

Processing loan applications

A large part of your job will be processing new loan applications and moving these applications through the various stages until the client settles their loan. A few of the common tasks/issues have been raised in the other task and this task will focus on the technical understanding and practical problem solving you will need for this role.

It is important that you can complete these tasks in a timely manner but everyone takes time to learn how to do things quickly and accurately so we don't expect 100% right away. If you are successful in this role then then you'll find the below tasks very simple and quick in time.

For the tasks below you'll need to remember the following

- All income to be expressed as annual gross figures
- All expenses/repayments to be expressed as monthly
- Loan to Value Ratio (LVR) is the percentage
- Speed is important but not at the expense of accuracy

1 – You're submitting a new application and you have some information but you need to be able to present it in such a way that the bank can easily understand what we're after. We've got two clients in one application. One is paid \$640/wk gross. The other is paid \$18.50 per hour and works a standard 40 hour week. The second person also earns time and a half for extra hours which they do work regularly but we are not able to get the evidence of this in a satisfactory form for the bank. What is their combined income?

2 – A new client has been in touch and they want to buy a second property but they can't borrow more than 80% of the value of their properties. Their existing property is worth \$440K and the new property will cost them \$250K. They have existing lending of \$200K and they will contribute a further \$20K of their own funds to the new purchase. What will their LVR be when they own the new property?

3 – A new client wants to buy a house for \$350K and has a deposit of \$100K. They have two car loans of \$4K each, a credit card with \$4500 owing and a personal loan of \$2500. The bank will not approve their loan because they do not earn enough to meet all of their repayments including the new mortgage even though it's very close. How might you be able to help them out of this bind?

4 – A client has various existing home loans with weekly repayments as follows... \$257.55, \$267.55 and a fortnightly repayment of \$230. In addition to this they have a weekly personal loan repayment of \$179.36 and another personal loan with monthly repayments of \$457. What are the total payments for the home loans and also the total payments for the personal loans?

5 – A client is borrowing \$500K. They are splitting this in to two \$200K loans and one of \$100K. They will just be paying interest only on the \$100K loan at an interest rate of 5.50%. The two \$200K loans will be fixed for 12 months and 24 months respectively and will have a loan term of 30 years. The fixed rates the clients are taking are the standard home loan special rates offered by ASB. Please provide the repayment amounts for each loan (show working). You'll find the interest rates online and I'm sure the My Mortgage website will help with calculating some of the loan repayments.

6 - A client has purchased the property at 16a Saffron Street, Cambridge.

- a) We need to contact the agent for a copy of the contract from the agent. What are their contact details?
- b) How large is the land area?
- c) We need to send something to their lawyer. They have advised us this is Jacqui from Bell & Graham in Matamata. Please provide her contact details and full name.