

BOB KATTER

Katter's Australian Party

Federal Member for Kennedy



MEDIA RELEASE

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House prices fall – we need non-recourse lending or banks will “crush us at their whim”

Plummeting house prices has KAP Leader and Federal Member for Kennedy Bob Katter slamming the banks saying it's time we stepped in line with other countries and introduced non-recourse lending to prevent further torture to homeowners while the banks take a free ride, using their power to “drive over the top of us” and “crush us at their whim”.

Currently, Australia has recourse lending, while America (and most other countries) have non-recourse lending, which means the bank can only get the house back; they can't get the debt back.

“The borrower pays off \$100k on their \$500k house, he's behind on his repayments, the bank sells it up for \$300k, they get a tax write off of \$100k, they have an insurance loan guarantee that pays off the other \$100k. Meanwhile, the poor old once proud homeowner now has no house, has lost \$100k and is \$200k in debt - he's a debt slave for the rest of his life,” Mr Katter said.

“Undoubtedly we'd be one of three or four key players in securing the banking enquiry - we never made a call for it without reference to the overheated housing market.

“There is an impending disaster – the average price of a house in Sydney, Newcastle and Wollongong is \$800,000 and the average take home pay for a couple is around \$80 000 – how are you going to service that debt?

“KAP policy says that Australia must get in step with other countries. The bank knows better than a 23-year-old newly married apprentice and whether he and his wife can afford to pay \$1000pw.

“It may be argued the bank is more culpable than the borrower - in America there is non-recourse lending where the banks, as they should, share the loss.

“Further, I am scared silly that the ALP actually intends to abolish negative gearing, people buying houses for investment will leave the market and housing prices will collapse even further, and I want people to know cold bloodedly there is a crashing down of housing values that will be precipitated if Labor proceeds with extraordinarily irresponsible action,” Mr Katter said.

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