



What is NCCP and What Does it Mean to You?

NCCP or **The National Consumer Credit Protection Act**, is legislation that is designed to protect consumers and ensure there are ethical and professional standards in the finance industry.

There now is a nationally consistent framework to legislate the way in which credit is regulated. This framework clearly lays out the new requirements for all credit providers in relation to how they can deal with you as consumer – **meaning there's now a greater level of consumer protection.**

The Act provides that all lenders & mortgage brokers are required to **hold a credit license or be registered as an authorised credit representative.**

So the immediate benefit for you as a borrower is that the new NCCP will make things simpler for all Australians to **know their rights and what they can expect** when arranging any form of credit – including their all-important mortgage.

I have welcomed the NCCP as it means that lenders cannot provide credit unless they have complied with the responsible lending provision. This provision means that **a loan must pass the “not unsuitable” test**, which has been designed to eliminate any unscrupulous lending practices that may have shattered the dreams of borrowers in the past and brought an unnecessary disrepute to the industry.

What Are The Steps to Applying For a Loan?

When you apply for a loan we must follow the specific process set out in the Act.

1. **Make enquiries:** I must make reasonable enquiries as to your financial position, requirements & objectives.
2. **Verification:** I must take reasonable steps to verify your financial position.
3. **Preliminary assessment:** With the information gathered from steps one and two, I must make a preliminary assessment as to which loan(s) are appropriate for you, before recommending them to you.

What if I Just Want to Know the Best Lender and Interest Rate?

It is against the NCCP Act for us to recommend a product without making proper enquiries and verifying your information. Therefore, **it is not possible for us to simply recommend a lender without us completing the**

SUSI ROSS mortgage broker

e susiross@internode.on.net

t 0408 082 487

f 08 8249 9982

- ▶ home & equity loans
- ▶ investment finance
- ▶ refinance
- ▶ debt consolidation

ABN 12 640 136 642



MFAA Credit Advisor

Credit Representative

Number 39967



first two steps above. Without gathering and confirming this information, we are unable to provide you with accurate advice.

There are hundreds of loan products and even more different credit policies, which will affect the outcome of your application and how suitable the loan will be after settlement based on your personal circumstances. Therefore, recommending a product without the necessary research would be like providing you with a price on a convertible car when you have a family with 6 children.

Can you give me an indicative interest rate and likely costs?

Yes, we can give you a range based on the standard among the lenders. But you need to bear in mind that these could change as we do not know which lenders you qualify for or which loans suit your needs and objectives.

What if I want a Low Doc loan?

Lenders, along with us as a mortgage broker, are required to take reasonable steps to verify your position. Therefore, not providing sufficient evidence of your income is no longer allowed under NCCP.

The most common documents that a Lender could ask for are: (note – not all are required, some lenders only require one of the following)

1. **BAS Statements:** A lender may ask for 12 months BAS statements to verify your turnover and estimate your income.
2. **Trading Statements:** A lender may ask for 6 months bank account statements from your business, to verify your turnover and estimate your income.
3. **Accountant's Letter:** A lender may have a specific accountant's letter template for your accountant to sign, confirming your income.
4. **Signed Income Declaration Form:** There are some lenders who have interpreted the NCCP Act in a different way to others lenders and only require a signed Income Declaration Form.

Required Documents under NCCP

1. Privacy Statement – Included in this pack.
2. Credit Guide – Included in this pack.
3. Needs Analysis – Completed at the qualification stage
4. Preliminary Assessment – Completed post qualification stage
5. Credit Proposal – Completed at application stage