

MORTGAGE MARKET CHALLENGES

A White Paper on What it Takes to Build Loyalty and Sell More in the Mortgage Business

By Paul D. Alexander

About the Author

Paul Alexander is the author of many white papers which apply to the financial industry. He is the creator of the bank process; ADvantage-SOLutions and programs such as Realtor Referral, RealtorConnect, Customer Service as A Sales Tool and Negotiation is a Foregone Conclusion. Paul brings more than 22 years of highly diversified experience in the Performance Improvement Industry to his writings.

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You have chosen to sell Mortgages for a living and right now you are wondering why no one ever told you that it is so hard. Were you lured by cocktail party conversation where you heard about other people in the business that hardly work and made themselves rich, reportedly overnight? Did you overhear conversational snippets boasting of short work days and huge paydays?

Perhaps you got in the business to help fill a gap, to make life better for others? Whatever your reason for choosing to become a Mortgage Banker, Mortgage Broker or Loan Officer the end result is the same; it is a challenging business, and not a get rich quick scheme.

Now you are in the business, you want to do a good job, be more successful and make more money. So where do you start?

You may actually be surprised by the answers that you find in this report. Because, what you really want is to do a good job of producing loans and if every single one requires a huge investment of your time and includes brutal, personal one-at-a-time sales calls you will spend most of your time prospecting and selling and not much of your time closing deals and making money.

The strategy is to draw business to you, to cause people to call you, for prospects to seek you out and ask for your help. The tactics which will drive these actions are; build loyalty and build a “client” base which will send you a continuous stream of prospects.

Clients versus Customers

In the Mortgage business you should classify someone as your Client when they continuously provide you with opportunities or business. In turn your Customers are those people to whom you provide a mortgage; therefore, you would classify this as a basic one-time event.

If you are advertising in the media and prospecting for Customers then you are winning one deal at a time. However, if you establish a base of Loyal Clients those people will send you a steady stream of Customers. Your job becomes one in which you must deliver great service and the best possible deal.

Those people that you heard about who make amazing amounts of money selling mortgages are the people, who recognize the difference between Customers and Clients, know how to build Client loyalty and are willing to always deliver great service.

Loyalty is not the main thing, it is the ONLY thing!

Would you say that your friends are loyal to you? If you were in danger would they step in front of the bus for you, if you were broke would they write you a check? Relationships of that nature take years to develop and require absolute commitment from both parties. In business you do not have years to build relationships, you do not expect them to step in front of the bus for you. What you do want is that they send you business.

There is one simple question that applies to us all. If you can answer this question, correctly, on behalf of someone with whom you wish to do business, for a person that you desire as a client, from the perspective of an associate who you want to send you customers then you can build a business relationship with that person(s). The question is quite simply: “What’s in it for me?” From your clients’ perspective they are asking, whether it is verbal or nonverbal, “If I send you business, if I provide you with customers how will I benefit?”

The answer is typically dependent upon the business role of the individual who you consider your client. For example: If the person that you desire as a client is a Real Estate Agent then you can build loyalty and answer the question in two ways.

- You can refer viable customers to the Agent once you have pre-qualified them
- You can ensure that every customer that an Agent sends to you returns to that same agent to buy

In both cases you must establish a process, with the Agent, through which you can guarantee that once the customer has a loan pre-qualification in hand that the Agent will have an opportunity to sell.

Stand Out from the Crowd

Pick up the yellow pages and you will find plenty of listings for people in the mortgage business. For the most part they are selling the same thing as you. When more than one provider offers the same products the customers decide with whom to do business based first upon price and then very often on service. If your price and your service are the same as the guy down the street then what you are offering becomes a commodity. If you wish to de-commoditize your mortgages it is necessary for you to set yourself apart from the competition.

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Everyone has Mortgages so you will need something new, different and innovative. First, of course, you must have competitive prices and exceptional service. The advantages that you can provide to your clients (people like Realtors) are things like: State of the art sales tools, tactical marketing and sales techniques, closing tools, drivers and a guaranteed opportunity for success. The advantages that you can offer your customers (keep in mind that in this case you and the Realtor are sharing the same customers) are things like: Simplification of the decision making/buying process, rapid guaranteed closing, a guide to economic comparisons, priority service and worry free rate assurances.

The Economy is killing me!

If you think this you are absolutely right. The sub-prime debacle has affected us all. Before that even the banks were feeling the impact of the economy. In fact, by 2007 net interest margin for banks had shrunk to a 17 year low.

In a way this is good for the non-bank Mortgage business because you are better able to compete. On the other hand shrinking margins causes banks to seek outsourcing. They look for the best Investor groups and outsource their Secondary Market Mortgage business in much the same way as you. However, the best news for you is that in your profession you are winning. As of 2006 traditional banks only had 22% of the mortgage market, this is down from their once all time high of 78% of the market in 1990.

The housing Tsunami that was caused by an inundation of sub-prime loans will soon be completely behind us. You own, or have the opportunity to own, the lion’s share of the Mortgage Market, the banks have to source their funding and their deals the same way as you. The icing on the cake is the fact that most Bankers are resistant to selling and as a result do a very poor job. A bad Banker can be your greatest advantage.

Now is the Time

Interest rates are down, the available housing market is flush with options, people are looking for deals, banks are suffering and you know how to make a deal. 2008 can truly be your year. You might actually become one of those people who make absurd amounts of money while working extremely short days.

Take the time to make an assessment of how you currently do business. If you spend a lot of time cold calling, spend too much money on marketing, do not have Realtors and other professionals continually sending you customers and are not making enough money then it is time to make a change.

Spend a few minutes to review who your customers are and who your clients are. Make a list of the things that you offer each group which sets you apart from the competition. Set goals and objectives for yourself and decide on the actions that you will take to achieve them.

If you do not have the resources, tools and drivers which are necessary to achieve your goals then research the market to see what is out there. There exist many low cost options which can help you achieve your goals rapidly. First, you have to commit yourself to a vision of success, assimilate your resources, install them and watch your dreams come true!

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