

MORTGAGEE SALES ON INCREASE

- Allistar Walker

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The busiest people and occupations these days seem to be the ones sorting out the problems of people or entities that cannot pay their bills. Bank credit departments are busy processing loans in arrears, Receivers are busy sorting out finance companies, Budget Advisors are flat out showing people how to get blood out of a stone. Turning water to wine would be the best trick, but the only way I know to do this is by watering the grape vine and spending a heap of cash to process the grapes.

So it is with debt. If it is not overused and nurtured properly, it mostly won't cause you problems. But as they say, if you are in it up to your neck, expect tough seas to drown you.

Facing a Mortgagee Sale?

The best advice I can give is come to grips with problems and take care of it yourself or your lender will bash you from pillar to post. By taking responsibility you will

- Tart up your property, it doesn't need to cost much,
- Put the house on the market before the bank does,
- Look for restructured finance through a Broker. This may or may not be available but at least try.

Once under pressure from a bank mortgagee sale, the likelihood of maximising the value of your property is minimal. Mortgagee sales may only realise 75%-80% of your properties real value. You will still be liable to the bank for any loan left over after the sale plus all expenses incurred by the bank bringing your property to sale – frightening isn't it? So be pro-active and don't bury your head in the sand.

Buying at Mortgagee Sale

Great way to profit from someone else's misery or should I say lack of foresight and pro-active behaviour. But be careful, very careful:

- Check out the auction agreement. They can vary considerably. Look for clauses that may impede you.
- You have no right to object to any defects in the title. Get your lawyer to check the title. He will also look for caveats that if not discharged on sale will be your responsibility.
- Do your own LIM report or council property search prior to auction.
- Is the property sold 'as is, where is' or with vacant possession.
- Can you inspect property prior to auction. Property damage or removal of items from such properties is not uncommon in mortgagee situations.
- If property was a rent-to-buy, you could find the 'tenant' thought they had rights to buy the property and be unwilling to leave. This will be your legal problem to remedy.

These are just a few things to be aware of. If you haven't bought at a mortgagee auction before, I suggest you talk to your lawyer and consult a competent Mortgage Broker or Advisor.

Just to prove we humans have a propensity to look at the funny side, our 'Japan desk' reports as follows:

“Following the problems with Lehmann Brothers, the sub-prime lending market in America and the run on Northern Rock, HBOS and Bradford & Bingley in the UK, uncertainty has now hit Japan.

In the last 7 days Origami Bank has folded, Sumo Bank has gone belly up and Bonsai Bank announced plans to cut some of its branches. Yesterday, it was announced that Karaoke Bank is up for sale and will likely go for a song, while today shares in Kamikaze Bank were suspended after they nose-dived.

While Samurai Bank is soldiering on following sharp cutbacks, Ninja Bank is reported to have taken a hit, but they remain in the black. Furthermore, 500 staff at Karate Bank got the chop and analysts report that there is something fishy going on at Sushi Bank where it is feared that staff may get a raw deal”.

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