



Owners go under

No mercy in the rush to repossess

SPECIAL REPORT

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HOMEOWNERS who fall behind in mortgage payments and face repossession are being charged up to \$244 a day interest by lenders.

Some non-bank lenders are threatening legal action when owners are as little as \$600 in arrears, or just two to three months behind in mortgage repayments.

Many homeowners are facing claims for recovery of their properties within a few months of signing for a mortgage.

The extent of the mortgage pain is revealed in *The Sunday Mail's* extensive analysis of Supreme and District Court repossession writs filed in the last four months, which found:

- The Gold Coast is the state's repossession centre.
- In the past four months 242 repossession writs have been lodged in Queensland courts. Recovery-of-land claims by banks, lenders and their trustees reached a record 961 last year.
- Borrowers who don't make repayments on time are being charged as much as 17.4 per cent a day penalty interest.
- Many borrowers who default have to repay thousands more than they borrowed in the first place, as well as daily penalty

interest rates and hundreds of dollars in costs — on top of losing their home.

- About 90 per cent of repossession writs since November were issued by non-bank lenders or their trustees.

The properties under threat are statewide, from the wealthiest Brisbane, Gold and Sunshine Coast suburbs to Tara, 380km west of Brisbane, one of the cheapest places to buy a house.

The Gold Coast is the hardest hit, with 56 coast and hinterland properties facing repossession claims since November 1.

Parkwood, behind Southport and Griffith University on the Gold Coast, and Bribie Island are shaping up as the repossession capitals of Queensland.

At Parkwood, where the 2007 median house price was \$452,000, owners of six properties have been served with repossession claims in the past four months.

Six Bribie Island properties also are under repossession claims filed since November 1.

Analysts say that while banks usually give borrowers a few chances to come up with overdue payments, other lenders who have traditionally sourced money offshore and

are finding it more difficult to do so, have been moving swiftly to the courts.

A Crestmead couple, who borrowed \$247,592 in September, were issued with a default notice two months later when they fell behind in payments.

Property valuer Iain Herriot said most owners facing repossession had borrowed too much too late, with some signing loans for 95 to 105 per cent of the property value.

Mr Herriot said couples who borrowed \$350,000 last year needed to have a household income of \$100,000 a year to service such a loan.

He said some people in trouble had borrowed well beyond their capacity, sometimes after attending wealth creation seminars that steered them towards fringe lenders.

Property analyst Michael Matusik said many lenders moved fast towards repossession because they knew they could sell the properties for a profit. But he said there needed to be more of a warning process, with borrowers given a few chances to make repayments before lenders took them to court.

"We are going to see more repossessions," he said.

Hang on to the house, Noel Whittaker, Page 70



Repossession hotspots*

Case study: Peregian Beach
Loan: \$1.4 million in May, 2006
Problem: Behind \$11,145 in repayments in August, 2007
Result: Claim for property recovery, plus \$861,000 and interest at \$185 a day from January 2, 2008

Case study: Redland Bay
Loan: \$400,700 in May, 2007.
Problem: Failed to pay \$4823 by November, 2007
Result: Repossession of property claim, plus \$408,865 and \$1500 costs.

Case study: Parkwood
Loan: \$295,973 in September, 2007
Problem: \$6200 in arrears by November, 2007
Result: Claim for \$302,651, plus interest at 15.49% and \$1554 costs in January, 2008.

Total number of claims

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|------|-----|------|-----|
| 2007 | 961 | 2004 | 484 |
| 2006 | 910 | 2003 | 496 |
| 2005 | 869 | 2002 | 569 |

Map locations:
 Mareeba 4
 Mackay/Slade Point 4
 Rockhampton 2
 Bundaberg 3
 Sunshine Coast 14
 Toowoomba 3
 Brisbane 24
 Gold Coast 56