

## Borrowers becoming more mortgage-savvy

Brokers are dealing with a more educated and informed borrower market, according to a new survey by Mortgage Choice.

The survey revealed that, in 2007, property-seeking and buying Australians have a better understanding of the loan process than their 2006 counterparts.

Almost 60% of people who purchased property in 2007 claimed to have had a rough idea about what was involved prior to beginning their search, but agreed that they needed to do more research. And on par with last year, 23% were confident in their knowledge on the subject.

Among Australians who are looking to purchase property within the next two years, 90% claimed they have some knowledge. Of this group, 77% felt that they were fairly mortgage-savvy, but required further research (up from 65% last year), and 13% claimed that they were well informed.

Justin Doobov, managing director of Intelligent Finance, noted a rise in awareness over the past seven years and attributed it to the increasing sources of information. However, he also noted that many clients, in a bid to be well informed, conduct extensive research in an area they deem to be most important, but neglect other factors which are just as essential. Thus, even clients who are knowledgeable often need help from a broker.

The figures for buyers who expressed a complete lack of understanding remained the same as last year – 20% of current homebuyers, and 10% of Australians who were planning to buy property within the next two years.

This has come as no surprise to the brokers AB spoke with, who said there has always been a percentage of clients who do their research and those who know very little. Several added that the less knowledgeable group is usually composed of first homebuyers.

Warren O'Rourke, national manager of corporate affairs, Mortgage Choice, said earlier in the year:

"There's work to be done on increasing the knowledge base of property buyers so they make more informed

decisions about what can often be the biggest financial commitment of their lives."

However, this lack of knowledge has not raised worry among brokers – many said providing information and guidance is part of the professional service that brokers offer. ■

Only 23% of people who bought property in 2007 were well informed