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Chinese property investment and mortgage fraud turn lying into an art form, Australian banks report, foreign investors could trigger a financial meltdown

Chinese property investment and mortgage fraud turn lying into an art form, Australian banks

Australian bank lenders have stopped lending to Chinese property investors because of growing evidence that thousands of loan applications are obvious forgeries.



Mortgage fraud could spark a financial meltdown, senior economist warns.

The practice of doctoring paperwork on home loans is much broader than the banks would have us think. NAB has been told a broker used Photoshop to inflate figures on pay slips and bank statements in order to secure loans for overseas buyers.

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<http://mortgageeproperty.com/chinese-property-investment-mortgage-fraud-australian-banks.html>

MORTGAGE FRAUD IS THE DIRTY SECRET THAT COULD SPARK A FINANCIAL MELTDOWN, ECONOMIST WARNS

By Dana McCauley, May 13, 2016 - news.com.au

MORTGAGE fraud by brokers and banks could bring on a financial meltdown, an economic researcher has warned. As at least three of the major banks investigate allegedly dodgy loans to Chinese buyers, LF Economics founder Lindsay David says fraudulent lending is rife in Australia's property market — and that we should all be scared.

<http://www.news.com.au/finance/business/banking/mortgage-fraud-is-the-dirty-secret-that-could-spark-a-financial-meltdown-economist-warns/news-story/53bf8bf125b31e39e0d05c61b3f34d06>

FOREIGN PROPERTY INVESTORS TURN LYING INTO AN ART, LENDERS SAY

By Duncan Hughes, May 13, 2016 - afr.com

Foreign real estate buyers have paid about \$200 each for forged bank income and spending statements used in mortgage applications, mortgage industry sources said.

AFR Weekend has obtained a copy of a recent loan application in Chinese and English that bilingual lending experts said was a "ludicrously obvious forgery" for a \$960,000 loan to purchase a \$1.06 million Sydney apartment. Nervous lenders are stopping lending to overseas borrowers because of growing evidence that thousands of similar loan applications are being processed, or could have been approved and processed. "This is huge," said Ken Sayer, chief executive of Mortgage House, a non-bank lender, about the potential size of real estate fraud. "It is much bigger than everyone is making it out to be. The numbers could be astronomical."

<http://www.afr.com/real-estate/residential/foreign-property-investors-turn-lying-into-an-art-lenders-say-20160512-gou1am>