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Australian foreign borrowers alarmed about bank loan fraud, off the plan apartment a settlement risk as banks cut foreign loans, buyers fail to obtain finance.

## Australian foreign borrowers are alarmed about bank loan fraud, off the plan apartments a settlement risk.

Australian foreign borrowers are alarmed about the unfolding bank loan fraud, placing off the plan apartments into settlement risk. With all the major Australian Banks now cutting out foreign buyers, foreign off the plan apartment purchasers struggle to obtain finance.



Following the recent announcements by Westpac, NAB, CBA and ANZ, that they will no longer lending money to foreigners wanting to buy residential property. Yesterday, the Bendigo and Adelaide Bank, Australia's fifth largest, told more than 30 mortgage managers and thousands of brokers to immediately stop lending to foreign borrowers and exclude foreign-sourced income from local real estate deals amid growing concerns about fraud and possible money laundering.

Banks cut off foreign borrowers: Australian off the plan apartments at crisis point, settlement risk intensifies for foreign buyers struggling to obtain finance.

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<http://mortgageproperty.com/australian-foreign-borrowers-alarmed-about-bank-loan-fraud.html>

**Reported in the Australia Financial Review on May 9 2016 at 7:24 PM : Non-bank lenders and brokers told to stop loans to foreign borrowers.**

Read the full AFR article here: <http://www.afr.com/business/banking-and-finance/financial-services/nonbank-lenders-and-brokers-told-to-stop-loans-to-foreign-borrowers-20160509-gopyaj#ixzz48CS07zPK>

Bendigo and Adelaide Bank, Australia's fifth largest, told more than 30 mortgage managers and thousands of brokers to immediately stop lending to foreign borrowers and exclude foreign-sourced income from local real estate deals amid growing concerns about fraud and possible money laundering.

The bank is investigating reasons for a big spike in foreign loan applications following a crackdown by other lenders' lending to foreigners, including Westpac Banking Corp., because of fears about the origin and quality of the applications.

ANZ Banking Group and Westpac Banking Corp have discovered they have each approved "hundreds" of home loans backed by fraudulent Chinese income documents, which were allegedly manufactured with the help of dodgy mortgage brokers.

"We have seen a marked increase of enquiry by foreign buyers following moves made recently by other lenders to withdraw from lending to borrowers with foreign income," according to a confidential letter sent to brokers and companies that re-badge Bendigo and Adelaide Bank products.

Citibank downgraded apartment builder Mirvac from buy to neutral because it believes foreign buyers might struggle to secure loans to buy the apartments being built by the listed real estate group.

Citi expects the crackdown on foreign buyers - who have purchased about 20 per cent of Mirvac's off the plan apartments - coupled with the growing supply of apartments in capital cities could cause problems for Mirvac's apartment business.

Settlement risk increases when foreign buyers purchase off the plan and cannot get a bank to lend. The stock was downgraded before Bendigo and Adelaide Bank cut off foreign lending.