I support " A FAIR GO FOR ALL AUSSIES " how about you ?

Message to the Federal Treasurer and the ACCC re 5% deposit loans

Make no mistake : **The total exposure to risk of doing business in providing a first home buyer with a 5% deposit loan is a nominal rate of 3% as assessed by the Commonwealth Bank and provided in the banks published accounts.**

The Commonwealth bank's advertised interest rates dated 15 May 2026 to provide a variable rate loan having an LVR ratio of 60 % to be 6.34 % .(base rate) That interest rate includes a charge to recover realised losses should a home owner not be able to repay the loan. That risk of loss (the risk of doing business that is common to all for profit business) has been assessed to be in the order of 1.60% to1.80 % of a loan outstanding and is provided for in the banks financial accounts as **loan impairment.**
As the banks risk of providing a loan increases from 60% LVR to 95% LVR (a 5% deposit loan) the charge for risk included in the monthly interest payment is increased by 1.40 % and the interest rate increases from 6.34 % to 7.74 % .That interest rate now includes loan impairment of 1.60% plus risk loading 1.40% = **3 %** and is the banks risk of doing business that is common to all for profit businesses.

We have a problem : **1:** The Government Guarantee to a bank is : Should a house need to be sold and the proceeds of the sale do not recover the mortgage loan outstanding the Govt will refund the bank for losses to 15% of the banks internal and secret valuation of the property that justifies the loan.

2: The Guarantee removes a banks risk of doing business (3%) in providing a loan for a property the bank has secretly valued to justify the loan .
The 15% guarantee is excessive and 5 times the banks assessed risk of 3% and enables the bank to relax lending criteria and meet inflated house prices at no risk to itself or its shareholders.

3: The bank is not required to disclose its internal valuation of the security property. The bank may irresponsibly increase its exposure to risk and value a property to meet the contracted sale price. That risk of loss is the risk that property prices may fall in the marketplace and is not intended to be recovered by the Govt Guarantee. The bank is not constrained by risk and is free to value property to meet the market and drive prices upwards .

That is not how business is done in a free market !

Question to the treasurer : **Why is the Govt Guarantee 15% when the Commonwealth bank has assessed the risk of loss to be 3 % and evidenced by the banks website and published accounts ?**

SOLUTION : **All loans guaranteed by the Government or LMI insurer must be subject to a certified valuers certificate provided to the bank and the buyer of the property.**
Term of guarantee to be for a fixed period 4 to 5 years that entitles the borrower to reduced interest rates for the duration of the fixed period.