

Dear Sir/ Madam,

I am writing in response to the proposed Reg-Z changes. It is difficult to express all of my beliefs and feelings regarding this misguided proposal in a succinct manner. Instead, I have attached a letter I wrote that was published this past September in NARLO (National Ass'n of responsible Loan Officers) magazine, and listed in bullet points some of my main objections.

My mortgage brokerage, now closed, funded a little over \$1Billion in the last four years, averaging 1.03 points per loan. I know of only five foreclosures amongst our clients, all developers dealing with huge property value declines. We were not part of the problem. Hopefully this information will give some credibility to my thoughts.

PLEASE do not approve the legislation as proposed.

- All underwriting decisions over the last few years were made by the banks, based on guidelines set by the investors, as allowed by Federal Regulators. How can you pin all the blame on the salesperson?
- Any regulation needs to apply to ALL lending institutions, not just brokers
 - o A broker cannot sell a loan that is not offered by a bank or other lender. If good loans are available, good loans will be sold.
 - o Brokers are already held to a higher standard than direct lenders – licensed v. non-licensed. It is the direct lenders that need to be better regulated
 - o The lenders are pushing brokers to sell their products and offering huge incentives to do so (YSP). Their own rules are creating the problems. YSPs serve a purpose and used correctly, can be of HUGE benefit to the Borrower so they cannot be eliminated, but look at the lender marketing!
 - o Brokers are the most knowledgeable and in general, most useful sources of information to the customer – they are not selling their employer's product, they are designing the best solution for the client from all choices available in the market. The broker tends to know far more than a lender's sales person.
 - o Lending is an art, and an ever more difficult one. One cannot always determine up front what the borrower will qualify for or how much it will cost them. Often what starts as an easy straightforward transaction turns into a multi-month ordeal. How is anyone supposed to know up front what to quote if there can be no changes allowed?
- Eliminating or restricting broker access to no- or low-doc loans just removes a necessary tool for financing self-employed borrowers. In effect, your proposal is anti-small business. There is no redeeming reason to restrict these loans at the broker level. Lender underwriting guidelines are being and need to be further refined to better evaluate these loans, but that is a lender regulation issue.
- Banks and other direct lenders should absolutely be held to the same standard as mortgage brokers. Any "fear-inducing" disclosures should apply to all lenders if to any at all. My belief is that they are ineffective and usually poorly structured and confusing, but no matter their form, they should apply to all lenders, not single out a single segment of the industry. There is no reason to try to scare a potential borrower away from a knowledgeable independent advisor (broker) and push them into the clutches of an unlicensed, poorly trained sales person for one of the few remaining lenders, that are now operating in an oligopolistic market with little or no competition left from the very brokers that made them better banks to begin with.

In summary, your proposed legislation does nothing to help the very Borrowers it is supposed to be protecting, and in fact greatly harms them, costing them in higher rates resulting from less competition.

Thank you in advance for turning down this inane legislation.

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Doom and Gloom or Boundless Opportunities?

by Don J. Halpern



These days you don't have to go far to find evidence the mortgage industry is in trouble. Companies are closing or going bankrupt, large numbers of people are being laid off and

lenders and investors are no longer buying or funding certain types of loans. It seems like every time you open the morning newspaper, you read about another large lender that is on the skids. Worry? Nah.

It's always easy to get distressed by this type of news. But it also can open up lots of opportunities.

For those producers in the industry who some may have regarded as

"order takers"—you know, the type of folks that did real well during the refi boom a number of years ago, but who don't actually go out and sell very well—the problems in today's industry are very real. However, if you're someone who can establish relationships with builders, Realtors®, financial planners and other sources of business; who can clearly explain your products and the lending process to customers; and who understands the requirements imposed by regulators, lenders, investors and others, this may be the beginning of a very productive time in your career.

Quality will be the cornerstone of the loan production business that succeeds in this business cycle. Quite frankly, quality is what succeeds in all business cycles. The person who

understands and properly applies the "rules" associated with running his or her business will have the better chance of coming out on top. Some of these rules include:

- Understanding the requirements imposed upon your business by lenders and investors with regard to the eligibility of your loan products for purchase;
- Making sure you understand and work within the delivery, buyback and indemnification obligations imposed by your mortgage broker and loan sale agreements;
- Diversifying the loan products you originate so you can

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Be Proactive and Target the Customers You Want

by Brian Sacks



Dear Brian: I am new to the business, and I have been getting a lot of what would be considered tough loans. I am finding it very hard to find a place for these deals.

Do you have any suggestions?

*Thanks,
Dan Wordell, New Jersey*

Dear Dan:
Thanks for the great question. The good news is at least you are getting some deals (opportunities). I have heard from many loan officers that they simply are not even getting many opportunities these days.

We Do Things Backward

The problem you are describing is a very common one for loan officers

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How My *MORTGAGE* MARKETING SYSTEM Will Change Your Mortgage Business

Find out what my marketing system can do for your business by visiting www.HoisingtonMortgageMarketing.com.

Forever



My name is Reed Hoisington. You've probably heard of me. I've been in the mortgage business for 20 years. I've had some very big successes. I've personally employed as many as 300 loan officers and 70 telemarketers. There are over 59 companies whose founders learned the ropes working for me. I even co-founded one of the largest, regional, "famous name", B/C mortgage companies that did massive amounts of TV advertising. (I'm professionally uncomfortable with using the name here.) I've pioneered new ideas. I've been (and am) controversial and criticized. Gossiped about. Sought out by the biggest of the big companies. Private clients pay me \$800 an hour for consultations; \$7,500.00 to \$15,000.00 plus royalties to develop marketing documents, tools, and campaigns.

Amazingly Powerful Advertising, Marketing, Direct Marketing, Customer / Client Attraction & Persuasion Strategies REVEALED...

I urge you to lock the door, take the phone off the hook, kick off your shoes, get comfortable, and STUDY this letter -- it's that important! It introduces something THAT revolutionary!

If you own a Mortgage Business of ANY kind: How would you like to stop being an "advertising victim"?...

Finally get accurately measurable, quick results from each and every dollar you put into ANY kind of mortgage lead generation advertising, marketing, or promotion?

At will, attract a flood of new customers?
At will, spark a huge cash flow surge?
Define and DOMINATE any "target market" of your choosing.....for less than

\$2.00 per prospect? (It doesn't matter if you own a company selling sophisticated jumbo products only to the Fortune 1000 or a local broker selling to family and friends, incredibly what I'm about to reveal to you can "re-invent" your entire marketing process for the better!)

If you are a Loan Officer: How would you like to end cold prospecting once and for all? Possess new, powerful ways to magnetically attract prospects that are pre-disposed to view you as an expert ally and advisor, pre-disposed to buy from you? Put an end to being "screened", to phone tag? Have qualified prospects eagerly asking you to make time to see them?

If you are a Sales Manager or Marketing Executive at any size mortgage company: How would you like to cut all the fat, waste, even the uncertainty out of your company's advertising.....AND..... make your salespeople immensely more productive?

All those benefits and many more, are readily available -- with my marketing strategies, notably my "Mortgage Marketing Systems".

One of my hottest, most in demand consulting specialties is my "Mortgage Marketing Programs" and we get rave reviews from the people who acquire and use my Mortgage Marketing Systems and Strategies.



NARLO
T·o·d·a·y

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NARLO Today is published monthly by the National Association of Responsible Loan Officers and delivered by mail. Subscriptions include full membership benefits in NARLO and cost just \$49.97 monthly. Back issues are \$49.97 each.

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NONE OF THE INFORMATION CONTAINED HEREIN SHOULD BE CONSTRUED AS LEGAL ADVICE, NOR IS ANYONE ASSOCIATED WITH THE NATIONAL ASSOCIATION OF RESPONSIBLE LOAN OFFICERS ENGAGED IN THE PRACTICE OF LAW. IF YOU NEED LEGAL ADVICE, PLEASE SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL.

The Chronicles of NARLO

New Members' Only Site for You

We are in the final stages of building a comprehensive members' only website for you. The vision for this site is for it to be a "lounge" in which NARLO members can communicate about establishing themselves as experts, building trust with customers and closing more loans.



Also in this forum we plan to include member discussions on state and federal legislative issues impacting loan officers. A lot of the discussions and members' only surveys will direct NARLO's legislative actions on your behalf.

Here are some of the other items we are planning to include:

- Directory Information Update – a quick way for you to update your information in the NARLO consumer directory.
- Monthly Experts Calls – An archive of all of the monthly experts calls NARLO has had for our members, so you can refer back and listen to them at your convenience.
- Newsletters Archive – Past issues of *NARLO Today* magazine.
- Member Benefits – An updated and comprehensive listing of all of your membership benefits as a NARLO member.

- Membership Tools – A comprehensive site for all of the tools we've provided you for public relations, consumer education and generating more business as a NARLO member.
- Message Board – A tool for you to easily communicate with other NARLO members.

This membership site is a free enhancement of your existing NARLO membership.

What Are We Missing?

Do you wish we had included something we have omitted? Or are there programs you'd like to see that we haven't yet provided?

What are the top three things you'd like to see on the NARLO membership site?

Send your comments to NARLO Executive Director Robert Skrob via fax at 850/222-6002. This is your association, built to suit your needs. Tell us what you want so we can deliver it to you.

Experts Teleseminars



Monthly Members Only Teleseminar Series

How to Get Double Digit Response Rates From Your Direct Mail Efforts and Over 10 Times Your Investment Back in Closed Deals

Special Guest: Jon Goldman 1
Monday, September 17, 2007 1
4:00 p.m. (EDT)/ 1:00 p.m. (PDT)
512/597-6012, pass code 726012#

As the market changes it's more important to get increased response from your marketing investments. Jon Goldman's Marketing System is the secret weapon used by many of America's top direct mail experts. For many, Jon's strategies mean more loans per marketing dollar invested.

On this September Experts Call you will learn:

- The formula that has been used to launch some the world's most successful businesses and has helped loan officers get better response from their marketing campaigns.
- Jon's six little-known strategies for growing sales quickly.
- How to double the response from your marketing efforts by overcoming the 7 big problems of direct marketing.
- How to stop getting ignored by your prospective borrowers.
- How to use "Irresistible Bait" to hook your market's "Hungry Fish."

Your marketing letter, newsletter or promotion is useless if your prospect doesn't pay enough attention to even read it. Getting your prospective borrowers to stop long enough to read your marketing materials is the main focus of this call. Even if you don't plan to do an aggressive marketing campaign, this call will help you with all of your communication strategies, including increasing referrals.

Upcoming NARLO Guest Experts

Each month, NARLO interviews experts to bring you the best strategies to produce customers for your mortgage business. Learn the insider techniques that generate profitable deals and ensure you provide customers with the best possible products to meet their needs.

Date: Monday, October 22
3:00 p.m. (EDT) /12:00 noon (PDT)
Guest: **Chris Hurn**
Topic: **How Loan Officers are Supplementing or Replacing Their Residential Mortgage Business With Commercial Mortgage Loans**

Date: Tuesday, November 6
3:00 p.m. (EDT) /12:00 noon (PDT)
Guest: **Don Halpern**
Topic: **Essential Compliance Updates on Referral Fees, What's Allowed and What Will Get You Into Legal Trouble**

Date: December date/time TBA
Guest: **Andre Washington**
Topic: **Self-promotion Strategies That Made Andre Famous in His Area and Generate All of the Mortgage Business He Wants**

Free Membership Benefit

This call is a free membership benefit. To listen to Jon Goldman, participate and ask questions, call in on Monday, September 17, 2007, at 4:00 p.m., Eastern. Dial 512/597-6012 and enter pass code 726012#.



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Member Profiles

by Scott Francis,
Membership Services Director

**Bradley Riedl Gains Trust and Clients
One Email and One Newsletter at a Time**

NARLO member and mortgage expert Bradley Riedl from Brookfield, Wisc., strongly believes in getting his name out to as many prospective clients as possible, and he uses a variety of methods to do so. He prides himself on consistently closing loans, and one of his most effective tools is the monthly NARLO newsletters, which he proudly displays in his office for clients to read. He has found the newsletters to be a big hit with everyone who comes across them. Reading *NARLO Today* seems to ease his clients' nervousness about making such a huge investment in a new home. They can see that Bradley obviously has his customers' best interests in mind, that he isn't there to "take their money and run." Bradley is also actively involved in the Wisconsin Association of Mortgage Brokers and the National Association of Mortgage Brokers.



Bradley also believes in developing strong relationships with local Realtors® to help create new business. He has found these fellow professionals so enjoy working with such a straightforward loan officer that they are more than happy to continually work with him and also to refer him to other Realtors.

Using direct-mail marketing, especially with first time buyers, has been a useful tool for Bradley. He first learned of this technique from NARLO member Brian Sacks, and he says Brian was absolutely correct about how effective direct-mail marketing can be. This method enables Bradley to send his information to 500 to 1,000 potential customers each month. While he realizes there is a cost to sending that many advertisements every month, in the end this method pays for itself because he gains many more customers.

Another marketing tool Bradley has recently kicked off is using an email marketing campaign. He is looking forward to seeing the results from this method, which has the potential of being just as effective as the direct-mail campaign at a reduced price.

YourHomeFinancingExpert.com is Bradley's website where potential clients can read about the different loan options he offers, submit their questions directly to him and have access to free reports and an array of mortgage calculators. Bradley designed his site to make sure anyone can go there to learn about subjects ranging from simple mortgage term definitions to the technical parts of his loan options.

A self-proclaimed "straight shooter," Bradley thinks it is absolutely necessary to educate all of his clients, especially first time buyers. Roughly 60 percent of his customers are buying their first homes, and he has seen they almost always come back to him for all of their other home financial needs. Bradley never bullies clients into decisions they aren't comfortable with. He presents all of their options and gives his personal recommendation. He always tries to work with his clients' financial advisors so they can create a plan that works, not just for their home financing needs, but also for their overall financial wellbeing. Bradley's clients tell him they feel comfortable with him because they trust what he is saying and they know he doesn't have any ulterior motives.

Member Profiles continued from page 5

No matter what his technique, Bradley is always marketing himself to the public to generate new clientele. His methods do come with a price tag, but if they generate new business there is no reason why other loan officers shouldn't use techniques like these as well as the many other options out

there. You should pick the ones that work best for you and your business.

Bradley believes he has found the best marketing methods for his business. He enjoys a steady stream of customers, and he couldn't be happier. Bradley is striving to show

there are honest, trustworthy loan officers in the world, and he is doing just that—one email and one newsletter at a time.

For more information visit www.YourHomeFinancingExpert.com.

It's Automatic: Clients See the NARLO Logo and Trust Jeff Zoccoli



NARLO member Jeff Zoccoli is an executive loan officer with Starwin Mortgage Services in Newton, N.J., and serves on the Board of Realtors® in Sussex and Passaic counties.

He has been a NARLO member for almost a year and a half, and in that time period Jeff has seen tremendous growth in his business. He believes when customers see the NARLO logo, they almost automatically view him as a reputable loan officer. Jeff takes NARLO's code of ethics seriously, believing it is his responsibility as a part of the organization. With over 10 years' experience, he has enjoyed his most profitable year ever since joining NARLO, even in a tight market. Jeff has no doubt NARLO has been the biggest reason for his success in the past year.

In addition to using the NARLO logo, one of Jeff's best marketing strategies is maintaining a database of all of his customers so he can send them his newsletters, business cards or one of his informational guides. Jeff's customers have been so pleased with their experiences with him that they all are more than eager to pass along the information to their friends and family. In fact, nearly 95 percent of Jeff's business comes from referrals.

In addition to using the NARLO logo, one of Jeff's best marketing strategies is maintaining a database of all of his customers so he can send them his newsletters, business cards or one of his informational guides.

Jeff has been featured as the guest speaker at many real estate offices and homebuyer seminars throughout the tri-state area of New Jersey, New York and Connecticut. He provides his expert opinion on topics such as consumer credit, first time buyers, FHA reforms and the dangers of overstating your income. He is able to help first time buyers sort through the numerous lending programs and find the one that best fits each customer based on his or her specific needs. In many cases his clients have been able to save over \$1,000.00 per month, restructure their finances and get a jump on their financial futures by using Jeff's creative financing tools. It is Jeff's goal to educate his customers to help them make the best decisions possible.

With his extensive knowledge and experience in the financial industry, Jeff finds his background complements his ability to consult with his clients on their choices of loan programs. Jeff assists with all types of situations, including first time homebuyers and clients that

have credit challenges. He believes no matter what a customer's background, he or she deserves to get the best mortgage terms possible. Some of Jeff's other services include free consulting meetings, and he will also run a free credit report and provide clients with his expert opinion, staying with them throughout the entire mortgage process. This personal attention gives Jeff's clients a sense of security, knowing their mortgage process will go smoothly.

Through his free, in-depth analysis and review of their credit reports, Jeff has helped literally hundreds of clients improve their credit scores. He also offers educational seminars on how the credit system works and the different tactics clients can use to increase their scores. Jeff says, "I am passionate about helping people restructure their finances and seeing the difference I can make in someone's life."

For more information visit www.starwinmortgage.com/loan_professionals/jzoccoli/JeffZoccoli.html.

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Wanda Martin: 'Make Loans, Not Promises'



Ojai, Calif., senior mortgage planner Wanda Martin is an experienced loan professional and new NARLO member whose commitment to client satisfaction is proven in all

of her daily interactions. With more than 30 years of experience in the title and mortgage industry, Wanda is the owner and co-founder of Heritage Financial, which has been in business for over 17 years. She is a member of the Ojai Valley Board of Realtors®; Optimist Club of Ojai, a nonprofit organization that raises funds for children in the valley; and the Jane Cusumano Foundation, a cancer wellness and awareness organization.

Heritage Financial is locally owned and staffed by lifetime Ojai residents, and they take pride in a 90-percent repeat and referral client base. Wanda knows the importance of dependable staff members, which she says are vital to her business. Wanda's staff includes Emily Sandefur, who developed the company's website where they proudly display the NARLO logo.

Everyone at Heritage Financial strives to give the best service possible so their customers don't come to them just one time, but become clients for life for all of their financing needs. This goal is one of the reasons Wanda became a member of NARLO. Like Wanda, NARLO promotes ethical standards and the need to educate clients. "It's sad that unethical lenders took advantage of consumers who weren't fully educated; now all across the country people are losing their homes because of this," says Wanda.

As a lifetime resident, Wanda also takes interest in her community, and her company donates 10 percent of

its commission to a local nonprofit organization of the client's choice. She believes it is necessary to give back to the community where she and her employees have all grown up. Heritage Financial has developed a great reputation in the Ojai Valley area, and Wanda thinks this is because of the company's good ethics and the open-door, friendly atmosphere she strives to maintain.

Although they have close ties to their community, Wanda and her team also serve all of California and many nearby states. They understand that buying a home is usually the biggest

investment someone makes and can be a very stressful time. With this in mind, they make sure they explain all of the ins and outs of the process so their clients aren't confused or feel as if they have been taken advantage of. Some of the products offered at Heritage Financial are reverse mortgages, no cost equity lines, construction and lot loans, commercial financing, FHA/VA financing and being a living trust advisor to the estate plan, to name a few.

For more information visit www.heritagefinancialofojai.com.

The Complete Mortgage Marketing Kit

Why should you waste valuable time and money designing flyers and brochures, writing letters and scripts or developing seminars? This Kit has EVERYTHING you will need with almost 500 pages of valuable and professional marketing tools. Thousands have used the original *Loan Officers Complete Marketing Kit* over the past ten years, and it has been a best seller for the Mortgage Bankers Association of America and Mortgage Originator Magazine.

The Complete Mortgage Marketing Kit comes with all documents on a CD so you can insert your logos, work with a printing service or alter the text when necessary. Of course, many of the tools are still in a time-saving copy-and-go format. You can take the files from the book or print an original from the CD, place your business card on them and copy-and-go.

NARLO members can purchase this \$499.00 kit for only \$399.00 by filling in "NARLO100" in the coupon code. Visit www.NARLOMortgageMarketing.com.

Download samples of the Complete Marketing Kit for free, visit www.NARLOMortgageMarketing.com. Use the coupon code "NARLO100" to save \$100.00 off your purchase.

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around the country. It really doesn't matter if you are an experienced pro or a brand spanking new rookie. We simply do things backward in our industry. We are very reactive instead of being proactive.

Think about what happens in every mortgage office around the country. A client calls and explains his or her circumstances to the loan officer. The loan officer takes down all of the information and tells the client or the Realtor® he will call back when he has a proposal ready. Then the loan officer immediately runs to the copy room in the office and starts searching for an investor from the barrage of sheets that wholesalers fax and mail in. This alone could take several hours of wasted time.

They Call a Dozen Reps

Then the loan officer calls all of the account reps he can find phone numbers for. Often these account reps fail to even call back. Or worse. They do call back but give incorrect or incomplete information. Or worse yet ... they give a quote but when the loan actually gets underwritten the loan officer finds out the rate is now higher, the borrower needs to have a lower LTV and the loan officer's fee has been reduced.

Wow! I get tired just thinking about this real life scenario that plays itself out each and every day in our industry.

Often you will have to search through thousands of pages of product

manuals to find the best program or product. One of the other problems I am sure you have experienced is that often you can have a great wholesale company but the rep is not efficient or even accessible. Or the rep can be excellent but the company does not have its act together and does not properly communicate or support its account executive.

Let's Face It

At least 60 percent of the transactions today are for buyers who are NOT squeaky clean Fannie Mae or Freddie Mac loans. The good news is our industry has created new and innovative programs for buyers who:

1. Lack the funds for a down payment and closing costs—100 percent or 103 percent loans.
2. Are unable to qualify based on their income, are newly self-employed or work in cash businesses—no doc loans (no questions asked) and stated income products.
3. Simply do not qualify for the loan by most conventional guidelines—no ratio loans.
4. Have had a bankruptcy or other credit issue—100 percent loans for buyers one day discharged from a Chapter 7 bankruptcy. (There are, of course, many other programs for buyers who have had a credit challenge with high LTVs and good terms with scores in the low 500s.)
5. Need a source of income—reverse mortgages.

And there are many other "non-prime" type loans. So you need to be pretty well versed in what is available and who offers it. In fact, in a single month you will probably be exposed to buyers who have each and every one of the needs listed above.

The One True Rule in Our Industry

The one thing that has always been true throughout my 21 years in the

Boundless Opportunities continued from page 1

adapt to changes in interest rates, market trends, new regulatory requirements and the occasional downturn in the industry;

- Choosing an appropriate partner for your affiliated business arrangements, and properly forming and operating them once they are in place;
- Using marketing services arrangements and lead purchase deals in a compliant way and in a productive way (and knowing the difference between them);
- Structuring net branch, desk rental, employee compensation and other arrangements correctly;
- Avoiding loans (and loan practices) that involve fraud or potential misrepresentations;
- Becoming and staying knowledgeable of the disclosure, loan documentation, permissible fee and other regulatory requirements imposed by your state and federal regulators; and
- Managing your business on a proactive basis rather than on a reactive basis.

Take some time to examine your business practices to see if they are where you want them to be. If they are, good for you. If they're not, do something about it. While not every business succeeds, quality business practices certainly can put you on the right road. There has never been a time in the mortgage industry when this has been more true.

Don J. Halpern is a partner in the law firm Weiner Brodsky Sidman Kider PC. Don focuses his practice on the regulatory and transactional aspects of the real estate finance industry. He can be reached at 202/628-2000 or halpern@wbsk.com.

mortgage industry is that once you think you know all of the guidelines and programs available, things are sure to change. This can be very frustrating on one hand, but on the other it forces all of us to constantly stay up to date on our industry. This makes us all better loan officers.

Decide to Be Proactive

The simple solution I have used to avoid all of this frustration is one that goes against everything we are taught to do when we enter this business. I believe it is much better to be a "SPECIALIST" than a "GENERALIST."

Most of us live in constant fear, wondering where our next deal is coming from. Instead of trying to be everything to everybody, I prefer to pick a niche, become the expert in that niche and then let everyone know about my expertise. There are many benefits to this approach, such as:

1. Being able to work fewer hours.
2. Never working evenings or weekends.
3. Being able to earn more per loan based on my expertise.
4. NEVER having to deal with rate shoppers.

I am not going to go too deep into this topic in this article, but take a minute to think about going to a doctor, an attorney or other professional. In every field there are specialists and general practitioners. And the specialist is always harder to get an appointment with and is always more expensive than the general practitioner.

So, What Does All of This Mean?

Let's get back to our topic. Instead of being reactive and frustrated, I figured out years ago to specialize in a certain niche. My niche is "Helping buyers who have experienced a bankruptcy or other credit challenge get into a home with attractive rates and a low down payment." (That is called a USP—a unique selling position—and every loan officer needs one to succeed.)

So what I have done is find the top four investors who have the best programs for these buyers. I have met with each of the company's reps and account execs, and I know their guidelines inside and out.

But That Is Not Enough

As I mentioned earlier in this article, the one thing constant in our industry is change. So I meet with each of the four account reps once every three months so I can be up to date on their guidelines and programs being offered.

Now that I know the products and guidelines, **I only market to prospects that fit those criteria.** You may want to read that again and even write it down. It is very simple, yet it goes against everything we are taught.

Real Life Example

As I have already explained, my niche is helping buyers who have had a bankruptcy or other credit issue get into a home with very little money down and attractive rates. Since I already know the investors' guidelines and programs, I use direct mail

and other creative lead generation strategies to buyers who I am easily able to identify as having a Chapter 7 bankruptcy that has been discharged within the last 6 to 18 months.

The bottom line is **I am only inviting people to call me who I already know I can help with the programs I have.**

By being proactive (only marketing to people you know you can help), you will not waste a lot of time with those you cannot find a product or program for.

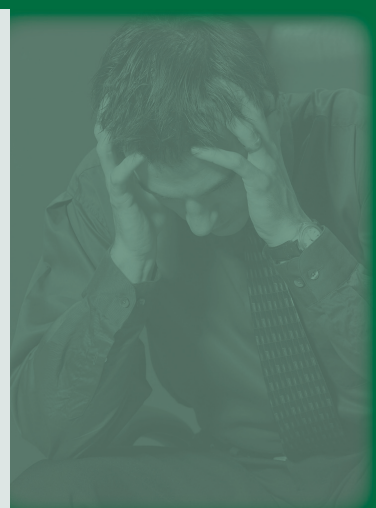
Now isn't that easier and much more profitable than being "reactive"?

Brian Sacks is a national loan officer success trainer and a national expert on working with buyers who have had a bankruptcy or other credit issues. He has originated over 5,832 loans over the last 20 years. His courses for loan officers, "How to Close More Loans, Make More Money and Have a Life" and "How to Increase Sales With Buyers Who Have Bankruptcy or Other Credit Issues" are being used by hundreds of loan officers across the country. You can sign up for his free loan officer success tips newsletter at www.LoanOfficerSuccess.com.

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How You FEEL Dictates How Many Clients You'll Attract

by Fabienne Fredrickson



As entrepreneurs looking to grow our businesses, we mostly tend to focus on the marketing of our businesses (and I applaud this, of course). I'm

known to get on my soapbox and say, "If you don't market today, you won't have clients in six months. And if you don't market consistently, you won't have clients consistently." Obviously, marketing is crucial to staying in business.

One thing that's become clearer and clearer to me over the years is that there's also an inner game of Client Attraction. Our mindset, our thoughts, our beliefs and how we FEEL have a lot to do with what shows up in our lives and in our businesses. What we

think about, and how good or bad we feel, literally dictates the number of clients and the level of revenues we pull in.

Client Attraction is just that, PULLING in what we want.

I've been studying the Law of Attraction for many years and have been working on my own limiting beliefs for just as long. We all have these limiting beliefs. Stuff we heard when we were young, experiences that have shaped us and events we witnessed that created a deep impression on us.

It's hard to escape; it's even rampant in one's family. Here's what I heard (and still hear) in mine:

- If you eavesdropped on my family's conversations when

I was young, you would commonly hear the phrase "la vie est difficile" (life is difficult). This was just an accepted fact. And for a large part of my early life, it seemed like it was indeed true. I experienced many hardships and emotional setbacks. It seems life *wasn't* easy until I started working on my mindset and realized it didn't have to be that way.

- I was reflecting on how lucky and grateful I felt the other day as I was showing someone around my new house at the beach (and the boat and everything). This person looked at me quizzically and said, "Don't forget, Fabienne, you have what you have not just

Response to Legislators Proposing Tougher Loan Officer Laws

In our May NARLO Today, all NARLO members were invited to submit comments regarding proposed legislation to deter loan officer fraud. NARLO received several submissions; here is one from NARLO member Jean-Marc Landau.



The current mortgage downturn is just a correction in the market. Any correction has its victims, and to the extent some of those victims have a story to tell, the media will find a scapegoat to sell their story.

The lending industry as a whole got

too giddy—what lender in his right mind would do a neg am 100 percent loan to a sub prime borrower? But they were there, the loans happened, the investor made money, the lender made money, the broker made money and more than likely the homeowner made money, though a few did not. How can you pin the blame on any one part of that chain and not the entire chain?

But there are, indeed, some bad apples, at the brokerage level as well as at every other. The problem I see, and where I believe legislation needs to happen, is a borrower's ability to right a wrong done by a loan broker, a credit agency or a creditor. How often have we seen a borrower pay a substantially higher rate than he

needs to because of an erroneous credit entry? What recourse does the borrower have?

Likewise, what recourse does a borrower have in the event of a fraudulent loan application? And this gets to the point that got me upset enough to write.

A past client had gotten into financial trouble. A teamster injured in a bar room brawl, he was no longer able to drive and had gotten behind in payments. While lamenting his woes over drinks, some "friends" of his proposed that they refinance his mortgage to get some cash out. He foolishly accepted, and they paid off his low LTV 30-year fixed loan at

because you're lucky, but because you worked really hard for it. That's the ONLY way to get what you want in life." Well, I was startled, because now I know that's only partly true.

I see both of these comments and thought patterns as being limiting. The truth is I've asked for these things, believed I could have them and invited them into my life, while taking action to get them. I essentially changed my inner game of attraction by changing my thoughts.

Want to know what I did to switch my inner game of attraction, including Client Attraction? I've done much personal growth and development work, read a ton of books, but these are some things I've done recently that really stand out:

1. I stopped thinking and saying "life is difficult." Instead, I started saying "life is good" over and over again to

myself. I even went as far as getting "Life is good®" hats and T-shirts as well as bumper stickers for our cars and our boat at www.LifeIsGood.com. Not only do I want people around me to recognize that life CAN be good, but I want to remind myself of this every time I look around.

2. I started building a book library that would help me change my mindset about what it takes to attract more money, clients, love or anything into my life. And it's all worked. My favorites are *Ask and It Is Given* by Esther Hicks, *Excuse Me, Your Life Is Waiting* by Lynn Grabhorn and *The Attractor Factor* by Joe Vitale.
3. I've watched the movie *The Secret* (\$4.95 at www.TheSecret.tv) about five times in the last few weeks and will continue to watch it, over and

over again, because I pick up something new each time.

What's the common element of all of these books, movies and sayings? That FEELING GOOD is the key to getting what you want, including clients. Here's my formula for attracting clients:

1. First, you have to get clear how many clients you need and what type you want (only the good ones).
2. Get in a good-feeling place and ask for the number and types of clients you want.
3. Release your intention, feeling good about it, knowing you deserve it and it's on its way to you.
4. Notice the happy coincidences that start to pop up around you.
5. Take immediate action on these happy coincidences.
6. Be grateful and continue to feel good.

continued on page 12

5.75 percent, replacing it with an ARM at LIBOR plus 9 percent with a hefty prepay. They also cashed out \$50,000.00, on top of the \$70,000.00 in commission they took for themselves, and tried to borrow the cash for some deal they were doing. The client never filled out a loan app, was taken to a bar before he went to sign loan docs, was still on pain medications for his injury and didn't actually sign the loan docs himself. Yet the loan closed. The client lost most of the cash in short order, between the higher payments and simple mismanagement of cash, and got right back into trouble. At which point he called me. I was able to refinance him at a decent rate, but despite the fraud, the lender would not waive the prepayment penalty. Two years later, his lawsuit against the broker, the lender and the title company had gone nowhere, and

the client was forced to sell his house. Today, four years later, his suit is still pending, the client has no more money to pay the attorney and he will likely never see a penny.

The broker made \$70,000.00 in commissions, the lender made usurious interest on the loan, the client lost his home of 40 years and I have rarely seen a more blatant case of fraud and deception, yet the system gives him no hope of recovering his losses. He is a broken man living on social security and disability, in a trailer, trying to send some money to his attorney to keep the hope alive but having mostly given up.

So the big cheeses in D.C. want to pass some legislation? How about some easier means of redress in the cases of fraud? How about holding the few bad apples responsible rather than generalizing and making foolish

rules that only hurt the customer and the industry but still don't solve the problem? How about having them hold the credit bureaus and the perpetrators of erroneous data to account for their ever-recurring falsehoods? Yes, I am asking the politicians to hold the guilty to account, but that means taking a stand against their contributors, so it won't happen. Dumping on the disenfranchised that do not know how to work the system is far easier, and makes for a good story when they try to pass some inane legislation that will only hurt those very people more. But it still needs to be said ...

Jean-Marc Landau
 Owner
 ARC Funding
 San Francisco, California
 Loan Broker since 1993
 Over \$1.5 billion funded



How You FEEL continued from page 11

Notice how FEELING GOOD comes up throughout? In my opinion, it's the key to attracting all of the clients and all of the money you want (or anything, for that matter).

Your Assignment

1. Start changing what you say and think about your life or your Client Attraction situation. You can even say to yourself, "I attract clients easily and in large numbers."
2. Read the books listed above and put them into practice. These are the crème de la crème.
3. Watch the movie at www.TheSecret.tv as many times as you can.
4. Get yourself in a good-feeling place and follow my inner game of Client Attraction formula above.
5. Never stop marketing and do what it takes to succeed. (Hey, you still gotta take action, but it doesn't have to be a struggle.)

Stick with this program; don't give up. Sometimes it happens right away, sometimes in a few weeks. The key is persistence. Once you do this, notice how many more clients come into your life. Notice your bank account. Then write me an email at info@ClientAttraction.com to tell me about your success stories, O.K.?

Fabienne Fredrickson, The Client Attraction Mentor, is founder of the Client Attraction System™, the proven step-by-step program to attract more clients, make more money and have more time off to enjoy it all. To receive your FREE CD by mail and get her weekly high-content, high-value articles on attracting more clients, visit www.ClientAttraction.com.

No More Selling Scripts

5 Ways to Be Yourself Again

by Ari Galper



Last week I was sitting at my desk when the phone rang.

I picked it up and said, "Hello, this is Ari."

The caller said, "Hi, Ari, my name is Steve. How are you today?"

I knew right away he was using a structured sales script, and that triggered the negative "salesperson" stereotype in my mind.

I didn't want to hurt his feelings, so I let him continue with his pitch for a few minutes. Then I gently said, "Hi, Steve." He was so startled that he completely stopped speaking. He had no idea how to react to my simple, normal greeting.

Why? Because he was totally focused on his selling script and not on my reaction to it.

If you've been selling for a while, chances are you've been asked to use sales scripts to make cold calls. And even if you think scripts are unnatural and impersonal, you've probably used them anyway because they were the only way you knew to start a conversation with prospects.

Maybe you've even made some sales using scripts.

But here are some questions you need to ask yourself:

- How do you really feel when you use a script?
- How do your prospects feel when they know you're using a script? (And they do know.)
- Most important, how many sales

are you losing because you're using a script?

When people call me and ask how they can throw out their scripts and cold call the natural way, the first thing I do is ask them whether they're willing to role play with me using their scripts.

As soon as someone starts reading a script, a couple of things happen. I hear his (or her) voice go up in volume so he sounds enthusiastic. He also talks faster, and his voice takes on a canned, robotic quality. All of these things trigger the negative "salesperson" stereotype.

After a few moments, I gently stop him and tell him he's sounding like a totally different person from the one who called and talked with me so naturally about his sales issues.

You know what people always say? "Ari, you are so right. When I use a script, I feel as if I can't be myself. I feel like a robot or an actor, and it's very awkward and uncomfortable. Is there any way I can be myself again?"

Here are five ways to throw out your linear selling script and be yourself again:

1. Admit that scripts make you sound "scripted."

When you begin your sales script, prospects detect within seconds the very subtle change from your natural voice to your unnatural scripted voice. "Fine," you might say, "I'll just work on making myself sound natural." But that in itself creates a conflict.

The first step is to realize and admit that you can't "work at" being natural. However, you *can* let go of your script

as a crutch. The idea may sound scary at first because you've been programmed to believe you have to have a script to make a successful cold call. It is possible to learn another way to make calls without a linear step-by-step script.

2. Start your cold call as a conversation, not a one-way pitch.

If you're used to scripts, you're probably shaking your head and wondering, "How the heck will I know what to say without a script?" You might want to ask yourself why you think you won't know what to say, because the reason for that is important. It means you're basing your call on what you have to offer—and not on what's important to the prospect, because you haven't found that out yet.

Pitching your solution as soon as you begin a call is one of the biggest problems with linear sales scripts, because you trigger sales pressure and cause prospects to react with defensiveness or even abrupt, immediate rejection.

Here's another option. Write down two or three core issues or real problems (not benefits or features) that your product or service solves. Then take that "problem statement," as I call it, and put it into words your prospect can understand. In fact, the wording should be so familiar to your prospects (because those are the words they use every day in their business) that when you start discussing the issue, they'll have a sense of comfort knowing your mental focus is on helping them solve problems, not on making the sale.

3. Create openings rather than forcing a "yes."

Selling scripts are designed to be linear and step by step so you can move calls in the direction you want them to go. From the traditional selling point of view, that direction is toward a "yes," because if you don't

get a "yes" at the beginning of the cold call, you're not "selling." But that's the biggest problem with scripts. They give you only one path to follow.

If you can start a conversation that triggers a "What do you mean?" response from your prospect, you'll find you can explain yourself in a natural way that creates a two-way dialogue, which in turn lets you learn what you need to find out by flowing with the conversation, without feeling like you're getting off track. Developing your problem statement makes this much easier.

4. Record yourself talking with someone you know. Then record yourself reading your script.

Have you ever heard yourself calling a prospect and reading your script? Probably not. That's why most people who use scripts think they sound natural. They've never heard themselves. But if you do this simple exercise, you'll hear the same kinds of differences I hear when people role play with me.

In our day-to-day personal relationships, we simply want to get to know and communicate with others. But when we go into sales situations using scripts, we have an agenda—to make the sale. And because scripts trigger the perception that that's all we want, the people you talk with sense this immediately and put up their guard. Between our hidden agenda and their reaction, there's no chance to build trust through communication. Also, because we've been taught for so long that we have to control the process, we never stop to think that scripts make it impossible for us to be flexible in how we communicate and build trust.

5. Set a new goal for your calls. Focus on simply opening the conversation rather than trying to control it, so prospects will feel comfortable telling you the truth about their situations.

Does surrendering your use of a script seem scary? Try this alternative and see how it feels. Begin the conversation with "Hi, maybe you can help me out for a moment ..." Most people will respond with something like, "Sure, how can I help?" You can say, "I'm just calling to see if (problem statement) ...," which makes it easy for the prospect to reply, "What do you mean?" or "Tell me more." And after that, the possibilities of your conversation are endless.

What do I mean by this? If you target your prospects' issues, create a conversation around the problems or issues you know they're facing and explain how your solution solves those problems—in a conversation that is completely void of sales pressure—prospects will share their truth with you. They'll tell you whether solving the issue is a priority, whether they have the resources to commit to it and everything else you need to know.

When you let go of a linear script, you'll find you will no longer fumble for words if prospects get "off track" by taking the conversation away from your sales process and into their buying process. In fact, that's exactly what you hope they'll do, because that means they're telling you the truth.

Now that you understand why linear step-by-step scripts create the negative "salesperson" stereotype by making it impossible for you to be your natural self, you can begin learning how to engage total strangers on the phone in ways that feel as comfortable as calling a friend.

Yes, it's possible, and don't let anyone tell you it's not.

Ari Galper, founder of Unlock The Game™, makes selling painless and simple. Learn his free sales secrets even the sales gurus don't know. To receive your 10 free audio mini-lessons visit www.UnlockTheGame.com.

10 Things an Originator MUST Do to Become Successful

by Dave Hershman



I just returned from speaking at a very large sales and marketing event for loan officers. There were over 600 in attendance—so I would define that as very large. There was a variety of speakers selling various marketing systems and giving marketing advice. While they were all good systems and good marketing advice, I gave a slightly different message. O.K., perhaps it was radically different. I would like to clarify that message here.

Do not expect a marketing system to work if you don't do the basic things necessary to become successful. As a matter of fact, if you do these basic things correctly you will need to spend much less money and energy on marketing. Why? Because marketing is not something you do—it is the way you think. Those who are very successful take care of the basics. I invite you to see if you have taken care of the following 10 things. And if you have not—do not spend another dollar on marketing or advertising until you have taken of them. I think most of these items are very, very simple. If you don't know how to implement a particular item, I invite you to email me an "ask the expert" question at dave@hershmangroup.com. We publish the answers weekly in my OriginationPro update.

So here is the top 10 (with apologies to David Letterman):

1. Communicate, communicate and communicate. How many times have you heard that you

must call/email people back? You are probably sick of hearing it. Yet this is still the number one complaint of customers and real estate agents. So as an industry you still are not doing it. People ask how I did almost 600 loans my first 18 months on the street. Well, it wasn't because of experience or relationships at that point. I called people back quicker than anyone else. To this day I live by that standard. If you have a sales manager or a trainer or a coach who tells you to do this—and does not set a great example by doing it themselves—fire 'em!

2. Identify your sphere of influence. Those who go through my school are introduced to an exercise designed to triple the size of the database of the typical originator. (I usually pick one with five years of experience as a guinea pig and then demonstrate on a rookie as well.) If you do not have a database that correctly identifies your sphere, why in the world would you be marketing to people you do not know? What sense does that make? None in my mind. The alternative promotes cold calling, and to me—*COLD CALLING IS STUPID*. You should have no fewer than 3,000 to 5,000 people you either know or with whom you have something very important in common.

3. Prioritize your sphere of influence. Maximum synergy rule number three states that some targets are more important than others. You cannot market the world. If you have a sphere of influence of 4,000 people, you can't have lunch with all of them. The sphere should resemble a pyramid with the most important targets at the top. These would be your three to five potential synergy partners. At the bottom are people with whom you have things in common (such as they attend your church or are fellow alumni)—but you don't know personally. Your marketing plan will revolve around this sphere, and prioritization is the key.

4. Everyone in your sphere should know what you do for a living and should receive value from you on a regular basis. This is exactly why I started writing a value-laden newsletter as a loan officer my third month in the business 25 years ago. It is why I supplied them to my loan officers when I became a head of production. And it is why I continue to write these newsletters and make them available to the industry. It makes sense that the industry expert is going to provide the most value.

5. Attend your settlements (or signings on the west coast). Nothing is more important than delivering topnotch customer service. The settlement is a

very important event for your customer. If you are not there and questions/problems arise, everything you have done up to that point can be for naught. Even if everything goes smoothly, you are differentiating yourself from your competition in a positive way by showing up when most loan officers do not. And guess what? There are usually real estate agents at the table. Or would you rather cold call them?

6. Single out one segment of your sphere for a special phone call.

Call everyone who closes a loan with you one week after settlement. And not to ask for a referral. Instead, thank them for the opportunity to serve them, ask if there is anything else you can do for them and finally ask for feedback. They are not expecting follow-up from a sales person, so you will be exceeding their expectations. Exceeding expectations is another key to a successful business model.

7. When you get feedback and it is negative, do everything in your power to turn it around.

You can't afford to have customers walk away unhappy. And when it is positive, use the opportunity to obtain a testimonial in writing. Social proof is a key to differentiation, and if you are not using this tool you are selling with one hand tied behind your back. You should have a letter or a quote from at least 1 in 10 closings. And some of these quotes can come from your vendors. In addition, don't forget to write testimonials for your real

Do not expect a marketing system to work if you don't do the basic things necessary to become successful.

estate agents and other partners and even vendors.

8. When prospects decide not to do a loan with you, call them one week to 10 days afterward.

Do not call to ask if they have changed their mind. You can remind them that you ended the phone call by offering to do what you can to help them even if you are not doing the loan. Just ask them how it is going and offer your help again. If things are going badly (this will be the case one in three times), you may just recapture the prospect. By the way, one in three prospects will have done nothing, so the phone call may result in a chance to convert the prospect over 50 percent of the time. So it is a phone call that can be well worth the effort.

9. Make the words "thank you" part of your marketing plan.

We don't say these words often enough, we don't say them in the right way and we don't make them part of the plan. Stop learning cheap closes and say thank you more often. In America, people are not used to hearing "thank you." Saying it will exceed your customers' expectations and differentiate you from your competition. AND IT IS FREE!

10. Become an expert in the industry.

Stop trying to sell by convincing people to do business with you. You need to stop selling and start advising. That does not happen because you are using scripts and fancy words. It happens because you are an expert—and that takes a plan and time. If you are interested in an article about what it takes to become an expert in this industry, email me at dave@hershgroup.com. This is true differentiation and the basis for our origination school. We are not interested in helping loan officers fill in forms and become competent—we want to help them understand what it takes to become a leader and an expert.

Remember, if you do not go back and accomplish each of these 10 basic things, you have no right to go out and advertise. Save your money and your energy and start building your business the right way. It is the ONLY WAY off the proverbial roller coaster and treadmill.

Dave Hershman is a leading author and a top speaker for the mortgage industry with six books—including two best sellers for the Mortgage Bankers Association of America. His mortgage school is the only comprehensive advanced curriculum in the industry. For a schedule of classes, free marketing samples, speaking information and articles by Dave, visit www.originationpro.com or call 800/581-5678.

How Are You Funding Your Retirement?

by Rob Minton

Most people are making contributions to their company's 401(k) plan or some kind of IRA account. These contributions are paid, in most cases, directly out of your pocket. If your company contributes automatically to your retirement plan from your paycheck, this is still directly out of your pocket. I truly believe this is a massive wealth destroyer.

It wasn't that long ago when a client of mine, Mike Sivula, was like many other professionals, pouring a hefty percentage of his salary into his 401(k) retirement plan because it seemed like the right thing to do. But that dependence on his 401(k) for building long-term security is now a thing of the past.

"It earns 1 percent or 2 percent, and then it goes to 20 percent for a while," says Sivula, a former CPA and current small business owner. "Then all of a sudden, it loses 60 percent with the dotcoms. I needed something else."

When Sivula crunched the numbers and compared the returns he could make on real estate investments to returns on other investments he knew were out there, it made perfect sense to him to jump in headfirst. He hasn't looked back.

Only nine months into his new "side job" as a real estate investor, Sivula already owns five properties and is in the process of closing deals on two more.

"The first thing is there's a system," says Sivula, whose investments are working harder to build wealth than his 401(k) ever did. "And owning my own business and being the accountant that I was, I really believe in systems. I think that was huge. I just

followed what it told me to do."

My advice is to take the contributions you would put into a retirement account and invest them in real estate. Then invest the cash flow from the real estate into your IRA or retirement plan. To be clear, I am not saying don't invest in your IRA. I am saying to insert real estate in between your direct retirement plan contribution. Buy an asset (real estate) and have that asset fund your retirement plan.

This advice will get many people up in arms. I know *Money Magazine* tells you to maximize your 401(k) contributions. I know your parents tell you to put everything into your 401(k). I know your company's human resources department tells you to invest in your company's 401(k). I know. I have been there. I remember all of my coworkers at the international accounting firm I worked for talking about how much they were contributing to their 401(k)s. They thought I was crazy for investing in real estate. They thought I was a real wacko when I quit my high-paying job to invest in real estate full-time. I can still hear the jokes and snickers.

This will happen to you, too. Everyone will think you are making a big mistake. The reality is the other way around. You will be making a big mistake listening to everyone else. Please, please listen to this advice. I cannot tell you how powerful it is. I can hear you say, "Well, my company matches my contributions." I don't



care. Your first investing dollars go into real estate. Real estate dollars then go into your retirement plan. Don't worry about your company match. It is insignificant compared to what will happen if you follow this advice.

I bought real estate to create cash flow. I used the cash flow to quit my job and start my own company. The profits from the first company were used to start a new company. All of this while my "laughing" coworkers are still arguing over how much they should invest in the company's 401(k) plan.

Now my two companies can funnel into my retirement, living expenses, new companies and/or additional assets. This is the velocity of money in action. **The key is where your FIRST investing dollars go.** If they go to a traditional retirement plan, you aren't creating velocity. You can't leverage a 401(k) plan.

If I had followed the traditional approach, I would still be working as a public accountant. I would be investing 10 to 15 percent of my income into the company's 401(k) plan and working at a job I couldn't stand. Yes, I might have more money in my 401(k) plan—yippee. I wouldn't

have any assets working for me. Funding the real estate first was the best decision I ever made in my life. I really don't care about the amount of money I have invested. I care about the assets I have working for me. Most people are focused on the size of their portfolios. As Robert Kiyosaki's book teaches, your focus should be on getting your money back and reinvesting, not letting it accumulate. He writes, *"In my world, the velocity and safety of my money is far more important than the amount of my money. ... Only amateur investors put their money in their retirement plan and set the parking brake."*

I like retirement plans. Don't get me wrong. I just want you to fund your retirement plan from *house* money. *House* money is much better than *your* money. Don't you agree?

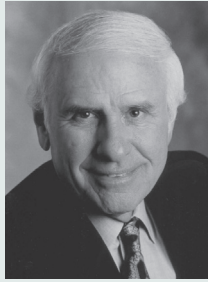
There are many choices for you to invest your *house* money. Here are just a few:

1. Build an emergency fund for your family.
2. Invest in more real estate—*houses buy houses*.
3. Pay off credit card debt or other loans.
4. Invest into your retirement plan/IRA.
5. Invest into a mutual fund/stocks or bonds.
6. Start a new business.
7. Buy and resell a mobile home.
8. Invest in someone else's business.
9. Invest in a whole life insurance plan.
10. Invest in seminars/books and audio programs.
11. Hire people to assist you with your investments.
12. And many more ...

Rob Minton is a CPA who left the world of public accounting to pursue a career in real estate. The president of The Home Selling Team Inc. in Cleveland, Ohio, he has since been a successful broker, author and consultant. An investor in all types of properties himself, his Income for Life program deals with single-family homes in desirable locations bought and sold with a proven rent-to-own method outlined at www.QuitWorkSomeday.com.

Change Begins With Choice

by Jim Rohn



Any day we wish we can discipline ourselves to change it all. Any day we wish we can open the book that will open our minds to new knowledge. Any day we wish we can start a new activity. Any day we wish we can start the process of life change. We can do it immediately or next week or next month or next year.

We can also do nothing. We can pretend rather than perform. And if the idea of having to change ourselves makes us uncomfortable, we can remain as we are. We can choose rest over labor, entertainment over education, delusion over truth and doubt over confidence. The choices are ours to make. But while we curse the effect, we continue to nourish the cause. As Shakespeare uniquely observed, "The fault is not in the stars, but in ourselves." We created our circumstances by our past choices. We have both the ability and the responsibility to make better choices beginning today. Those who are in search of the good life do not need more answers or more time to think things over to reach better conclusions.

We cannot allow our errors in judgment, repeated every day, to lead us down the wrong paths. We must keep coming back to those basics that make the biggest difference in how our lives work out. And then we must make the very choices that will bring life, happiness and joy into our daily lives.

If you don't like how things are, change it! You're not a tree. You have the ability to totally transform every area in your life—and it all begins with your very own power of choice.

*Jim Rohn is considered to be America's foremost business philosopher. To subscribe to the free Jim Rohn Weekly E-zine, send a blank email to subscribe@jimrohn.com. Also, to learn more about Jim's best-selling CDs, books and videos/DVDs as well as receive 20 to 60 percent off on all, including *Take Charge of Your Life*, *The Five Major Pieces* and *Building Your Network Marketing Business*, go to www.jimrohn.com. Also while you are there review the complete Jim Rohn archive of articles, vitamins for the mind and Q and A. To order the special release offer of *The Jim Rohn 2004 Weekend Event with Special Guests Denis Waitley, Brian Tracy and more—24 hours on DVD, 24 CDs and 283-page comprehensive workbook, plus receive 90 Days to Life Change as a bonus*, go to <http://3day.jimrohn.com> or call 800/929-0434. Copyright © 1999, 2005 Jim Rohn International. All rights reserved worldwide.*



Executive Director's Report

by Robert Skrob

You Have Limited Capacity and Unlimited Potential



There are some large signs indicating the mortgage industry has reached its capacity. American Home Funding declared bankruptcy and went out of business. HomeBanc filed for bankruptcy protection and exited the retail mortgage lending business in an attempt to maintain the value of its current mortgage portfolio and servicing operations.

The filings by both companies came as liquidity—loans available to borrowers including banks, companies and homebuyers—dried up around the world. Central banks in Europe, Japan and the United States have been infusing their markets with cash as stocks plummet internationally.

While some mortgages can be sold individually, the majority of mortgage loans are packaged into bonds and sold to investors. Big pension plans, insurance companies and individuals outside the United States buy these bonds as investments. Millions of dollars can be made when a mortgage company issues these bonds. Large Wall Street brokerage firms get involved in these offerings.

When the upsurge in housing values slowed, the rate of new mortgages declined. As the number of mortgage declined, mortgage lenders loosened their guidelines so they could continue writing as many mortgages as they had written the year before. Lenders had contracts with their Wall Street partners requiring them to produce mortgages. If these lenders didn't come through with the mortgages,

their deals would expire and they would lose their ability to write any mortgages.

Loosening lending guidelines only made the problem worse. Now, in addition to a decrease in the rate of housing price appreciation, there are a lot of mortgages in those bonds that shouldn't be there. The investors ended up with a lot more risk than they anticipated, and they are getting angry. Therefore, they are refusing to buy any more bonds.

Fewer investors buying bonds means there is less money for mortgage lenders to give out to homeowners. Some mortgage lenders are keeping more mortgages in-house. This means they are keeping their infrastructures running and hoping to make money on the interest earnings. Now that it's their money, they have drastically increased their lending criteria. Now that they don't have a lot of money, they don't want to recklessly throw it around anymore.

For you and me, this means it's tougher to find lenders willing to work with us. Our reps are making less money and will be spread thinner. Our borrowers will have to get their finances in order to make their loans look less risky to someone who is lending their own money.

Yes, many lenders will overcompensate for their lax credit standards by stipulating you to death. You'll be chasing all kinds of paper. This is not because they enjoy seeing you work. It's because their current

bond buyers are extremely frustrated with the increased risk they took when they bought mortgage-backed bonds in the past. These bond buyers want assurances that the mortgage lenders used tougher standards and can prove their loan portfolio is what they are presenting it as. This means documentation.

So, because the bond buyers will demand documentation of the mortgage lenders, the mortgage lenders will demand documentation from you. Because you need documentation, you'll need to restrict your time to working with borrowers eager enough to get that paperwork to you.

Here is what this means to our industry: All of us have to be more selective about how we use our time.

I'm not suggesting you focus only on borrowers that have good credit. No, you focus on your niche, but make a decision that you only have time for the best borrowers within that niche. What do I mean?

Some borrowers never seem to be able to get their act together. You have to chase them to get simple paperwork completed, you have to chase them to get answers to underwriters' questions and you have to chase them every time the lender needs a new piece of information.

A couple of years ago I wanted a new car. For years I admired folks driving in convertibles enjoying the great outdoors. With two kids I needed

something with a large back seat, and I still needed a trunk. My criteria meant I had to buy a Chrysler Sebring convertible. I didn't really want a new car, so I chose to look for a used car.

As I visited dealerships I quickly noticed that if I walked straight to the used cars, I'd get the youngest salesperson. Often it was the kid's first day on the job.

However, if I browsed some of the new cars, the older salespeople would walk up. Many of them had been selling cars their entire lives. Of course, I wanted to deal with the more experienced salespeople. They knew more about the cars I was looking at and could answer my questions. The only thing the kid could do was ride in the car while I test drove it.

The car salespeople made a decision about what I was worth to them based on the type of car I was browsing. The more expensive the car, the more I was worth.

You have to do the same with your borrowers. If you can't get their loan closed because they are slow about responding to stipulation requirements, then that borrower is worth nothing to you. Sure, a few years ago you could turn the processor loose to collect the paperwork and chase them down. Today, lender relationships are too valuable to bring them deals with misfit borrowers.

Add to your prequalification checklist the paperwork you'll need to close the loan. Tell the borrower about the lenders' guidelines and their impatience with borrowers who cannot get their paperwork together. Let them know you won't be able to fix their problem unless they get certain paperwork in order. Give them a list and ask them to bring all of the necessary paperwork to your first meeting. If they show up at that meeting without the necessary

paperwork, show them the door until they can get their paperwork together. A borrower who cannot follow simple instructions is worth nothing to you because it'll be almost impossible to get that loan closed. Instead, work with people who do cooperate.

Sure, there will be additional documents the lender requires as part of its stipulations. However, you'll have a lot of it upfront, and you will be able to expand your checklist as you see the common new stipulations of the lenders you work with. Also, you'll be working with borrowers who have demonstrated they are capable of pulling together their paperwork.

Brian Sacks' article on the cover of this newsletter contains some extremely important advice. Work with two or three lenders and really understand their loan programs. Use their guidelines to create a picture of the exact best borrower within those guidelines. Then promote yourself as the expert in helping that type of borrower.

Work with list brokers to track down the types of lists they have of borrowers that fit your profile. Talk with several of these types of borrowers to find out what they are

going through and how you can help them. Then promote yourself to that market.

Now when you have borrowers respond to your marketing and show up with their paperwork, you'll know you can help them. You'll have choices for them because you will have determined they meet the loan program criteria before you even began marketing to them.

While the lenders have a capacity problem because there is less money for mortgage loans, you have a capacity problem, too. You don't have enough time to chase after a deal with anyone and everyone who walks through your door.

Just like the wise auto salespeople, you need to prejudge your prospects and work with those that have the highest value. However, better than the car salesman, you can judge them before they walk through your door; judge them before you even begin marketing to them.

This way you use your marketing dollars to attract only those borrowers you can do business with—the ones who can pull together the paperwork you need to close their loans.



NATIONAL ASSOCIATION OF RESPONSIBLE LOAN OFFICERS

You have a team of people working together to serve you.

Here is a directory of NARLO's staff team:

Robert Skrob, CAE - Executive Director
 Scott Francis - Membership Services Director
 Corey Mathews, CAE - Director of Chapter Development
 MaryLu Winchester - Finance Director
 Denise McKinlay - Member Management
 Susan Trainor - Publications

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National Association of Responsible Loan Officers Membership Benefits

Your NARLO membership works for you every day.



1. NARLO Today - A monthly publication that will provide in-depth information about how to legitimately make money as a loan officer without begging for business or spending tons of money on advertising that doesn't

work. Plus, you'll find resources to educate consumers about responsible loan practices and proven strategies to improve your income.



2. Member Logo - Consumers will soon come to recognize the NARLO logo as the sign of trust within the home finance industry. As a member you are welcome to display the NARLO member logo on all of your business cards, advertisements and signs. This is one of the major benefits of your membership and will allow you to quickly and easily separate yourself from all of your competition in the eyes of your prospects and clients. Also remember to add your logo to all new marketing materials you produce in the future. Download now from www.NARLO.com/logo.



3. Discount programs - Your member benefit guidebooks are on the way. You'll have access to discount programs and exclusive suppliers so you can lower expenses and watch as more money goes to the bottom line. Take advantage of your benefits at www.NARLO.com/benefits.



4. Membership Certificate - Make sure your customers know you are a responsible loan officer by displaying your NARLO membership certificate in your office. Imagine how confident your clients will feel when they instantly realize you live up to a higher standard and are trustworthy.



5. National Directory - We have updated the online member directory. Yesterday, we had an editor review every member listing to give us capitalizations and other corrections for each of our members. Every day, we work to improve these listings. If you would like to update your 25-word descriptions, let us know.



6. Ready-to-send Press Releases - A press release ready to send to your local television and radio stations, newspapers and weekly press to make you the obvious expert in your area. If you haven't received this yet, it is on its way to you right now. Make sure you

take advantage of this special added benefit to get FREE publicity for yourself. Mortgage fraud is rampant and is on the news in every city in the country. This is your perfect opportunity to let your prospects know this is an issue that

concerns you, but more importantly, that you have stood up and are doing something to improve the industry. This is the type of "hook" that interests newspapers, radio and TV producers, so make sure you take advantage of it. Download from www.NARLO.com/release.

7. Free Reports - Your free reports, *35 Ways To Competition Proof Your Business and How To Get On TV and What To Do When You Get There* are on their way. In addition, an unadvertised special report is almost finished and will be shipped to you within a couple of weeks. This is the most comprehensive information available to loan officers on generating tons of free publicity (FREE MARKETING) to generate new customers at no cost.



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These two publications believe loan officers are the future leaders of the mortgage industry. They have eagerly stepped forward to support your association.