THE GREEDY BANKERS RISK CALCULATOR

PROVISON FOR LOAN IMPAIRMENT AND LOADING INCLUDED IN A BANKS ADVERTISED INTEREST RATES

| INTEREST RATE | DEPOSIT PAID | LOAN IMPAIRMENT: RISK A | RISK A LOADING | BUYERS RISK B | TOTAL PROVISION | POTENTIAL FOR LOSS |
|---|---|---|---|---|---|---|
| 6.34% baseline | 40.00% | 1.60% | 0.00% | 66.66% | 68.26% | EXSTREMELY UNLIKELY |
| 6.39% | 30.00% | 1.60% | 0.05% | 42.85% | 44.50% | HIGHLY UNLIKELY |
| **6.49%** | **20.00%** | **1.60%** | **0.15%** | **25.00%** | **26.75%** | UNLIKELY |
| 6.79% | 10.00% | 1.60% | 0.45% | 11.11% | 13.16% | **LMI Insurance required** |
| **7.74%** | **5.00%** | **1.60%** | **1.40%** | **5.30%** | **8.30%** | **Govt G/tee or LMI required** |

REVISED INTEREST RATE WHEN LOAN IMPAIRMENT AND LOADING IS REMOVED FROM THE LOAN CONTRACT BY LMI or Govt G/tee( **CHECK WITH YOUR BANK** )

| REVISED INTEREST RATE | DEPOSIT REQUIRED | RISK A INCLUDING Loading | LMI or GOVT G/TEE | BANKS RISK A | BUYERS RISK B REMAINS | BUYERS PROVISION FOR LOSS |
|---|---|---|---|---|---|---|
| 6.79% - 1.75% = 5.04% | 10.00% | 2.05% | LMI insurance 2.05% | Removed 2.05% | 11.11% | 11.11% |
| 7.74% – 3.00%= 4.74% | 5.00% | 3.00% | Govt Guarantee 15% | Removed 3.00% | 5.30% | 5.30% |

This chart is to expose how the banks are manipulating the demand side of the MARKETPLACE with LMI insurance and the Government guarantee and profiting by charging lenders for the bank's risk of doing business that is removed by LMI insurance or the Govt low deposit scheme .

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|---|---|
| **REVISED INTEREST RATE** | The revised interest rate is BASELINE INTEREST RATE less loan impairment that is removed with LMI or Govt guarantee. |
| **BUYERS RISK** | The home buyers share of loss by default is limited to 5.3% or 11.11% of any shortfall remaining after insurance is settled. |
| **CHECK WITH YOUR BANK** | The dollar value of the deposit paid as appearing on the contact of sale determines the buyers risk . |

A problem also exists with the term of the guarantee > It is often stated that LMI insurance is for the term of the loan 25 or 30 years ?

Both marketing tools should be for a fixed term ( 5 YEARS ? ) with reduced interest rates and then revert to the bank's current terms and conditions.

A loan that is protected by LMI insurance should be charged baseline interest less applicable loan impairment for the TERM of the loan.

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| **BIG PROBLEM ?** | The excess provision for loss of 15% covers the risk that the bank has provided loans to meet inflated market prices and supports the use of pre- approval letters and closed auctions to drive prices upwards. The ACCC knows that is not how business is done in a free market : The bank is not constrained by risk and yet is free to value the security property to justify the loan and meet inflated market prices. The banks valuation is in house and secret. |