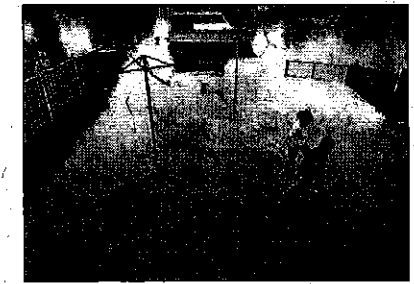


Cash call League the loser in salary stakes Show Me The Money, Page 26

Storm damage Insurers jack up premiums Page 23



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Dollar US84.28c
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Dow 9321.4
-76.79 ▼

Aynsley's new gig

Mike Aynsley is expected to be named as the new chief executive of the Dublin-based Anglo Irish Bank, according to reports in the *Irish Times*. Mr Aynsley, who is from Sydney, has worked in senior roles with National Australia Bank and the ANZ and more recently as a consultant for Deloitte. Anglo Irish was nationalised in January following controversy over deposits that flattered its balance sheet and over secretive share transactions.

CBD

Feathers fly

AS the former Liberal Party pony Andrew Peacock might once have noted, this is a very serious matter. For the past few years, Peacock has been chairman of the oil and gas explorer Amadeus Energy. But he's found himself in something of a disagreement with a major shareholder - the

Banks tighten credit to first-home buyers

MORTGAGES
Danny John

SIX OF the country's nine banks have tightened the amount of money they are prepared to lend to first-home buyers in a response to claims that the Federal Government's cash handouts to the housing market are causing a bubble in prices.

The lower limits came into effect four months ago and cover the period in which the first-home buyers' grants for new and

existing properties amounting to \$21,000 and \$14,000, respectively, were providing a boost to sales at that end of the sector.

Most of the domestic banks and selective overseas lenders such as HSBC have been the big beneficiaries of the additional lending, which has been fuelled by the substantial cut in interest rates since last October.

Those cuts have enticed tens of thousands of first-time buyers into the market in the hope that borrowing costs will remain low

as the Reserve Bank seeks to stop the economy from slipping into a deep recession.

The banks have sought to encourage that with discounted offers on their standard variable mortgage rates - the most popular form of mortgage borrowing - and at the same time take some of the sting out of their exposure to the size of loans being taken out.

According to research conducted by Deutsche Bank, ANZ, NAB, Westpac, St George, BankWest, and Bendigo and Ad-

elaide Bank reduced their maximum borrowing limits significantly between last November - when the stimulus from the grants started to flow - and April.

Deutsche adopted a "mystery shopper" approach and cold-called the banks about their mortgages, claiming to be a buyer with an income of \$70,000 with a full-time job, no dependants and a good credit history.

Its researchers discovered that the biggest cut had been imposed

by St George, which had lowered its previous amount by \$55,000 to \$400,000. Its parent, Westpac, lopped \$33,000 off its \$479,000 total while ANZ went \$13,000 better than that and reduced its limit from \$485,000 to \$439,000.

BankWest dropped its maximum by \$28,000 to \$442,000 while Bendigo lowered its lending limit to \$420,000 from \$430,000.

As for National Australia Bank, it has largely stayed out of the first-home buyers' lending race given its previous imposed maximum of \$310,000. It then cut that to \$290,000 in April.

But the market leader and biggest lender, the Commonwealth, kept its limit at \$420,000, as did Suncorp at \$450,000. The Bank of Queensland was the sole bank to raise its maximum, by \$7000 to \$425,000.

There were few changes to the minimum deposits required to be put down by buyers - typically 5 to 10 per cent of the total price of the property. Loan-to-value ratios were also little changed,

with the average ranging from 90 per cent to 95 per cent.

But lenders continued to respond to demand for new lending by offering discounts of between 0.5 per cent and 0.7 per cent on their standard variable mortgages which currently range from 5.74 per cent (Commonwealth) and 5.9 per cent (Bendigo).

However, BankWest, owned by the Commonwealth, is still offering a 4.8 per cent rate while the other lenders are hovering around 5.8 per cent.

THIS ROUND NOW

	Last sold at or peak value	Present value	Value drop
Hurstville Ritz	\$52m	\$38m	28%
CBD Hotel Newcastle	\$7.6m	\$2.95m	62%
Alexandra Hotel Leura	\$6.4m	\$2.3m	64%
Woolpack Hotel Redfern	\$6m	\$3.2m	46%
Buckland Hotel Alexandria	\$5m	\$2.9m*	42%
Maroubra Beach Hotel	\$5m	\$3.5m	30%
Lawson Park Hotel Mudgee	\$4.6m	\$2.9m	37%
Royal Hotel Queanbeyan	\$4.2m	\$2.2m	48%
The Tura Beach Tavern	\$3m	\$1.55m	48%

* Passed in at auction



LAST ROUND THE 80s

	Last sold at or peak value	Lowest value	Value drop
Revesby Pacific Hotel	\$5m	\$3.05m	39%
Woolahra Hotel	\$4.15m	\$2.25m	46%
Bayswater Hotel Kings Cross	\$3.7m	\$1.3m	65%
Havana Joes St Leonards	\$2.5m	\$1.4	44%
Berkeley Hotel Wollongong	\$2.2m	\$1.2m	45%
Forresters Hotels Surry Hills	\$2.2m	\$1.1m	50%
Camden Valley Inn	\$2m	\$1.15m	42%
St Peters Inn	\$1.6m	\$1.1m	31%
Hopetoun Surry Hills	\$1.2m	\$850,000	30%



Carsales puts the polish on IPO

FLOATS
Matt O'Sullivan

ONE of the most prominent floats this year has got off to a successful start, institutional investors oversubscribing for shares in the online advertising company Carsales.com.au.

On the heels of a slew of companies raising more than \$70 billion over the last year, the partial float of Carsales.com will test investor appetite for new market entrants.

Completed over the weekend, the placement to institutional

