for the future. Not only does the process help to identify fraudulent application activity, it also ensures that they are serving your best interests.

You will definitely be asked to provide proof of identification as well as details about your income and spending habits. Your broker will want to discern how much you can afford to borrow. You will need to prove this by way of paylips or proof of income.

You will be asked to provide information regarding your dependants, any lawsuits you may be involved in and whether you have filed bankruptcy, and you might be asked twice, by your broker and by the lender.

The lawyer explains that, while the process may seem onerous, there is good reason for extensive questioning.

"Right now the emphasis is on cross checking information by making independent inquiries and independent searches," the lawyer says. "In order to conduct these independent inquiries, or to verify aspects of what they have been told, lenders will often need to come back and ask for more information", he adds.

While it may feel like your broker has mishandled your answers or that some of the questions are not relevant – 'what was your previous address six years ago?' – re-questioning and cross checking is a normal procedure followed during loan applications.

"To checkmate fraudsters, the information that is verified is not always directly relevant to their assessment of the loan, sometimes it is simply to check that the earlier information provided was true," the lawyer adds.

The lawyer confirms, "this is not because the lenders are being inefficient, but because they are performing due diligence

Brokers are required by law to provide potential lenders with applications that disclose all of this information to ensure fraud is ruled out, and lenders can make an informed and ethical decision regarding how much they will loan.

"These bottle necks in the lending process are a little bit like the security screen we all have to go through at the airport. It is tedious but we all understand it is necessary in order to ensure a safe flight," says the lawyer.

"The fraud that is prevented may very well be against yourself."

The MFAA holds its Accredited Finance Brokers to the highest professional and ethical standards in the industry, meaning that brokers are obliged to dig deep into clients' financial situation and future plans so borrowers don't end up with unsuitable loans. I am a MFAA member Helen Goldsmith ~ Link Mortgages ~ 0418 909 611