

Cross-Border Australian Mortgage Strategies: *What Advisors Need to Know*



AUDHILD
Lending Services



Presented by
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March 2026

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The logo for AUDHILD Lending Services features the word "AUDHILD" in a large, bold, white sans-serif font. Below it, the words "Lending Services" are written in a smaller, white sans-serif font. To the left of the text is a stylized orange outline of a house or a similar geometric shape.

AUDHILD
Lending Services

Historical Lending Landscape

Before 1990



Home loans centralised across the major banks



Very little competition on rate, product and service lead times



Limited choice and little transparency



Australian banks have ~100% share of home loans

Early - Mid 1990's



Disruption due to financial deregulation occurs



Entry of non-bank lenders



Mortgage broking starts to emerge to service non-bank lender customers

Late 1990s - Early 2000s



Mortgage broking is embedded



Brokers add value to customers:

- shopping around for the most suitable product
- negotiating sharper rates
- saving time



Mid-2000s / Post GFC



Consolidation in non-bank lenders



Mortgage broking channel remains intact



Brokers writing 30% - 40% of new home loans

Current State

Mortgage Broking Across Different Jurisdictions



Australia

76.8%

New mortgages in
2025

(trend increasing)

Source: Mortgage & Finance Association of Australia



UK

87%

New mortgages in
2024

(forecasted ~91% by end of 2026)

Source: Intermediary Mortgage Lenders Association



US

~20%

New mortgages in
2024

(nearly doubled since 2017)

Source: Inside Mortgage Finance Publications

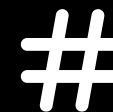
Why use a Mortgage Broker?



Choice



Panel of lenders



Average broker accredited with **23 lenders***



AUDHILD accredited with **40+ lenders**

Efficiency & Education



- Educate borrowers on products and borrowing capacity
- Lender credit policy expert
- Referrals to Buyer's Agents and financial services providers where needed

Rate



Identify products with competitive rates



Negotiate discounts



Proactively seek rate reviews on an ongoing basis

Did You Know? Many mortgage brokers do not service expatriates and clients with foreign sourced income

Lender Snapshot

ADIs

Authorised Deposit-Taking Institutions



 Accept deposits

 Banks, Building Societies & Credit Unions

 Regulated by Australian Prudential Regulation Authority (APRA)

 ~ 138 ADIs (98 banks and 40 credit unions)

 ~ A\$6.5 trillion in total assets (Deloitte 2024 survey)

 ~92% of the mortgage market (Australian Finance Industry Association submission 56, p7)

Non-ADI Lenders



 Don't accept deposits

 Funded through warehouse funding from banks, mortgage-backed securities, institutional term funding etc.

 Regulated by Australian Securities and Investments Commission (ASIC)

 ~ 600 non-bank lenders

 ~ A\$600 billion in total assets (ACCC report April 2022)

 ~5% of the mortgage market (Australian Finance Industry Association submission 56, p7)

Residential Home Loan Features

Principle + Interest

- Variable rate
- Fixed rate (1 – 5 years)
- Split

Interest Only

- 1 – 5 years

Loan Term

- Up to 30 years

Redraw Facility

Type

- Owner occupied or investment

Loan to Value Ratio

- Up to 95% LVR
- 80% LVR (standard)
- 70% LVR
- <60% LVR

Offset Account

- An account linked to a mortgage account that reduces the effective loan balance



Australian Expatriates and Foreign Income

Considerations

- Jurisdiction
- Type of employer
- Contract length
- Tax filings
- Income shading
- Income currency
- Credit history overseas and in Australia
- Overseas residency status
- Document translation requirements

Self-Employment

- Length of company operation and type of business
- Company tax filings
- Applicant tax filings

Currency

- Shading applied (10% - 40%)
- Major currencies preferred (G7 +SGD, HKD, CHF)

Number of Lenders

- Salaried employees: ~ 6 – 8 lenders
- Self-employed: ~ 2 -3 lenders

Loan to Value Ratio

- Maximum 80% LVR



Foreign Citizens Living and Working Abroad

Considerations

- Jurisdiction
- Type of employer
- Contract length
- Tax filings
- Income shading
- Income currency
- Credit history overseas and in Australia
- Overseas residency status
- Document translation requirements

Loan to Value Ratio

- Maximum 60% LVR

Currency

- Shading applied (10% - 40%)
- Major currencies preferred (G7+ SGD, HKD, CHF)

Number of Lenders

- Very small pool of lenders

Government Approval

- Foreign Investment Review Board (FIRB) approval required
- Temporary ban on purchasing established dwellings until 31 March 2027
- New constructions and land to build new dwellings allowed



Borrowing Capacity & Serviceability

Assessment Rate

- Since 2021 it's held steady at 3%
- Only applies to ADIs
- Non-Bank lenders use a lower rate and can provide greater borrowing capacity

Negative Impacts

- Credit Cards
- Personal Loans
- Car Loans
- Student Loans
- Other mortgages

HEM

- Mandatory benchmark used to estimate a borrower's minimum living expenses
- Factors that impact HEM
 - Household income
 - Number of adults
 - Number of dependents
 - Geographic adjustments
 - Lifestyle rating (basic, moderate, lavish)
- Simplified estimate (subject to change)
 - Single A\$ 2,300 monthly
 - Couple A\$ 3,400 monthly
 - Couple + 2 kids A\$ 4,800 monthly

Borrowing Capacity

- 4.5x – 6x gross annual income
- Limitations on loan amounts above 6x



Pitfalls

The security is not acceptable

Not enough cash to fund the deposit and associated fees

The applicant has no income

Credit impairment

Borrower discloses an event which will change the amount of income they earn with no plan for how to address

Mortgage documentation procedures require more time for overseas borrowers



Fee & Commission Structure

Upfront Commission

Trail Commission

May charge an upfront fee in specific cases



Ask

Do you have a client who has an Australian mortgage on a property?

Opportunity to refinance to a better interest rate?

Do you have a client who is thinking about buying property in Australia or thinking of relocating to Australia?

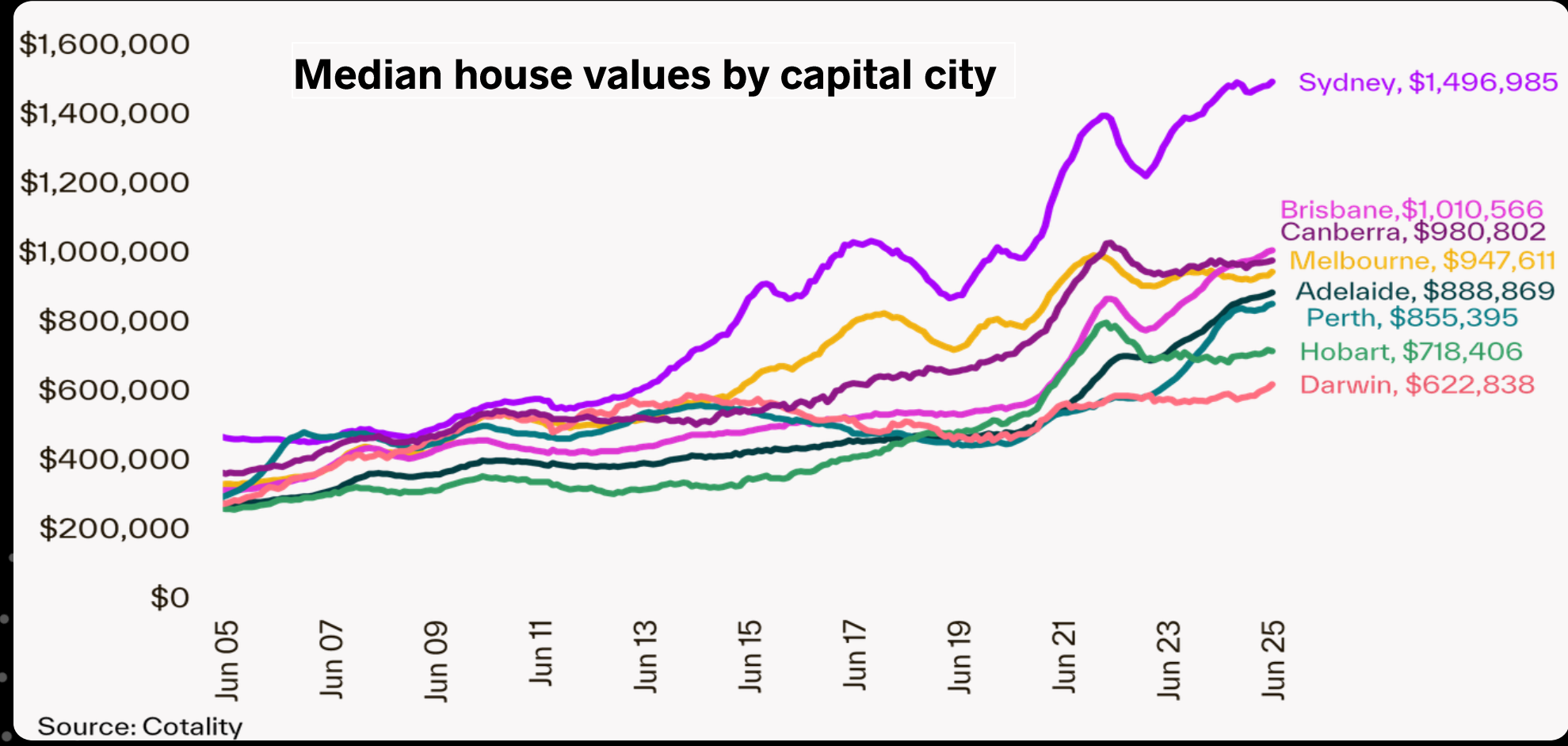
Can I help them?

Latest Trends

Trusts & Company Structures

Australian Government 5% Deposit Scheme

Residential Property Market Growth



Thank You

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