



GATEWAY PARTNERS
ESTABLISHED 1988

11 February 2008

To the clientele of Gateway Partners Group

**An important message regarding the
proposed new National legislation:**

Finance Broking Bill 2007

Dear Client,

There has been considerable media press regarding this proposed Bill which is open for comment until 15 February 2008.

Detailed overleaf is some background information and a summary of what the Bill is proposing. Where appropriate we have mentioned the areas in which the firm is already compliant to the proposed changes.

While Mortgage Broking is only a part of our Finance & Banking operations, we would like, nonetheless, to assure our clients that Gateway Partners Group is committed to best practice across all industries we are involved in.

Kind regards,

Neale Taylor F Fin
MFAA Full Member
Client Manager – Finance & Banking



Proposed Finance Broking Bill 2007

Background

Currently, the mortgage and finance industry is regulated on a State & Territory basis, with differing rules, Legislation, Codes and Acts applying accordingly.

For a number of years the Mortgage & Finance Association of Australia (MFAA) – the professional industry body and other Group's have been lobbying the Federal Government to implement national legislation to regulate the industry so it is consistent nationally.

A draft 'Finance Broking Bill 2007' has been compiled by the Ministerial Council on Consumer Affairs which is open for comment until 15 February 2008.

What the Bill is proposing

A summary of the Bill's content is:

- It is being introduced to cover/protect individuals and small businesses (< 20 employees and with a loan request < \$2million) when dealing with a mortgage/finance broking firm.
- It will supplement all other national legislation such as the Uniform Consumer Credit Code.
- To operate as a mortgage/finance broking firm an application for a licence from the trading entity wanting to provide the service needs to be sought from the Australian Securities and Investments Commission (ASIC). The licensee can then appoint individuals to operate as a mortgage/finance broker on their behalf subject to conditions/criteria.
- ASIC will maintain a Register of Brokers and broker's representatives (staff employed to offer mortgage/finance services).
- Conditions of obtaining a licence include:
 - Mandatory membership of an approved external dispute resolution scheme – Gateway Partners Finance has always been a member under a COSL scheme with New Co Financial Services Pty Ltd. This also satisfies the membership requirements of the MFAA
 - Mandatory education requirements. Certificate IV in Mortgage Broking/Finance is proposed together with additional requirements for competencies not currently included in the Certificate – Gateway Partners Finance already complies as this is the minimum education required by the firm and for membership of MFAA. Ongoing compliance training is undertaken as directed by the MFAA from time-to-time, such as the recent training undertaken to comply with the new Anti-Money Laundering/Counter Terrorism Financing Act 2006. The firm's incumbent Client Manager, Neale Taylor, is an Educator for the industry



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- **Mandatory professional indemnity insurance** – Gateway Partners Finance has existing policies in place that satisfy the membership requirements of the MFAA and our individual panel of lenders
- **Brokers must be of good character. Probity checks will be required such as national criminal record check, credit check, etc.** – Gateway Partners Finance and its staff are already required to undertake these checks as a condition for membership of MFAA
- **Broker agreements.** Before a consumer signs an agreement with the broker to provide a broking service, the broker needs to have already established the consumer's credit needs and disclosed the names of the credit providers for which the consumer will be liable. Prior to signing the agreement, the broker also needs to establish that the consumer can afford the loan. The broker must also provide a comparison rate schedule, plus details of the commission the broker will receive in relation to each product discussed. A broker is also prohibited from charging a fee before a loan is obtained – These requirements are considered minimum standards to be adopted. Gateway Partners Finance already complies with these rules under our existing operations which is governed by our specifically written in-house Policies & Procedures manual
- Consumers will be able to apply to the court or tribunal. (Currently the consumer would take the lender to court for any legal action.)
- Formal disciplinary proceedings will be established with severe penalties.
- A compensation fund will be established to cover any shortfalls from professional indemnity payouts.

Summary

Gateway Partners Group has no objection in respect to these draft conditions required for obtaining a licence.

More Information....

If you would like more information regarding the proposed Bill, please do not hesitate to contact our Client Manager – Finance & Banking, Neale Taylor, on 8333-0888, or download further information from the following web sites:

Ministerial Council on Consumer Affairs

([http://www.consumer.gov.au/html/download/proposed %20national finance broking legislation.doc](http://www.consumer.gov.au/html/download/proposed%20national%20finance%20broking%20legislation.doc))

Mortgage & Finance Association of Australia (www.mfaa.com.au)