



## Lending Central News Article

### **New affordable housing mortgage product wins trifecta of awards December 06, 2007**

Australia's first ever shared equity mortgage product, launched by Rismark International Ltd, has won a trifecta of major industry awards in its first year of operation.

Rismark's patented "Equity Finance Mortgage" (EFM)<sup>®</sup> was this week awarded **"Best New Product of 2008" by Money Magazine in its "Best of the Best" awards edition.**

Also this week, Rismark was named as **"Australian Banking & Finance Magazine's Best New Financial Start-Up of 2007"** by Australian Banking & Finance Magazine.

These accolades follow **Your Mortgage Magazine's recent selection of the Rismark's EFM as the "Best New Product of the Year in 2007".**

The EFM is a 25 year loan product, with no interest or principal monthly repayments required until the loan is repaid by the borrower. The EFM is an ideal home loan for a first time buyer lacking the full finances required for entry into the home-owner market. It is also an alternative for first, second or third time buyers who want to purchase a more expensive property than they could otherwise afford. Finally, the EFM can be used to refinance an existing home loan, and thereby significantly reduce the borrower's ongoing mortgage repayments by up to 30% or more.

Managing Director of Rismark, Mr Christopher Joye, said "We are delighted that the value the EFM product delivers customers has been formally recognized by three of Australia's most influential magazines."

"The EFM is a revolutionary new home loan product, which can act as a financial savior to households that are having trouble meeting their mortgage repayments and first time

buyers that are otherwise priced out of the market.", he added.

In contrast to a traditional loan, the lender of an EFM shares in a percentage (up to a maximum of 40 per cent) of the future capital appreciation, or, if house prices fall, bears a proportion of the capital losses (up to a maximum of 20 per cent) on the borrower's property as a substitute for a traditional interest rate.

There are no ongoing monthly interest and/or principal repayments required on the EFM throughout its 25 year life.

Mr Joye said "If and only if the borrower does well and their property increases in value, will there be a cost associated with the EFM. In this case, the lender's share of the capital gains is capped at 40 per cent, thereby leaving the home owner with at least 60 per cent of the upside.

"If the borrower's property does not rise in value the EFM is a costless form of finance—they just repay the dollar value of the original principal loan sum that was advanced to them by the lender.

"If property prices fall, the EFM lender may wear up to 20% of these losses and reduce the amount the borrower owes them by this share. Accordingly, where the borrower's home falls in value there can be a unique value transfer from the lender to the borrower, not the other way around as is the case with traditional mortgages.

"Since the product launch, the EFM has experienced robust take-up right across Australia from existing home owners that want to upgrade to a 25% more valuable home using the EFM, households who want to cut their repayments by up to 30% by substituting part of their old mortgage with an EFM, and first time buyers who are priced out of the market", he added.

Since the EFM is a mortgage product, the EFM lender never actually owns any part of the borrower's property ie. the borrower always retains 100 per cent legal equity ownership and title to their home.