The Loan Officer's Practical Guide to Marketing

Despite being trained, motivated and having an opportunity to participate in one of the most rewarding careers anywhere, every year thousands of loan officers fail to succeed. The single greatest reason is the inability to produce enough business to generate revenue quickly. Here is a program designed to help new loan officers quickly gain an understanding of how to get loans and a plan to acquire lifelong customers

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Introduction

Whether you are a seasoned professional or a brand new loan officer, you are in a special circumstance when you accept the position of company representative for providing loan products. Mortgage products are commonplace. Most geographic territories have at least a dozen or more banks or mortgage companies vying for a portion of the region's business. In some cases, such as major metropolitan areas, there may be as many as 500-1000 lenders. This can be daunting. Particularly when you realize that the position offers no income guarantees. So it is not surprising to learn that many new loan officers do not survive their first months. They need to have success sooner than later in order to support themselves.

If you ask any seasoned loan officer or think back on their own initiation, they will tell you the same story. Most likely their training consisted of

- someone handing them a rate sheet
- being told to go get some business

Is it any wonder some failed?

If there was initial success it was because

- they got lucky and started during a time of high refinance volume, or picked up a big client right away
- they knew or were related to someone who sent them a large volume of business
- they worked incredibly hard in their first 6-12 months and developed referral relationships which began to grow and they didn't need a lot of income to start with

This shows that unless your family is involved in the real estate business or you are entering in a period of low rates you need to work quickly to develop your business.

Even if you have been involved in the business for some time, if you are reading this it is likely that you believe you could achieve more.

Four Step Sales Initiation Process

- Acquire Product Knowledge
- Identify Market
- Design Approach and Sales Collateral
- Design Follow Up Plan

To achieve anything as complex as managing a market you need a plan. As a loan officer you not only need to have the tools of product knowledge, but also the ability to understand the needs of a marketplace and the best way of bringing to that market an understanding of why it should choose you. That is what the process of Developing a Loan Officer Marketing Plan is – learning and understanding the needs of a marketplace and then showing the market why it should choose you and your products or services.

Here are the steps we need to take.

Getting Product Knowledge

Knowing how to do your job - from a lending perspective - is almost more important than being a good sales person. We do not provide information about product knowledge in this guide, but your success is predicated on understanding your products and services. This is because, if you don't know how your product can help someone, you cannot satisfy his or her needs. The loan officer's sale is all about finding people who have a need and then meeting it.

Identifying Your Marketplace

This is a common area where even effective sales people and loan officers spend too little time. Learning about your clients is the most important part of being able to satisfy their needs. A Complete Inventory is critical to success.

Designing Your Approach and Supporting Collateral

Once you have identified your marketplace you can then select which products you offer that will result in referral leads, how you will introduce yourself, and what supporting documentation you need to advertise your products. Keep in mind that marketing is infinite. You cannot be everything to everybody. This is why many people fail - they market assiduously to the wrong people.

Designing your Follow-Up Plan

This is where the rubber meets the road. An action plan, a campaign, and a system for adding and deleting top prospects will assure that your time is spent actively approaching and selling to people who are most receptive and have the highest potential of being long term clients.

If this seems daunting, it shouldn't. It is no different than painting your house. You decide you are going to do it. You research the colors. You choose the best tools and supplies. Then you paint. If it doesn't work out, you start again. At the same time, you can see why people fail in painting and this is a lot like why loan officers fail. They use a brush instead of a roller to paint a wall - it takes forever. This is like marketing FHA loans to a Jumbo marketplace - you get a few FHA loans, but it takes forever.

How Do You Feel? – Feeling Good About Selling

Some people will tell you that you have to sell and sell. What does that mean? Does the idea of selling make you uncomfortable? Most honest people will tell you that there is always discomfort in putting themselves out in front of others with the possibility of rejection. Most sales managers will tell you that you have to "push out of your comfort zone". The idea is that if you are going where you are uncomfortable, that is where the greatest rewards are.

We think this is a non-renewable approach – the toll of "pushing outside the comfort zone" results in good potential professionals leaving the business before they get to achieve success. Since, in selling and marketing, you need to actually "do it", an approach that repels you will keep you from doing it. So, as Yoda would say, "trust your feelings". If you are not comfortable with aggressive selling tactics, or are not achieving the results you want, look for another way – and then another way and another way.

This guide will give you the materials you need to achieve results with any approach. But the most important factor is to understand the needs of your customers – your referral sources – and how your products meet those needs.

KENDALL'S GOLDEN RULES OF RETAIL MORTGAGE BANKING

Kendall Brent, a wholesale representative, gave me this list of suggestions for loan officers when it came to the loan process. As much as anything, these simple guidelines will keep you on track in your career.

1. Stay On Top Of Your Business: Develop your own system of follow up. Anticipate problems before they happen. Learn to look ahead in a file.
2. Call Immediately With The News-Good Or Bad: You are in the business of decisions (whether to lend money or not). Make a decision on how to manage your business as well. Good or bad everyone deserves to know that there is a problem. Identifying the issue is the first step in coming to a solution. Be honest and up front. Only a chicken hides.
3. Return Your Calls Immediately, Even If You Don't Think You Have The Answer Yet: Sometimes people want to know that you haven't forgotten them. The longer that the customer goes with out an answer the more annoyed they get. A little upset is a whole lot easier to deal with than a nuclear bomb.
4. Be Nice To Your Support Staff And Support Services: When dealing with processors, closers, wholesalers, MI companies, etc., please be gentle! Would you rather help someone resolve an issue when they are on the phone saying "Gee, I'm in a jam here and I need your help!" or "You jerk, if you hadn't messed me up then this would have never happened!" Think about it. And by the way, if it turns out YOU made the mistake then you get the Donkey Award.
5. Be A Student Of The Business: The more you know the better you can anticipate problems and solutions. Don't pass the buck just because you didn't know something...find out for yourself!
6. This Is the 00's Take A COMPLETE Original Application: Face it, the pros in this business ask questions and don't turn in half filled out applications to processors. And don't forget your interviewer section and the government monitoring section!
7. Keep Face To Face With Your Customers: For two reasons, they won't forget you and they don't yell half as loud when you are standing there. Try to NEVER deliver bad news by the phone. And when you do talk to your customers make sure that you are up to date with the latest on their file. If you "Have to get back to them" then they get annoyed that you either don't know what is happening to them or you don't care.
8. Remember that you are dealing With People's Financial Lives: Money is pretty dear to most people. How much they make, where they invest it, how they spend it, and who gets to spend it are all very sensitive issues and are very personal to the individuals. Don't joke about the number of bills they have, don't comment that they must be doing OK if they have this much money in the bank, and NEVER EVER spend it for them without asking. Don't lock in something and assume they will pay more points just because they have money in the bank. You are not their financial advisor and they don't want you to control the destiny of their money.
9. Never Promise Something To A Customer That You Yourself Can't Deliver: You can't guarantee a closing date, you can only work with your closing department to establish a mutually agreed upon settlement date. You can't promise an underwriting decision, you don't underwrite the loan. Never say a loan is approved if it is not. It always backfires and you will lose the trust of everyone involved. Remember to ask for help.
10. Be A Professional: Be the example setter. Always be on time for an appointment. Always dress well, you represent money to your customers. Return phone calls promptly. Be organized. Review your files personally at least once a week. If you don't know what to look for then learn.
11. Choose Between Being The Tortoise And The Hare: You can be the Hare if you like. A bright flash and the quick winner. But the turtle ALWAYS wins in the long run. Slow, steady, consistent work wins in the long run. Do you want to win the battle or the war? Do you want to burn out in a couple of years or retire doing this?
12. Nothing (Not Even Money) Is Worth Risking Your Career: Don't alter a document, don't counsel a borrower to state anything but the truth and don't think you are above being found out. A couple hundred extra dollars for doing a no-no won't even begin to cover your legal expenses if the feds come knocking. Is one loan worth losing an entire career? There are NO short cuts to success.
13. Who Cares About The Competition? Is there any in the first place? The only thing you really need to know about the competition is their products. If someone can offer a below market rate on a program it may be that they can not accept a certain LTV or it may be for a purchase only and so forth. Don't get yourself into price wars. Learn to give value to your services.
14. Admit Your Limitations: Nobody knows everything or even has to. Assemble a support team that balances out your limitations. They can get you answers when you need them. You might learn something too!
15. Have A Sense Of Humor: Admit it. There are some days that just have everything go wrong. And people are human, computers can malfunction, and it could snow and mess up the overnight deliveries. Learn to resolve the issue to everyone's best solution or as close as you can get to it. Don't dwell on anger or point the finger. It's done anyway,.. now how does it get fixed? Steer all of pour energy to a solution. If all else fails, get a dartboard (I have one, it's great!). Generally speaking, no one intends to mess things up. They usually get into too much trouble.

Chapter 1 - Who is my Customer?

Understanding your Objective

It is easy for new loan officers to get confused about who their customer is. After all, we deal with residential loans. The people who buy or live in these residences are our customers – right?

Not really. That is, they are your customers if they are using you to help them get their financing, but how did they come to you? If the borrower is your family member or friend, then they ***are*** your customers. But it would be hard to fill a pipeline with loans from your family and friends without a really large family. More likely, someone who knew they were looking for a loan referred the customer to you. ***That person*** is your customer.

This does not mean that you will not have customers you generate from your own efforts. This method is considered direct consumer marketing. You generate direct consumer customers by advertising, direct mail, phone lists, and other alternative strategies. These will be discussed later in this book. We do not advocate this type of marketing as a primary endeavor. The reason is simple – the results are too low for the effort. More importantly, even when you get a customer with these methods, that's all you get. The next day, you have to go get another customer. There is no potential for expanding your production. What you need to do is sell to people who will send you their customers – a process known as referral marketing.

Go Where the Loans Are

This may sound simple, but it's true. When you go fishing, you drop a line in a place where you think fish hang out. You are a home lender – when do people need home loans most? They need one when they buy a home. 83% of homebuyers get their loans from the lender the real estate agent recommends. Take this one step further – ask someone that has bought a house who their real estate agent was – then ask who the lender was. Often the homebuyer will be on a first name basis with the real estate agent but will not remember the loan officer, or even what company they were with.

This is why the loan officer's biggest potential source of referrals is real estate agents and homebuilders. This is not a news flash - everyone has figured this out, so the competition is pretty cut throat. If you want to find out who your competition is, go into a local real estate office and ask if you can look at their lenders' rate sheets. This is not to say the real estate sales professionals are the only source of referrals – however, they are the referral source that has the greatest incentive in the ultimate happy culmination of the mortgage transaction. Real Estate Sales Professionals do not get paid until the transaction closes. So while there are additional sources of referral business, none have the same potential for great reward as real estate related referral sources.

Marketing to Real Estate Agents

Real Estate Agents are referred to as REALTORS® if they are members of the National Association of REALTORS – a professional group. We have heard people call them "re-lators", but whenever you are discussing the real estate salesperson you should refer to them as agents. This is because the word agent describes what they do. In it's simplest form, agency describes a business relationship between two parties where one person has a defined responsibility or duty to another for which they are compensated at an agreed upon amount. In the case of the real estate agent this role has traditionally been with the owner of a piece of real estate. Real estate agents are self-employed individuals who are accountable to a real estate broker. A real estate broker is the entity or individual authorized to hold deposits and execute contracts between parties. The owner contracts to sell the real estate at an established price creating an agency relationship. The broker then has the right to be compensated for the sale of the real estate, regardless of who ultimately obtains a buyer.

While the real estate business continues to change somewhat, the basic roles remain the same. The agent who obtains the right to sell the property from the owner will normally post property as for sale – or add it to a list of properties in a given marketplace - hence the reference to a listing or Listing Agent. This agent or broker has the total right to the compensation in the transaction, but to facilitate the sale of the property they will normally share, or co-operate, with other agents or brokers who bring in the ultimate buyer of a property. The agent who obtains the buyer is rewarded for the sale of the property and is referred to as the selling agent. The selling agent is also contractually obligated to the owner of the property. There was some confusion among consumers as to who represented their interests. The answer in the single (owner) agency is: no one. As a result a movement developed in the 1990's where agents declared their agency to the buyers of the property instead of the seller – referred to as "buyer-brokerage".

Three Basic Agent Roles

Listing – the agent who obtains the right to sell real estate from the property owner
Selling – the agent who brings the seller a buyer for the property
Buyer – the agent who works with the buyer to find a specific property

The Listing Agent

The listing agent has a motivation to both list the property for sale and find a buyer for the sale. Being able to execute this would mean the agent was entitled to the entire commission for a single transaction, instead of sharing it with another agent or firm. The listing agent concentrates sales efforts on convincing owners to place their property on the market. There are two additional sources of future income for the listing agent – the sale of that listing to a buyer they have obtained, obviously, but also the seller of that property will likely seek a new property. As a result that former listing agent is now be a selling, or buyer's, agent.

When an agent says "I only work on listings", you can say "Does that mean you're not interested in working with your own buyer on listings?" or "So, when your seller closes on the sale, you're going to let that customer work with another agent to find a new home?"

Listing Agent's Concerns

- Selling Listed Properties Themselves
- Working Their Farm and Getting More Listings

Listing agents have their own specific concerns. When developing a profile of what a listing agent's needs might be, think about properties that they have listed – can you do anything to help them market their properties? If they have a "farm" – the agents' generic term for their territory, neighborhood or marketplace of potential customers – can you help market to that? Thinking about these things and asking questions about a listing agent's business will give you clues as to specific needs.

When you are working with listing agents, the service a loan officer provides is pre-qualifying a property – determining what amount of cash, how much income and what types of loan programs are available for that specific property. Often this property pre-qualification takes the form of an "Open House Spreadsheet" or flyer. This flyer can be placed at the listed property and will allow prospective buyers to gauge whether a property is financially within their reach.

See the Open House Spreadsheet System, Chapter 6, for a detailed treatment of the development of this system and software with which to create these.

The Selling or Buyer's Agent

Selling agents have an interest in working with potential buyers. Often, an agent takes the role of selling agent by default – perhaps they are newer and have not developed a "farm", or book of business, which allows them to have relationships with many existing owners. As a consequence they start by working with potential new buyers – people new to the area, renters buying their first homes, or owners who will rent their current property in lieu of selling.

These agents are concerned about how they can help these potential buyers purchase a property and the needs they have are more centered around the specific problems an individual may have. Most often there are credit issues, shortfalls in cash or income, or general fear about whether a borrower can be approved. The value you can add for this agent is to develop a specific understanding about the needs each individual prospect and pre-qualify or pre-approve that borrower.

More important, however, is the kind of relationship you communicate to the borrower about your relationship with the agent. Remember, the agent is your client – the customer belongs to the agent. When working with the customer defer to the agent about any substantive issues – include the agent in any correspondence or communication with the borrower. Copy them on program comparisons, cost estimates and any other analysis you provide. Offer to have the agent included in any meetings. All of these things cement your value to the agent as some who is going to work for them and force their customers back to them.

Why Understanding Agent Compensation is Important to the Loan Officer

The key to referral source marketing – and we will say this again and again – is to understand the motivation of the referral source. So when we talk about how you approach agents, you need to understand what drives them. If they have a role, how do they execute that role? Selling agents have different motivations than listing agents.

The bottom line is the same. Agents don't get paid until the sale is closed and settled. They actually get paid at closing – so there is, as you can imagine, a great deal of pressure to close. This pressure can actually affect the dates the agents select for closing. If a settlement is scheduled for the end of the month, and it passes the end of the month due to processing delays the agent may start to act irrational about the timing. There is a good chance that they are worried that they will not be able to meet their mortgage payment on time.

Understanding the degree to which compensation plays a part in the marketing process helps the loan officer understand the trust involved in the selection of the lender. When an agent gives you a referral, they are actually handing you their paycheck. How would you feel?

This is why service delivery – more than anything else – more than price, product, or any other value is the most important part of building a relationship with any referral source but particularly real estate agents. Deliver on time, as promised, once and you have the right not only to that agent's next business, but the right to ask for a referral to other agents in the office or colleagues in business.

> Deliver on time, as promised, and you have the right to the agent's next business.
>
> You must know that if you fail early in the relationship you will never receive another referral. It's other people's money – it's serious.

That is why getting the first loan is so important. It really is a trial run for that agent and that agent's community. How you handle it is an acid test. Of course you must realize that loan will be the most marginal transaction you will ever see – it is being referred to you because the agent has nothing to lose in trying you out. If you pull it off - great. If not, prepare to be labeled as a failure and not be given a second chance, no matter how well you market yourself.

The Real Estate Office Protocol

If you have worked as a real estate agent you have an insight into the workings of this business group. In fact, getting a real estate agent license is not a bad idea as a credential for this customer. There are two basic types of real estate offices – large corporate firms, and smaller, even individually operated agencies. Obviously, there is also middle ground, but the purpose of this distinction is to understand that there is a different dynamic in a large corporate office than a small, more intimate environment.

The distinction is not that important, because you are not marketing to a large group of agents, only one at a time. The problem with large offices is that they tend to become enfranchised and invested in larger more established lenders. In addition, the sheer volume of new lenders and new product offerings rained upon these agents has the effect of jading them to any new offerings. This is not to say that over time you won't be able to establish relationships with agents in larger offices. It is simply not the easiest way of establishing yourself.

> A mistake many new loan officers make is to market to a large group, or entire large office, of agents.
>
> You are not after all of the agents – at least initially. You only want the one person who is open to working with you. A group that is less affected by peer pressure or entrenched using an existing lender is the smaller office or individual agent.

Within the larger offices, the protocol is to introduce yourself to the sales manager or broker and request permission to visit the office. During this meeting you can learn about any rules the office may have with respect to lender visits. Your best bet for a successful meeting is to make an appointment. When you don't have an appointment you can still conduct introductory or exploratory calls. We will discuss the calling process in more detail in Chapter 5 – Getting Started.

Do	**Don't**
Be courteous and respectful	Interrupt a conversation or hover near someone who is obviously working
Ask to see other lender's rate sheets	Leave your cards or unsolicited material on people's desks
See who the top listing/selling agents are from the production board	Take phone lists or other confidential information from the office
Introduce yourself to the agents who may be at the front desk	Barge through the reception area to get to the back office

Particularly when you are new to the business you will find that the large, corporate offices are much, much more difficult to approach. Barriers are established due to the sheer volume of lenders. So don't invest your biggest efforts there unless you see quick results to your initial marketing efforts. Another reason to avoid investing in the large offices initially is the fact that – face it – you are still new. The likelihood of a big mistake early is much greater, in terms of a difficult loan getting denied. The repercussions of this are the loss of future business potential of an entire large office.

The smaller offices or individual brokers are ideal candidates for the new lender. First, they do not see the same kind of volume of lenders, so they are much easier to approach and are much more open to new relationships. In addition, if a case does go badly, you have the ability to write-off the relationship without great fear of loss of a big source of potential business.

Realtor/Builder Owned Mortgage Companies

One of the most common objections you will encounter is the statement that your prospect has an in-house lender. "We have our own lender" is a statement that is designed to make the loan officer go away.

Business Arrangement	Description	Selling Advantage/Disadvantage
Mortgage Company Subsidiary	The Real Estate Company or Builder owns a mortgage company. Because there is an ownership interest, the parent company realizes a net profit from loan business, but it is not a direct compensation arrangement.	For Real Estate companies, the lender is supposed to have first shot at any loans. The reality is that the in-house lender does not provide any value added services, so agents will not seek the lender out. For builders the incentive is greater – the builder usually pays a cash incentive for the borrower to use the mortgage subsidiary.
Controlled Business Arrangement	The Real Estate Company or Builder has entered into a referral arrangement with a lender who pays the company – not the agent – on a per loan basis for applications received.	The broker or builder, not the sales agent, receives the compensation incentive. As a result, most agents only will use the in-house lender under duress. Again, the in-house lender has no urgency to perform exceptionally on loans, and they generally do not provide value-added services.
Desk Rental Arrangements	The Real Estate Company leases a desk in the office to a lender.	The in-house loan officer has a greater incentive to provide service and value to the agency. You, as a lender, could negotiate for a desk rental in a real estate office. The disadvantage of this situation is that one bad transaction can sour the entire relationship.

Most importantly, keep in mind that people do business with people. A company may have an in-house lender, but this only means that you must focus more specifically on the individual relationship – not the relationship with an entire company.

Homebuilders are Like Listing Realtors

Residential Home Builders – those building small tracts of houses on a speculative, or "spec", basis – have the same motivation to sell as Listing Real Estate Agents. Except their motivation may be greater – they are betting that they can sell a home that they have already built or are in the process of building. This type of builder is ideally suited to tract development because the houses are easily approved in the development process and they normally construct the entire infrastructure, including roads and utility hook-ups. However they finance equity from their own cash and construction lines of credit. The longer a home sits completed and unsold, the less profit they make.

Builder Need	Circumstance and Solution
Long Term Lock	It can take as long as 120 to 270 days, perhaps even longer, to build a new home. When there is excess demand for new homes, the homebuilder may not begin a new home immediately. Homes may be sold before construction begins. As a result, the builder will expect the buyer to obtain financing before the construction commences. In addition, the builder will want to know that the borrower's financing will not be impacted if interest rates rise substantially. If rates rise a lot, the borrower will no longer qualify for the loan and the builder will have to re-market the property. Long term lock-ins solve this problem.
Fast Closings	When a home is ready, the builder will want the borrower to close immediately. This is because the builder pays interest costs for a construction loan. More significantly, the builder may have a limited construction line of credit or other restrictions with respect to their financing. They need the home sales proceeds in order to pay down the construction loan or meet sales requirements of the financing so they can continue to build additional homes. As a result the lender who is working with a homebuilder must have the ability to constantly update the approval on a loan and be able to settle within 24 hours of receiving the notice of substantial completion.
Higher Closing Cost Contributions or Lower Down Payments	A Homebuilder significantly increases his profit when he sells upgrades on a specific model. As a result, a home that was advertised at a base price will cost significantly more when options are added. Buyers purchasing a home that was substantially upgraded may find that the funds they had saved for down payment and closing costs will only cover the down payment portion – they have insufficient funds for closing costs. One solution is to offer programs that allow higher seller contributions so the builder can subsidize the borrower's closing costs. Another solution is to offer low or no down payment loans, so the funds the borrower originally saved for down payment can be used to pay closing costs.
Aggressive Qualifying Ratios or	As mentioned above, the buyer often increases the sales price with added options and may no longer qualify for the loan terms originally anticipated. As a result, buyers need programs that offer either increased qualifying ratios (like 33/38 instead of 28/36) or reduced qualifying rates (like an ARM or a Buydown)
Credit Repair	Unlike existing home purchase transactions, builder delivery of a new home is often 6, 9 or even 12 months away. In this way, loan officers have time to straighten out credit issues in time for a closing. This allows you to help builders sell more units.

Builders own the property so they can cooperate on a sale with a real estate agent or find their own buyers. If they find their own buyer they can avoid paying a large commission. For this reason homebuilders often have their own sales offices staffed with builder's sales representative. This person is a real estate agent who works for the homebuilder under a different commission schedule.

The "spec" builder is not to be confused with a custom builder who constructs a home following plans and specification set forth by a buyer. The custom builder is not concerned with whether a property sells, since they are contracted to build a home. Their motivation is more connected with finding buyers who own or are interested in raw land to build on.

Marketing Materials Designed for Agents

Rather than trying to sell loans, the approach of understanding the needs of the real estate sales professional leads you to a better chance of a referral relationship. If your marketing material shows an understanding of a selling agents needs, they are more likely to treat you as an ally instead of someone who is selling loans. Show the services you offer than can help them make more money.

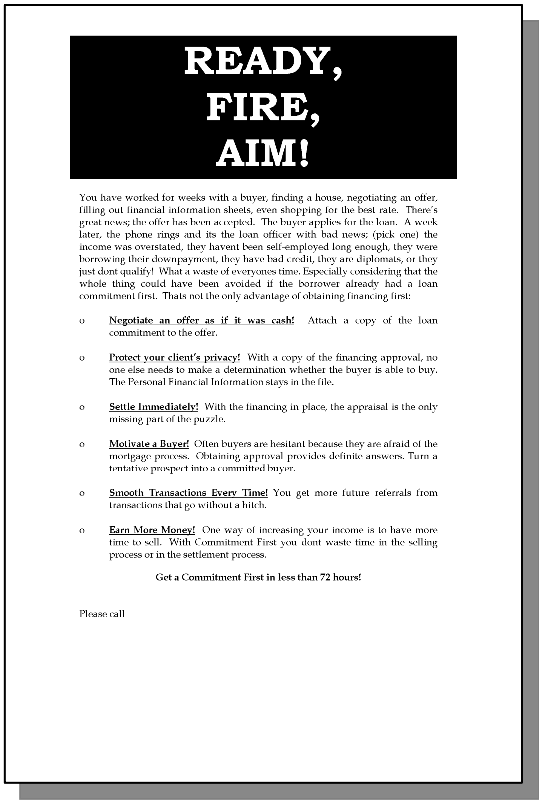
If a selling agent's role is to help people buy homes, what can you do to help them? A selling agent works with buyers, so the best service you can provide is the pre-qualification and pre-approval of those buyers.

Pre-Qualification and Pre-Approval Services for Selling Agents

The idea of buying a home without the financing in some way lined up has always seemed anachronistic - seeming more in line with car dealers than home buying. Lining up the financing is essentially what you are doing in a pre-qualification or pre-approval.

Pre-Qualification is a process which the loan officer takes basic financial information from a potential buyer, calculates debt service ratios and cash sufficiency and writes a letter that the borrower does qualify for the loan.

The difference between this and pre-approval is the loan is actually approved – the loan officer has collected a complete application, except for property information – and the loan can close upon receiving a satisfactory property.



READY,
FIRE,
AIM!

You have worked for weeks with a buyer, finding a house, negotiating an offer, filling out financial information sheets, even shopping for the best rate. There's great news; the offer has been accepted. The buyer applies for the loan. A week later, the phone rings and its the loan officer with bad news; (pick one) the income was overstated, they havent been self-employed long enough, they were borrowing their downpayment, they have bad credit, they are diplomats, or they just dont qualify! What a waste of everyones time. Especially considering that the whole thing could have been avoided if the borrower already had a loan commitment first. Thats not the only advantage of obtaining financing first:

- **Negotiate an offer as if it was cash!** Attach a copy of the loan commitment to the offer.
- **Protect your client's privacy!** With a copy of the financing approval, no one else needs to make a determination whether the buyer is able to buy. The Personal Financial Information stays in the file.
- **Settle Immediately!** With the financing in place, the appraisal is the only missing part of the puzzle.
- **Motivate a Buyer!** Often buyers are hesitant because they are afraid of the mortgage process. Obtaining approval provides definite answers. Turn a tentative prospect into a committed buyer.
- **Smooth Transactions Every Time!** You get more future referrals from transactions that go without a hitch.
- **Earn More Money!** One way of increasing your income is to have more time to sell. With Commitment First you dont waste time in the selling process or in the settlement process.

Get a Commitment First in less than 72 hours!

Please call

Ready, Fire, Aim! – Pre-Approval Flyer

The Ready, Fire, Aim flyer talks about the benefits of pre-approval and points out the backwards nature of negotiating for the purchase of a property without financing. Pre-Approval Flyer

The idea of buying a home without the financing in some way lined up has always seemed anachronistic - seeming more in line with car dealers than home buying. This flyer allows you to advertise pre-approval as a value added benefit.

Available on Disk –
Flyers - PreApproval.doc

You can always offer a free or low cost pre-qualification or pre-approval as a value added benefit to your real estate sales professional. While an only an underwriter or approver can issue a pre-approval, a pre-qualification is in the scope of the loan officer's job. With the speed of electronic underwriting, more people are insisting on pre-approval, but in many cases the borrower is not willing to commit to applying for the loan – you must apply to be approved! This is why pre-qualification can have utility in lieu of pre-approval.

Pre-Qualification Letters – Services for Selling Agents

One of the most frequent tasks a loan officer is called to fulfill is the Pre-Qualification letter. The Pre-Qualification may include checking the credit history, but does not necessarily require verification of income or assets. The letter simply states that the borrower meets guidelines and is not a loan commitment.

July 10, 2013

Mr. Bob Smith
Century 21
1123 Main Street
Anytown, USA

Via Telefax
=========

Re: Borrower
Property Address

Dear Agent:

This is to advise you that I have reviewed the personal, financial and credit history of the referenced borrower for the purpose of determining financing feasibility. Based upon this review I find that the borrower does qualify for the following terms:

Sales Price	$500,000
Loan Amount 1st Mortgage	400,000
Interest Rate 1st Mortgage	7.375%
Loan Type	30 Year Fixed
Points	0.00
2nd Mortgage Amount	$50,000
2nd Mortgage Rate	8.25%

This calculation of qualification is based upon the following the borrowers satisfying the following requirements:

Please feel free to contact me if you have any questions or if you require additional assurances.

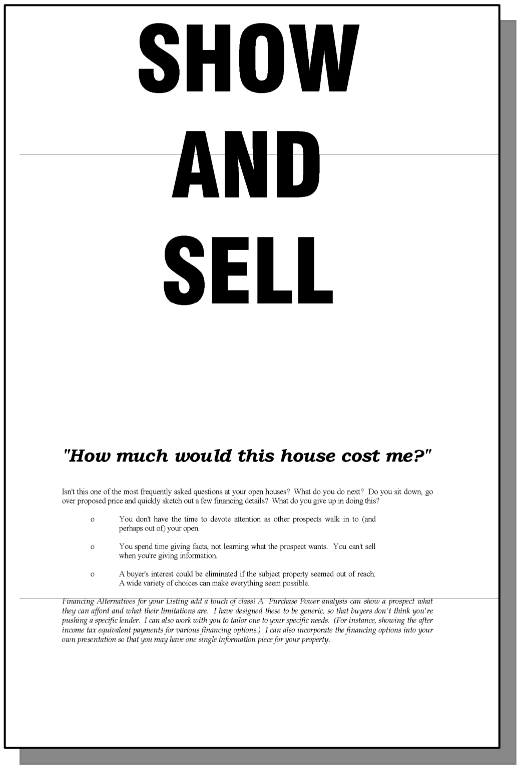
Sincerely,

Loan Officer

Available on Disk –
Forms - Pre-Qualification Letter

Listing Agent's Marketing Materials

If a selling agent works with buyers, a listing agent's commodity is the property. We can pre-qualify a property in the same way we pre-qualify a borrower and with the same benefits. In doing this we are showing that we are thinking about the needs or requirements of the real estate professional's job.



SHOW

AND

SELL

"How much would this house cost me?"

Isn't this one of the most frequently asked questions at your open houses? What do you do next? Do you sit down, go over proposed price and quickly sketch out a few financing details? What do you give up in doing this?

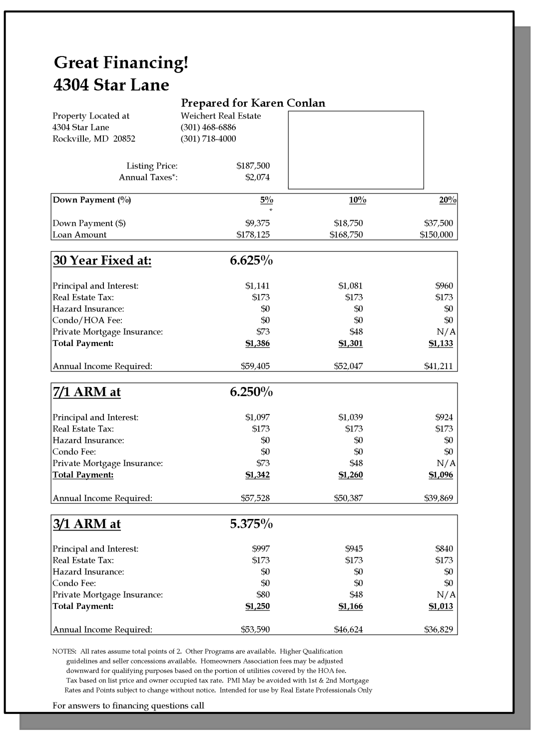
- You don't have the time to devote attention as other prospects walk in to (and perhaps out of) your open.
- You spend time giving facts, not learning what the prospect wants. You can't sell when you're giving information.
- A buyer's interest could be eliminated if the subject property seemed out of reach. A wide variety of choices can make everything seem possible.

Financing Alternatives for your Listing add a touch of class! A Purchase Power analysis can show a prospect what they can afford and what their limitations are. I have designed these to be generic, so that buyers don't think you're pushing a specific lender. I can also work with you to tailor one to your specific needs. (For instance, showing the after income tax equivalent payments for various financing options.) I can also incorporate the financing options into your own presentation so that you may have one single information piece for your property.

Open House Services Flyer

This piece concentrates on the advantages of professional quality open house spreadsheets that you are able to prepare using the spreadsheets or Mortgage Expert software provided in this package.

Available on Disk
Flyers - Show and Sell.doc



Great Financing!
4304 Star Lane

Prepared for Karen Conlan

Property Located at
4304 Star Lane
Rockville, MD 20852

Weichert Real Estate
(301) 468-6886
(301) 718-4000

Listing Price: $187,500
Annual Taxes*: $2,074

Down Payment (%)	5% *	10%	20%
Down Payment ($)	$9,375	$18,750	$37,500
Loan Amount	$178,125	$168,750	$150,000

30 Year Fixed at:	6.625%		
Principal and Interest:	$1,141	$1,081	$960
Real Estate Tax:	$173	$173	$173
Hazard Insurance:	$0	$0	$0
Condo/HOA Fee:	$0	$0	$0
Private Mortgage Insurance:	$73	$48	N/A
Total Payment:	**$1,386**	**$1,301**	**$1,133**
Annual Income Required:	$59,405	$52,047	$41,211

7/1 ARM at	6.250%		
Principal and Interest:	$1,097	$1,039	$924
Real Estate Tax:	$173	$173	$173
Hazard Insurance:	$0	$0	$0
Condo Fee:	$0	$0	$0
Private Mortgage Insurance:	$73	$48	N/A
Total Payment:	**$1,342**	**$1,260**	**$1,096**
Annual Income Required:	$57,528	$50,387	$39,869

3/1 ARM at	5.375%		
Principal and Interest:	$997	$945	$840
Real Estate Tax:	$173	$173	$173
Hazard Insurance:	$0	$0	$0
Condo Fee:	$0	$0	$0
Private Mortgage Insurance:	$80	$48	N/A
Total Payment:	**$1,250**	**$1,166**	**$1,013**
Annual Income Required:	$53,590	$46,624	$36,829

NOTES: All rates assume total points of 2. Other Programs are available. Higher Qualification guidelines and seller concessions available. Homeowners Association fees may be adjusted downward for qualifying purposes based on the portion of utilities covered by the HOA fee. Tax based on list price and owner occupied tax rate. PMI May be avoided with 1st & 2nd Mortgage Rates and Points subject to change without notice. Intended for use by Real Estate Professionals Only

For answers to financing questions call

Open House Spreadsheets

Using an Open House Spreadsheet does a number of things

- It allows others to see that you are working with a real estate agent
- It shows your real estate professional you understand what is important for their business
- It allows you to partner with real estate sales professionals to follow up on traffic from the open house.

Finance Analysis - For Open House at

2192 Canterbury Way
Potomac, MD 20854

Presented by: John Smith

Remax 1000 (301)718-9191

Offered At: $510,000

Loan Program(s)	1 Year ARM	30 Year Fixed	5/1 ARM 40 Year
Interest Rate	4.250%	6.500%	6.250%
Discount Point(s)	0.000	0.000	0.000
Origination Point(s)	1.000	0.000	0.000
Sales Price	$510,000.00	$510,000.00	$510,000.00
Loan Amount	$408,000.00	$408,000.00	$408,000.00
LTV	80.00%	80.00%	80.00%

Base Loan Amount	$408,000.00	$408,000.00	$408,000.00
Principal & Interest (P&I)	$2,007.11	$2,578.84	$2,512.13
Private Mtg. Ins. (PMI)	$0.00	$0.00	$0.00
Monthly Real Estate Taxes	$425.00	$425.00	$425.00
Monthly Home Owners Ins.	$60.00	$60.00	$60.00
PITI	**$2,492.11**	**$3,063.84**	**$2,997.13**
HOA / Condo Fee	$0.00	$0.00	$0.00
Total Payment	**$2,492.11**	**$3,063.84**	**$2,997.13**

Gross Monthly Income	$8,900	$9,284	$9,082
Max Debt	$712.03	$464.22	$454.11
Front Ratio	28.000%	33.000%	33.000%
Back Ratio	36.000%	38.000%	38.000%

Down Payment	$101,999.99	$101,999.99	$101,999.99
Closing Costs	$56,447.50	$52,367.50	$52,367.50
Prepaids & Escrow	$2,910.83	$3,038.33	$3,024.17
Cash Required @ Closing	$161,358.33	$157,405.83	$157,391.66
+ Remaining Cash In Reserve	$4,984	$6,128	$5,994
Total Cash To Be Verified	$166,342.33	$163,533.83	$163,385.66

Definition of Terms

- Discount Points and Origination Points: each point is a percentage of the loan amount; the lower the Interest Rate the higher the points
- LTV: is the Loan To Value which is derived from Loan Amount / Sales Price
- PMI: is the Private Mortgage Insurance required on loans when the Down Payment is less than 20%
- PITI: is the sub-total of Principal & Interest + PMI + Taxes + Insurance
- Maximum Debt: can be higher than shown, typically includes: car payments, student loans, credit cards, etc.
- Front Ratio: is simply the Total Housing Payment / Total Monthly Income
- Back Ratio: is simply the (Total Housing Payment + Maximum Debt) / Total Monthly Income

Disclaimer

This free, no obligation, illustration is offered as a customer service to assist the customer in locating a property within a realistic price range. This does not consitute a loan commitment and is not an offer to extend consumer credit as defined by Paragraph 226.24 of Regulation Z. This is only a preliminary evaluation of a borrower's ability to qualify based on the information available at the time of preparation. The information is an illustration only, not provided pursuant to RESPA.

Presented Tuesday, November 20, 2001 by
Thomas Morgan
of QuickStart, 2192 Canterbury Way, Potomac, MD 20854
301-738-7031 - thomas@quick-start.net

Free Software Included

On Disk

Software – Mtgexprt.exe

Run the installation program to start building your database and developing reciprocity with your listing real estate agents.

The Creation and Use of An Open House Spreadsheet

Wise use of Open House Spreadsheets is one of easiest and most effective business development strategies to add to your marketing arsenal. Here's why you need to take advantage of spreadsheets:

Reciprocity

Reciprocity means that you have done something for someone – now they have to do something for you. The fact that you are thinking about ways to help a real estate agent sell a property should help them understand your role as a partner in the sales process. If you do prepare a spreadsheet for an agent or a homebuilder, think about taking it by their open house while they are setting it up ahead of the crowds. This will allow you to speak with them one-on-one without interruption. It also is a physical demonstration of your willingness to work on weekends or whenever they are working. A professionally prepared spreadsheet analysis is a great way to establish and strengthen your relationships with Realtors® and its virtually impossible for them to say no to.

Most houses are not sold at an open house. Agents hold open houses to develop prospects. The people who come to open houses are home shoppers (potential buyers) and nosy neighbors (potential sellers or listings). The problem for most agents is that they cannot ethically call a prospect who may be working with another agent because of potential litigation over contract acquisition. The loan officer, however, has no such compunction and can call anyone.

The most important aspect of the Open House Spreadsheet System is not the spreadsheet itself – lots of loan officers do spreadsheets and do not get business as a consequence. The important aspect of the open house spread sheet system is the loan officers follow up.

The follow up allows the loan officer to contact the borrower, learn where they are in their process and find out if they have been pre-qualified. Then the loan officer can offer the potential buyer other value added services, such as explaining the importance of a pre-approval or even providing a free in-file credit report. This relationship building experience allows the loan officer to take borrowers who are not affiliated with a real estate agent and strongly suggest they contact the listing agent from the property they visited.

If the buyer prospect is working with another agent, ask the buyer how satisfied he or she is with the service they are receiving from the other agent. Likely, if he or she is wandering around to open houses on the weekend, he or she is not happy with the agent. The agent has probably grown tired of the undecided buyer – a perfect opportunity for the loan officer to expose the reason for reluctance. The loan officer can take these buyers and work to understand and solve issues that may create an impediment. Once this step is taken the loan officer has enough rapport with the buyer to refer another agent – perhaps the listing agent of the open house.

The result is a referral of a motivated and pre-qualified or pre-approved buyer or seller to the listing agent, helping that agent to make more money.

Spreadsheets offer Functionality

There is a phenomenal usefulness to open house spreadsheets. They can show a prospective buyer the kind income they need to have to afford a specific house or property. In this way the listing agent or homebuilder can start with current programs and pricing and show a buyer what they can afford without having to ask a lot of questions. In addition, they do not have to worry about potential buyers who are not nearly qualified spending a lot of their time.

As a marketing piece for you as a loan officer they're both efficient and effective. With good software or templates you can create presentation quality spreadsheets in minutes. By creating as few as 3 spreadsheets each day (and assuming 12 prospects view each home) your name and message of superior service will reach 252 potential homebuyers each week, 1,008 in a month. The reality is that very few other components of a marketing program have the same impact.

In addition to strengthening your relationships with your agents spreadsheets give you the advantage of marketing directly to the homebuyer. This means your message is delivered, in its entirety, directly to potential borrowers without being filtered or distorted by an agent.

Generate Buyer Referrals

A significant portion of open house traffic has not yet established a relationship with a real estate agent. One excellent way of generating business referral relationships is to send people who are not working with an agent (non-aligned customers) to one of your targeted agents. You have to be careful not to send someone who came from one agent's open house to another agent.

Particularly if you emphasize the spreadsheet service for "For Sale By Owner" (FSBO) properties there is the potential for many non-aligned customer referrals to your top prospect agents.

Free Advertising

Remember that we are marketing to agents. How do open house spreadsheets that are designed for homebuyers market to agents? Your spreadsheets will be seen by other real estate agents who will see that you have a professional service relationship with "one of us". When those agents consider whom to use for financing, they will consider the social proof that you are working with another agent. Even if you are new, this counts towards your credibility quotient.

Getting Agents to Use Your Open House Spreadsheet System

Recognizing the benefits of spreadsheets, commit to a minimum of a 90 day trial into your marketing program. Review the 3 different strategies for launching your program listed below. All of them have proven to be very effective but lend themselves to different selling styles and response volume.

1. Offer as a value-added service for only your best agents: Accomplish this easily by either conducting face-to-face interviews with your best agents, or a simple mailing providing a sample spreadsheets and listing their benefits. Remember that lots of loan officers provide open house spreadsheets, but very few loan officers call every prospect that visits an open house – that is your value added service.

2. Create spreadsheets for every listing in your real estate offices: Speak with broker of each real estate office in your territory. I haven't met a broker yet who didn't want her agents to receive the benefits of a professionally prepared spreadsheets analysis.

3. Check your MLS each day for all the new listings taken: Imagine the number of leads you'd generate by preparing 50-60 spreadsheets each day. By checking the MLS system in your area, you can access the required data to prepare a spreadsheet analysis for every listing taken in the region. Prepare the analyses and mail a copy to the listing agent with an introduction/congratulations letter.

Builders use Open House Spreadsheets Too

A homebuilder is like a listing agent. The difference is that there are certain needs implicit in the new construction or homebuilder environment. The Open House Spreadsheet System works for homebuilders as well. In addition, homebuilders may often have sales offices and models that are open all the time. They may also have multiple sales price ranges available. The need for open house spreadsheets are perhaps greater for this type of property, as high traffic can mean not everyone gets to talk to an sales person or agent initially. The loan officer follow up can be a huge retention tool for the sales office.

How to Generate Referrals for Referral Sources

There are not many services you can provide that can help the Real Estate Sales Professional increase his or her business. The Open House Spreadsheet for the listing agent and the Pre-Approval and Pre-Qualification for selling agents are both critical to the success of the real estate agent.

One reason loan officers are so hated is that they have a reputation as doing nothing but asking for loans. If you follow the open house and pre-approval systems you are already providing "value-added services", which give you the right to ask for the business.

An even greater reciprocity or symbiosis is achieved when you take the next step and start to generate referrals for the real estate sales professional. If you ask a real estate sales professional how often their loan officer sends them business, they will scoff at you and say "A loan officer? Refer ME business? All loan officers do is ask for business." You can elevate yourself by positioning yourself as someone who gives referrals. The difficulty is in how to generate buyers and sellers and to do this you have to think like a real estate sales professional.

The Homebuyer Finance Seminar System

For real estate agents who prefer to work with buyers, a homebuyer's finance seminar is an excellent way of generating potential, prospective buyers. The person who is most likely to buy a home in the next 12 months is a current renter. Communities that are rich in rental properties or renters, such as apartment buildings or townhouse communities, are excellent targets. One way of attracting these individual prospects is by offering a free informational seminar – a homebuyer's seminar. A homebuyer's finance seminar – one offered by a lender – is an information presentation to the public about any aspect of the home financing process. The purpose of the seminar is to identify people who are thinking about buying and getting them to talk about their real or perceived impediments to a home purchase.

Unfortunately for real estate sales professionals, many consumers perceive that if they start talking to a real estate agent about potentially purchasing a home, they will be inundated with calls until they actually purchase something. To avoid this, most future homebuyers avoid going to real estate sales professional sponsored Homebuyer's Seminars. As lenders we have an advantage – we are not perceived as "hard selling" salespeople, but as bankers. When we offer a homebuyer's seminar, it is largely viewed as a community service, so prospects are more likely to attend a seminar offered by a lender.

The Homebuyers Finance Seminar is part of the "Future Homebuyer Referral System". Some component of this program should be a part of every loan officer's business plan.