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## Homebuyers seek niche products from brokers in tough market

Homebuyers are increasingly turning to mortgage brokers to find home loan solutions with more flexible terms as a tough finance market and cost of living pressures continue to squeeze personal finances.

HomeStart Finance, that offers a range of innovative loan features such as lower deposits and shared appreciation loans, has seen a 55% increase in broker referred loans in the last two years and is expecting broker referrals to make up 25% of total new lending this financial year.

HomeStart CEO John Oliver said the big increase in broker referred loans demonstrates a clear customer need for more flexible home loan options, as well as demand from brokers for lenders who offer these innovative solutions.

“We have a unique position in the market in that we have an innovative product range, recognise Government payments as a form of income and offer a higher loan to value ratio than most other lenders,” he said.

“This provides brokers with a strong alternative solution for customers who are struggling to meet the financial requirements of mainstream lenders, but don’t want to give up on their home ownership dream.

“We see our role as supporting homebuyers into the housing market sooner, before moving on to a mainstream lender after a couple of years. We’re a stepping stone for brokers’ current and future customers.

“This approach provides an opportunity for brokers to bring a homebuyer through the door with HomeStart, and when they have built enough equity, help them refinance a few years later.

“Our research shows that a majority (62%) of young people still believe home ownership is important, despite finding it difficult to finance.”

Figures from the Mortgage and Finance Association of Australia (MFAA) show the broker market claimed 47% of Australia’s new home loans written last year, as time poor consumers sought independent advice and more choice.

HomeStart is geared for growth on the back of this trend, aiming for 50% of new lending to originate from mortgage brokers by 2016.

*HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for Housing and Urban Development. We were created in 1989 and since then have helped over 64,500 households into home ownership.*

“We have built a specific focus on the broker market over the last few years, as it is a good strategic fit with our distribution model,” Mr Oliver said.

“Brokers provide us with a cost effective channel to broaden our geographical footprint and we have invested in this channel to ensure we are a strong partner.”

In the past few years, HomeStart has built strategic relationships with aggregators, appointed two broker-specialist Business Development Managers and rolled out a new front end loan system as well as ‘Tracker’, that enables brokers to lodge and track loan applications electronically. This new system is LIXI compliant, providing an integrated gateway between aggregator CRMs and their front end loan system.

“Electronic document upload is in line with developments in the industry and we have been working hard to ensure we can provide the latest functionality to our brokers,” Mr Oliver said.

“We are aiming to reach our growth target in the next two years as our unique product proposition and service delivery become better known and the trend for consumers to use mortgage brokers continues to rise.”

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