MReport Exclusive: 6 Ways for Originators to Survive Today's Market

By: Ryan Schuette 10/03/2011

Despite mortgage rates hitting rock bottom Thursday, few analysts expect an uptick in demand anytime soon, with consumers concerned about their job security, underwriting standards still tight, and a foreclosure glut competing with home construction. Given tough times, *MReport* canvassed the industry – online, in the field, and on the speaking circuit – and uncovered 12 strategies relevant to originators in a tough market.

What's beguiling the mortgage origination industry?

More recently, the Commerce Department offered up a 2.3-percent pullback in new-home sales over August, following a report jointly announced with HUD that recorded a 5-percent slide in housing starts over the same period.

Add to this an unsure outlook from Fannie Mae, which forecasted that U.S. GDP will dip below 2 percent over 2012, and the environment looks less certain for originators.

Commenting for the print edition of the story, Paul Donohue, founder of Abacus Mortgage Training and Education, tells *MReport* that mortgage brokers and loan officers are "not just selling mortgage loans anymore. That game is over. The originator of today is economically savvy and has the tools to deliver mortgage options in a way that the mortgage borrower wants to buy it and receive information.

"Anyone who doesn't have these tools is a dinosaur," he adds.

Taking a page from Donohue, *MReport* compiled 12 strategies for originators to deploy in their careers over 2011 and into next year, six of which we list below:

1. Manage Your Personal Brand

Put simply, a brand communicates trust. And where is brand equity for mortgage lenders now? Tellingly, a *Washington Post* survey conducted last year found nearly half of all respondents faulting mortgage lenders for their role in the recession.

David Lykken, a managing partner with Mortgage Banking Solutions, encourages loan originators to buck the distrust by seeing themselves as leaders, staying accountable in the origination process, and managing consumer expectations.

"Borrowers going forward will not go for the slash-and-dash loan officer of yesterday," he warns.

2. Serve the Customer

A Leads360 survey recently found that only 21 percent of mortgage lenders make any effort to touch base with borrowers 24 hours after first contact.

Speaking to *MReport* for a past story, Scott Sheldon, a loan officer with Santa Rosa-based Sonoma County Mortgages, called the findings "very valid, very real." He said that most clients complain about a lack of follow-through from other lenders at the outset.

"I respond to my clients because they're my lifeblood, and I want to be their lender of choice," Sheldon said.

3. Leverage Technology

Loan officer and self-described speaker and technologist Dan Green started making his mark online back in 2004. Today he postulates about the latest tips and trends at TheMortgageReports.com, where he advertises a subscription box for daily reports about the mortgage industry.

"My blog generates the majority of my new business as a loan officer," he writes on the site.

Karen Deis, a 27-year industry veteran and serial entrepreneur, tells *MReport* that she capitalized on the social media movement in 2009 by founding MortgageGirlfriends.com and LoanOfficerTraining.com more recently.

She frequently Tweets the latest in mortgage tips and news with some 6,000 followers under #mortgagecurrent.com. Of those Tweeters, she says, some 700 to 900 followers regularly share quips and declarations that began with her – and she knows because she receives a monthly report that tracks the analytics.

Deis calls Twitter a "totally effective" tool that generates new traffic for her Web sites daily.

4. Keep Informed

No amount of blogging, Tweeting, or brand management compensates for a solid lay of the macroeconomic landscape. Asks Donohue: "How can we position ourselves now for what will affect us in 2012 without understanding the dynamics of the economy?"

His answer: sign up for two to three reputable surveys, indices, and news sites "to stay in touch with on a regular basis."

Donohue says he unabashedly recommends two sources of information to the brokers and loan officers he knows: a blog by industry insider Rob Chrisman and TheMReport.com's own Daily Dose.

5. Know Your Clients

A Center for American Progress review recently found that Millennial adults – those born in the 1980s and after – continue to reflect the nation's growing diversity, with 60 percent white and 40 percent comprised by Hispanics, African-Americans, Asians, and others.

"You have a generational bulge moving through our society that is bigger than the previous one," Donohue says. "Are [Millennials] going to be renters? Owners? What are they going to buy and how are they going to buy it? It's a whole new generation."

He encourages loan originators to offer these newcomers "real advice that makes good economic sense and sells homeownership in a values-based package."

6. Manage Workflow

"When markets change, they change quickly," Green says. "The loan officers that capitalize best are the ones whose databases are organized."

Deis underscores the helpfulness of all-in-one database systems like the Loan Origination System (LOS), available via INTEGRA Software Systems. She recommends LOS as an easy way for originators to build borrower files.

"Loan officers that database effectively last a long time in this business," Green adds.

[The above is a re-rendered excerpt from *12 for '12*, the cover story for *MReport's* October print edition. To read the exclusive full story, subscribe to the magazine by clicking here.]