

Soldiers Point NSW

7/2/2011

Senate Committee Inquiry
Competition Within the Australian Banking Sector

Collateralised Mortgages

Dear committee members,

When a borrower has several loans with the one bank secured over several properties, why should that bank be allowed to collateralise the mortgages?

This means that those mortgages cannot stand independently of each other as they would if they were with multiple banks. The loans should be kept separate and have nothing to do with each other especially if they are loans on independent properties. It also effectively makes it much more difficult to remove one mortgage from the bank by simply paying that mortgage out. **You must ask for permission from that bank to do this.** I have recently had the experience that my bank has made it difficult to refinance a commercial loan that had expired and was therefore on default interest rates. They were quite happy with the high interest rates they were earning and were not interested in assisting me whatsoever.

Once again this is an example of the government giving all power to the banks and none to small business. In fact I get the distinct impression that the banks actually make more profit from the loan arrangement when the small business is failing. This is giving the banks an incentive to make the small businesses fail. Is this the way the banking industry was designed to operate? Is it in the country's interest to assist small businesses to fail only for that money to be distributed to bank shareholders?

Yours sincerely,

Small Business