

Home Loan Experts

the way mortgage brokers should be

OTTO DARGAN
director

Smart business

Saying 'yes' when the banks have said 'no' has helped establish **Otto Dargan** and **Home Loan Experts** as leaders in the specialist market

OTTO DARGAN is Australia's brightest broker.

At last year's Australian Broking Awards, the director of Home Loan Experts beat more than 1,000 other hopefuls to secure his Brightest Broker crown for a second consecutive year.

His knowledge of the industry, its intricacies and its possibilities, hasn't just allowed him to win the BrokerIQ competition two years running; it has also helped him tap into an under-serviced market segment and reap the rewards.

Home Loan Experts markets itself to borrowers as a specialist in specialist lending. They are, according to their website, "experts in approving difficult loans".

This approach, it seems, has struck a chord both with borrowers and the industry alike.

Last year, one of Mr Dargan's young brokers, Hank (Hoa) Hong took out the Newcomer of the Year award at the Australian Broking Awards. Mr Dargan's

business also has a growing loan book and database of customers.

HOW TO HELP

Australia's brightest broker says brokers are uniquely qualified to help borrowers with specialist needs – and that it's not too hard to do so.

says. "You can tell if they are a good customer or not by looking into the reason behind the defaults.

"You should be looking at the long-term solution of how to help them sort out their situation and get back to a lower rate in three to five years time."

Brokers who have never dealt

"Brokers are uniquely qualified to help borrowers with specialist needs – and it's not too hard to do so"

"The banks can't help this customer type; we're the only ones who can," he says, adding that brokers play a key role in helping these clients work out a long-term plan to get into a prime loan.

"The first step is to make sure the customer just had a one-off problem and isn't going to get into trouble again," he

with this market segment before need not worry about where to look – specialist clients are all around us.

"There are certainly a lot of self-employed customers who have had credit issues or have specialist needs," says Mr Dargan. "Talking to your accountant is a great place to start."



Now is also a great time to expand your client base and start helping these borrowers, he adds.

"With the dust settled after NCCP, specialist lenders will begin to get more aggressive with their pricing and policy," he says. "As long as funding remains steady, I think 2013 will be a great year for specialist lending."

IT'S NOT TOO HARD

Brokers who steer clear of this market segment because they think it's 'too hard' or at odds with NCCP legislation are mistaken, Mr Dargan says.

"A lot of mortgage brokers believe that specialist lending isn't compliant with NCCP – this simply isn't true," he says. "These customers need the help of a good mortgage broker more than anyone else."

His brokers have increased the amount of specialist loans they write in recent years.

"Around two years ago we were wasting good referrals

because our brokers weren't well trained in non-conforming," he says. "Dealing with specialist clients has since improved our conversion rate. In addition, non-conforming clients tend to give more referrals."

With banks tightening their lending criteria, Mr Dargan says more people fall into the 'specialist' category than you might think.

"We're seeing a lot of people who are near-prime and are seeking specialist loans," he says. "The banks are tighter with credit than a few years ago and so the non-conforming lenders are now filling this space."

Despite belief in some circles that writing specialist loans is complicated and fraught with financial difficulties, Mr Dargan says a majority of people who require specialist loans have experienced only minor problems.

"Most of our non-conforming clients have minor defaults," he explains. "Typically one to three

defaults – under \$3,000 in total and all paid.

"In most cases, the defaults come from a 'life event' such as a divorce or business failure. What many brokers find surprising is that there are a large number of high net worth customers in there as well.

"They often have cash flow problems or need access to their equity to take advantage of a business opportunity."

Mr Dargan is also keen to emphasise that not all specialist clients are credit impaired.

"Some just don't meet bank or LMI policy for one reason or another," he says.

Aside from the obvious benefits of expanding Home Loan Experts' client base, generating more referrals and boosting the business' bottom line, Mr Dargan says catering to specialist clients has had other rewards.

"Customers really appreciate your help when you get them out of a tough situation," he says. "It's really rewarding." ■