

BUSINESS MAGAZINE OF THE YEAR



The Adviser

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NON-MAJOR BANKS RANKED

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51/ Business growth
Australia's elite business writers
share their lead generation tips

54/ ABA winners
The nation's best brokers
and brokerages revealed

THE 2013 AWARDS PANEL

Thank the judges for the considerable amount of time invested in selecting the award winners.

 Executive Director STONE BIOLOGY	 Chief Commercial Officer GENWORTH FINANCIAL	 Australian research director RFI
 Senior Adviser	 Managing Director THE DUBS	 Chief Executive Officer KAPLAN PROFESSIONAL
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 Professor of Finance, Director of the Institute of Global Finance, Australian School of Business UNIVERSITY OF NSW	 Executive Director COUNCIL OF SMALL BUSINESS OF AUSTRALIA	

RESIDENTIAL BROKER OF THE YEAR



ING DIRECT's Lisa Claes presents the award to Rate Detective Finance's Warren Dworcan

For the second year running, the Residential Broker of the Year award went to Rate Detective Finance's Warren Dworcan.

The judges said Mr Dworcan demonstrated a superior approach to customer service and his commitment to the client is beaten only by his exceptional settlement figures.

Mr Dworcan credited his success to a good work ethic, great team and a commitment to the customer.

"My advice would be to work hard and work out exactly what it is you are trying to achieve and keep striving. Keep striving and you'll get there," he said.

PRESENTED BY:  **ING DIRECT**
Spend your life well

BEST OFFICE FRANCHISE



Bankwest's Ian Rakhit presents the award to the Mortgage Choice Glenelg East best office team

This year's Best Office Franchise went to Mortgage Choice Glenelg East.

According to the judges, the Glenelg East franchise proved they are more than a successful office; they are a pillar of their community. Their track record and results are amongst the best in their field, and their ability to give back and support their local community is most commendable.

Mortgage Choice Glenelg East's Wendy Higgins said she was very excited to accept the award on behalf of the entire office.

"I think we have to be one of the most productive offices in Australia. We just love what we do," she said.

PRESENTED BY:  **bankwest**

NEWCOMER OF THE YEAR



Josh Bartlett from Loan Market Cheltenham (left) receives the award from NAB Broker's Steven Kane

The award for Newcomer of the Year went to Loan Market's Josh Bartlett.

The judges said Mr Bartlett had demonstrated a better defined business strategy and customer care program than his competition. Mr Bartlett's results also show he is a stronger performer not just by settlement figures, but by conversion rate as well.

Mr Bartlett has been in the industry for just two years and said he loves the different challenges he faces each day.

Eyeing the Australian Broker of the Year award in 2014, Mr Bartlett said, "I need to start setting my goals a little bit higher to see what I can step up to".

PRESENTED BY:  **nabroker**

BEST OFFICE NON-FRANCHISE



Bankwest's Ian Rakhit congratulates Tiffen & Co on their win

This year's Best Office Non-Franchise award went to Tiffen & Co.

According to the judges, Tiffen & Co showed an incredible level of detail in their pursuit to be the best of the best in the mortgage industry. They have clearly developed all channels within their business and demonstrated a strong level of professionalism and innovation.

Offices considered for this category had to have between three and 10 brokers/loan writers and could not be part of a franchise group.

This award recognises Tiffen & Co's business growth over the last 12 months across all sectors.

PRESENTED BY:  **bankwest**

MAJOR BROKERAGE OF THE YEAR FRANCHISE



John Finucane, Suncorp Bank's state manager, NSW presents the award for Major Brokerage of the Year Franchise to Mortgage Choice's Susan Mitchell

The Major Brokerage of the Year Franchise award went to Mortgage Choice.

This is the third consecutive year in which Mortgage Choice has taken out this award.

According to the judges, Mortgage Choice demonstrated a structured approach to growth, with clear objectives and associated results. In addition, the brokerage continues to engage in best practice and innovation.

Susan Mitchell from Mortgage Choice said that after 21 years, to still be awarded for your core business activities is really a treat.

"We are expanding and moving into different things, but to still be recognised for that core business is really wonderful," she said.

PRESENTED BY:  **SUNCORP BANK**

MAJOR BROKERAGE OF THE YEAR NON-FRANCHISE



Citibank's head of broker distribution, Aaron Milburn (right), presents Sam White of Loan Market with the award for Major Brokerage of the Year Non-Franchise

The Major Brokerage of the Year Non-Franchise award went to Loan Market.

According to the judges, Loan Market presented very well in their interview with the judging panel, bringing in key personnel who successfully explained the company's business objectives. In addition, they were able to successfully highlight what makes Loan Market unique.

Executive chairman of Loan Market Sam White said the award was an acknowledgment of the hard work of so many people at Loan Market, both in the executive team and the broker force.

"We are really thrilled that it's an award that recognises what the guys have done and what they've worked hard to achieve," he said.

PRESENTED BY:  **citibank**

AUSTRALIAN BROKER OF THE YEAR



Rate Detective Finance's Warren Dworcan (left) receives the Australian Broker of the Year award and a \$10,000 winner's cheque from CBA's Clive Van Horen

The coveted Australian Broker of the Year award went to Warren Dworcan, his second award for the day.

Mr Dworcan won over the judges with his commitment to his clients and his forward-thinking approach to business. The judges said the relationships he has with his referral partners and existing clients are exceptional, and his settlement figures are a testament to that.

Mr Dworcan praised his entire team for their hard work, saying he couldn't have done it without them.

"It's vital to make sure that the people who are working alongside you have the same capabilities but also the same desire and drive to succeed, and that comes from passion," he said.

PRESENTED BY:  **CAN**

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BRIDGING THE GAP

Story / Vivienne Kelly

Sometimes clients need funding quickly and brokers are well placed to help these borrowers find a solution. The short-term lending market is growing, so what do brokers need to know?

ONE OF the toughest day-to-day problems brokers can face is dealing with both banks and borrowers when turnaround times blow out or settlements are delayed. This can be particularly problematic when brokers are dealing with a borrower who needs funds quickly.

In many instances, brokers feel like their hands are tied – they want to help the client, but if the money's not ready in time, there's not a whole lot they can do.

Short-term lending has enabled some brokers and borrowers to bridge the gap and implement a temporary solution while the client's wider financial

needs are taken care of at a more suitable pace.

Unfortunately, the short-term lending industry has been tarred by misconceptions and the occasional dodgy operator, which has damaged public perception of the sector.

Short-term loans are all about bridging the gap – giving a borrower quick money, which enables them to take care of their immediate financial needs.

Brokers who operate in this space can help their borrowers navigate more complex financial situations and ensure they're securing a suitable solution. »



WHO NEEDS IT?

Short-term lending is, obviously, only meant to be a short-term solution. DJ Capital's chief executive, Damien Simonfi, says there is no denying the interest rates are higher, but it's about finding a temporary solution to help clients to bridge the gap.

A typical client, he says, needs a temporary solution to avoid a sale, transaction or job falling through.

"A classic situation we see is in Queensland, where someone has bought a property. It's a residential home and the bank has lined up all the finance. The bank gets close to settlement and there's a bit of an issue or delay and the bank says, 'Sorry, we can't settle in time.'"

"In Queensland, when that happens, you can be forced to forfeit the deposit and lose the property because your bank didn't settle in time," he says.

In this sense, Mr Simonfi says short-term lending is about assembling a solution so the transaction doesn't completely fall through. Clients can borrow from a short-term lender to secure the capital for their purchase and then take care of their full financial needs with the bank further down the track.

Tradespeople too are often subject to circumstances out of their control, which can potentially jeopardise their cash flow.

"Builders often get caught out by rain," he says. They'll be 90 per cent complete on a couple of projects and they'll just be waiting to lay concrete, but they just can't move because of the weather.

"At the same time, they can't get their other projects up and running, so they run out of cash. It might be that all they have to do is put some letterboxes in and roll some grass out because the properties are already sold unconditionally.

"So they come to us and they borrow a couple of hundred thousand dollars to finish off the five houses, which all have contracts in place – then they can pay it back within a couple of months."

Paul Stone, owner of HomeSec Business Finance, says small businesses are often the true beneficiaries of short-term lending.

"It can be anyone from across the small business spectrum," he says. "It can be anyone from a tradesman who needs access to cash to buy some materials while he waits for some income on other jobs to arrive, or someone who is buying a IP Mowing franchise. Their bank may be going really, really slow, but they need the money now to complete the franchise purchase.

"Other times, it is small businesses that might

have 20 or 30 employees but for some reason or another they need access to funds for payroll.

"If they need money in a hurry, that's why they come to companies like ours."

John Encina, finance broker at Macquarie Commercial Finance, says by offering short-term lending solutions, you will come across a wide variety of clients.

"I had one client who was a music producer and he needed some really quick money to sign up a couple of artists," he says. "He needed short-term money to do the deal and then we refinanced him through a more mainstream loan when we had a bit of time.

"So, it's always when you need a quick fix."

Andrew Way, director of Semper Capital, says short-term lenders are more receptive to people's situations and can offer flexible solutions when people think they've run out of options.

"People in the bridging finance category are pressed by time," he says. "Bridging finance providers are not lenders of last resort. In fact, there's no such thing as a low doc or no doc bridging loan because a bridging loan has to have proof of capacity to repay."

He says in most instances, people requiring bridging finance aren't "constantly strapped for cash". Instead, in many instances they've hit a roadblock with one particular project.

"Take the case of one client. He had a fairly decent property portfolio, but he needed \$2 million to do a subdivision on one of his properties and renovate them in order to sell them as individual strata titles.

"He's done it plenty of times, but he doesn't have any income from alternate sources, so he can't prove serviceability. That means he can't prove he's got income coming in to service that loan during the loan period. He can't go to a bank because a bank requires proof of serviceability," Mr Way explains.

He says, in this instance, short-term lenders can offer a solution.

"What we do is we say, 'Ok. We'll lend you the \$2 million and we'll just roll the interest up for the loan term, so you don't have to service it and you can pay it back when you sell one or both of those units,'" he says.

Mr Way says people in these situations need a "sympathetic" lender that can provide funding fairly quickly.

Yet the classic short-term loan, the one most people think of, is when time simply doesn't match up for property buyers.

"Your classic bridge though is somebody who's

selling a property and buying another one. They want to pay the deposit on the purchase and they haven't sold their existing home yet, so there's a mismatch of time," he explains.

"That's a classic bridge, and we'll do those for consumer loans or business loans. When they sell their property, they're going to be able to settle all loans without any financial hardship."

BROKER OPPORTUNITIES

Now is as good a time as any for brokers to start offering short-term lending solutions because according to Heritage Bank's head of contact centre and intermediaries, David Ure, borrowers are increasingly recognising it as a valid and manageable solution to their financial needs.

"At the moment, I'm finding that the bridging sector is growing a little bit," he says. "I think it's the case that there is some good buying in the marketplace and people are seeing a property they would like to get, and are willing to go for a bridging finance style of lend to achieve that."

Rhino Money's managing director, Mark O'Donnell, says brokers need to look at the deal as a whole and realise the vital role short-term lending can play in the overall transaction.

"As a broker, you should have the ability to solve the client's problem. A broker is someone who solves someone's problems – whichever way they can do it," he says.

"For a broker who comes across these types of clients, they will lose them if they don't solve their problem – because somebody else will."

Short-term lenders and brokers who operate in this space seem to agree that letting a client go, or not solving their short-term financing needs, is an opportunity cost.

"The opportunities in this sector are quite good," says HomeSec's Mr Stone. "By having this product up your sleeve, you're offering your client a solution. If a client walks into a broker's office and says 'I need money. I need \$100,000. I need it tomorrow', typically a broker will say 'Well I can't get it to you tomorrow. It's going to take two months to do a refinance.'

"If they have these products up their sleeve, they can say 'Look, I've got this option that can get you the money you want tomorrow and I'll refinance you, and in two months the short-term loan is paid out and you will have a nice brand new mortgage'.

"The benefit to the broker is two-fold. Firstly, they've offered their client a solution, and secondly, they get two bites of the cherry. They'll get a commission off the short-term loan and

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changed – people still need money, the world still goes on, businesses still need cash flow and there is a lot of competition in the bridging finance space."

Jon Pepper, credit manager at Acquire Capital Solutions, says opportunities exist in this sector for brokers and borrowers willing to look at alternative solutions.

"The short-term and bridging finance industry is growing as banks and traditional finance sources continue to tighten up credit policy," he says.

"Opportunities exist for good quality referrers who have clients who understand the need for capital to continue to invest, maintain or improve in what has been an unforgiving market."

Macquarie Commercial Finance's Mr Encina says catering to this market gives brokers a point of difference because not everyone offers it.

"It helps you win some deals that you otherwise wouldn't have been able to win. In those situations where the clients need very quick access to funding, if you hadn't been able to offer it, they probably would have gone elsewhere and you would have lost the deal at the end – the refinance – which is where the real win is for you," he says.

"It really meets a need and it means you're able to offer a more holistic range of products and cater to a broader market, which is really important.

You don't want to lock yourself out of any markets these days."

Semper Capital's Mr Way says brokers who cater to clients who are in a hurry will also be able to help these clients once their situation calms down.

"If they've got a client who's pressed for time

but they know they can refinance them down the track, then there's an obvious opportunity there for the broker to get their short-term loan, while giving them time to sort out the long-term option with a cheaper source of capital," he explains.

"Bridging finance is always going to be more expensive, but banks are taking longer and longer to undertake due diligence and credit checking, so borrowers are willing to pay to ensure they find a solution."

MISCONCEPTIONS

One of the major misconceptions about short-term lending is that the products are only for people who are in serious financial strife, according to Heritage Bank's Mr Ure.

"I think the misconception is that it's a bad thing," he says. "That's because some people have been caught out. In the past, people have gone into this without understanding the financial commitment and so if they don't sell their property, for example, they get into strife.

"So there's this prevailing misconception that it's a bad thing. In real terms, it can be a good thing as long as the time is taken to educate the customer that they're taking a calculated risk."

HomeSec's Mr Stone says short-term loans are also hampered by misconceptions and misunderstandings relating to their interest rates.

"Generally, people think the interest rate is ridiculously high," he says. "People get their calculator out and multiply the interest rate and they go 'Oh my goodness. This is ridiculous. We can't offer this to a client at 48 per cent per annum'.

"But they're not 12-month loans. People

get a commission off the refinance." Mr Simonfi says brokers should try everything they can to find their client a loan before they turn them away.

Without looking at the holistic picture," he says, "a broker, rather than just killing a deal, should look at the other opportunities in that space. I say 'I can actually write this loan, but let's move sideways first.'"

Once brokers make this decision and offer alternative solutions, Mr Simonfi says they will win more business.

In the short-term lending market, Semper Capital's function despite external economic challenges. So brokers are well placed to tap into the market whenever there is a client with a need.

Bridging finance has been around for a long time, says Mr Simonfi. "Despite the global financial crisis [GFC], not much has really

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QUICK Q&A

Damien Simonfi, DJ Capital

WHAT OPPORTUNITIES EXIST IN THE MARKET AT THE MOMENT? HAS IT BOUNCED BACK FROM THE GFC?

It's never actually changed. Bridging finance has been around for a long time. Despite the GFC, not much has really changed – people still need money, the world still goes on, businesses still need cash flow and there is a lot of competition in the bridging finance space.

WHAT ADVICE WOULD YOU GIVE TO MORTGAGE BROKERS WHO COME ACROSS A CLIENT IN NEED OF SHORT-TERM FINANCE?

It's about looking at the holistic picture. So for a broker, rather than just killing the deal, they need to look at the other opportunities in that scenario and say 'I can actually write this loan, but I might have to move sideways first'.

A general rule of thumb for brokers is to be careful where you actually go. That is, know your lender and do your research. Make sure that you ask all the right questions when you are putting someone into a short-term facility because they can be very tricky if you're not familiar with the industry.

should be aiming to be in these solutions for one to four months."

He says simply viewing short-term lending solutions through the lens of their annual interest rate diminishes the products' potential.

According to Mr Stone, comparing a short-term loan's annual interest rate to that of traditional lender's mortgage products is like comparing the cost of getting a plane from Sydney to Melbourne to the cost of getting a taxi over the same distance – "you just wouldn't do it".

"You've got to compare apples with apples," he says.

He says brokers also need to let clients make their own decisions.

"Unfortunately, some brokers try to make the decision for the client – 'Oh, it's going to cost a lot of money' – and they almost talk the client out of it.

"The best thing for brokers to do is to assess the client's needs," he says. "So if the client does need money in a real hurry, then it's simply a case of saying 'Look, I've got an option for you. It's going to be four per cent per month, but you're only going to need it for two months.'

"You can do the sums for the client, but let them make the decision. If the client needs the money in a hurry, you should do a cost benefit analysis. So if the benefit of getting the money tomorrow outweighs the cost – go and do it. It's a no-brainer. If it doesn't, then don't do it. It's as simple as that."

SHARK-SPOTTING

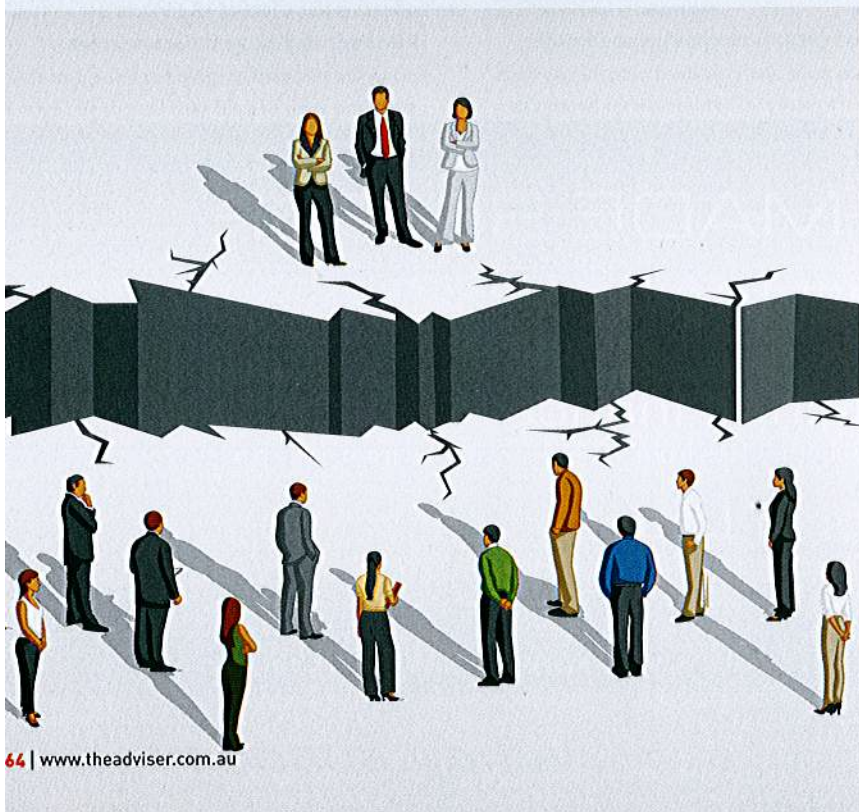
The short-term lending sector has had to contend with the 'loan shark' label, which has stemmed from misconceptions, and also some unscrupulous operators who have taken advantage of people in desperate situations.

Rhino Money's Mr O'Donnell says brokers and borrowers should be wary of lenders charging high fees before anything has even happened.

"A lot of people are quite desperate and end up being charged quite high fees. I've heard of people in the past who have paid \$30,000 up front and then not got a loan," he says.

Semper Capital's Mr Way says short-term lenders operate in a lowly-regulated environment, leaving the door open to exploitation if brokers don't do their research.

"There are too many people masquerading as lenders in this space," he says. "There are a large number of people who pretend they're lenders and who collect fees to put out offer letters, but then they don't finance.



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t-term lending can be an expensive
people shouldn't be ripped off.
re lots of cowboys out there. I think

the term 'loan shark' gets thrown around as well. That's because there are plenty of people charging obscene rates – really, really expensive – with huge upfront fees and terrible penalties," he warns.

Despite the difficulties, it's easy to get a bad reputation in the short-term arena, so brokers looking to get involved in this space need only ask around to find the best route and avoid the sharks.

Mr Way says the industry is reliant on reputation and brokers should take a negative review seriously.

"If you speak to other brokers and they have had experiences with lenders that haven't been good – then you should stay away. Your reputation means a lot in this space," he advises.

"People in desperate situations will do anything to get a loan and they think that if they pay a fee, it's going to happen – but it just doesn't work that way.

"There should be a small fee for administration. But large fees should be a deterrent."

Heritage Bank's Mr Ure says if brokers

manage their clients' expectations and do their research, they should be able to avoid the dodgy operators.

"In any industry there are cowboys out there," he says. "You're more likely to fall victim to this if you're putting the customer into a facility where they don't know what they're getting into."

GB Finance's George Boulos says he was initially hesitant to write loans in this space because of the loan shark mentality, but he says a little homework goes a long way.

"Just do your homework and find a good lender," he says. "Just ask brokers who have been doing it. You can always tell. It's not hard to get a bad name quickly."

Acquire Capital's Mr Pepper says brokers who do their research and get involved in this space will ultimately reap the benefits.

"A five-minute phone call can determine the prospects of an opportunity," he says. "Brokers need to present all opportunities to the borrowers because short-term bridging finance can provide valuable income to finance brokers and fill a need in their lender portfolio." ■

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