

# MPA

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MPA EXCLUSIVE



# NON-MAJOR BANK ROUNDTABLE

# ALL BOOKED UP

Buying a trail book did wonders for Dale Heremaia's business. MPA caught up with Heremaia, and the man who facilitated the deal, Trail Book Buyers' James Turk, to discover how the deal went through so successfully



**Around a year and a half ago Dale Heremaia was** looking for ways to generate extra income, and realised that buying a trail book would make good business sense. He turned to James Turk of Trail Book Buyers for assistance and purchased a book that has done wonders for his business.

"It was a really good investment in terms of generating an income," says Heremaia. "Even though it was with a different aggregator, it did give me the ability to expand my client base."

He adds that there were "no real complications" when it came to buying a trail book that was under a rival aggregator's umbrella.

"It was good that James and Trail Book Buyers had some good standard paperwork. Everyone's position was well laid out," he says.

"Considering the number of people with fingers in the pie when it comes to a loan book, I thought it all went fairly smoothly – both from the aggregator I was dealing with and Trail Book Buyers as well. Ultimately, James is reputable and did have what I was looking for."

Turk adds that, while the process is quite straightforward for both the sale and purchase of trail books, the parties involved in this deal were particularly helpful.

"Dealing with a party that is ready to move and does what is required of them made this particular transaction all the better," he explains.

"We try to guide parties through the process and make it as painless as possible with ready-made documentation; however, a forthcoming buyer or seller is an important component to getting the transaction completed in the shortest possible timeframe."

## THE NEXT STEP

Heremaia explains that he knew there would be certain restrictions regarding how he could treat a book that was with a different aggregator, but says the purchase was well worth it all the same.

"Basically, I could only work the loan book itself, and not the database behind it," he says. "The loan clients themselves that were paying a trail were my clients; I could contact them and deal with them and do whatever I liked."

He adds that, had he been accredited to the aggregator that was servicing the loan book, he would also have received a database of previous clients, but he's more than happy with the book he received.

"I only had access to the clients that were on the loan book at that point in time, but it was still good value," he says. "The numbers still stacked up."

Ultimately, a change in business plans led Heremaia to sell the book recently (he's remained in the broking game, currently running two Mortgage Choice franchises), but he's happy with the way that it performed while it was in his hands.

## WORDS OF WISDOM

When asked for any advice that he'd pass on about trail book buying, Heremaia warns brokers not to be too hasty.

"I know a lot of brokers are looking at buying books because they're finding it hard to get business, and I've seen that they don't treat it the same way that they would be if they were processing a loan," he says. "They don't verify everything and, because they're keen to buy and expand their business, they turn a bit of a blind eye to things that they shouldn't."

He advises taking a good look at all paperwork and loan statements, and adds that it's vital to make sure the broker who's selling the book is clear on their intentions post-sale.

"You've got to be really careful that, for example, if they're leaving the industry, that they are leaving the industry; that they've got no reason to be contacting your clients," he says.

He adds that, if the selling broker claims to have an ongoing relationship with clients in the book, then this needs to be accounted for in the negotiations, and those clients need to be removed from the book prior to sale.

"I'm not going to pay for them, because what they're saying is that you might lose that client," he says.

Turk adds that due diligence is an important part of the buying process.

"We provide all our buyers with an opportunity to complete a due diligence on the trail book they are purchasing," he says. "This is a verification process and can be completed very quickly usually during one meeting, as long as the information is ready at that meeting."

He was also able to help Heremaia with due diligence when he decided to sell the book.

"The purchaser in this case was made aware of the information at the very start, and their motivation for purchasing meant that due diligence was completed very quickly," he explains. "We handled this for Dale and were able to fast-track the sale even more than normally."

And Heremaia has no complaints about the buying and selling process.

"They didn't want any money up front. It was all nicely paced; no one was pushing me to have to do anything," he says. "It was all a case of 'there's a process to follow, there's no shortcuts, we need to sign agreements and you need to negotiate'. I just thought James went through it rationally and logically, and in a very businesslike manner." **MPA**

# Interested in Selling Your Trails ?

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