# The Loan Officer Success Manual

## Don’t be the Christopher Columbus of mortgages.

Step 1 - Become a Broker

Step 2 - Commit to tracking everything

Step 3 - Follow this manual

By Jason John Sharon

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# Introduction

What do I mean "Don't be the Christopher Columbus of mortgages"? You already are. We all are. Columbus was the worst salesman in written history. Yes, he was a salesman. He could have been the best. Chris closed the biggest deal ever! He sold a queen (Isabella) from another country (Spain) to fund his voyage that would probably end in complete doom and he got to keep 10% of all spoils and land rights to every place he found. What a bad deal for Queen Isabella! He did that as an Italian being told no by all the Italian land rulers then the Kings of France and Portugal. He then convinced several hundred sailors to travel with him past the supposed edge of the world on three wooden ships. He then returned a little less than a year later selling his failure to deliver a spice route to India but secured three additional voyages! Instead of servicing the account of the new world, he died depressed and discouraged. Now, he "discovered the New World", but do we live in the United States of Columbus? Nope, we live in the United States of America. Why? I'll tell you why! Columbus failed to service the account after the sale! Amerigio Vespucci serviced the account. He set up navigational schools to teach others to sail across the ocean. He communicated what he found, how he found it, and why it was wonderful. So think about it, are you like Columbus or Vespucci? Let's get you like Vespucci. Let's set sail for the brand new world of continued mortgage success!

Where did I get all this stuff? Everywhere! I am not a smart guy. I just read a lot of stuff written by smart people. I doubt there is one single original thought here. Everything included was probably written or spoken by someone and I stole it. Just being honest. It probably came from: God (I read the bible every day, usually I read the chapter of proverbs that corresponds to today's date), Mom-Candy, Dad-Bob, my wife-Atiya, my kids Cole, Carter, Alex, and Olya (a lot of accidental wisdom if you really listen to kids), one of my many leaders I worked for in the Navy, one of the Sailors that worked for me in the Navy, my old business partner and dear friend Bill Latour (from a non-mortgage business I used to own with three retail storefronts), my sales manager in my first mortgage company I worked for Todd Sevier, the branch manager Wade Tabor, one of the real estate agents that gave me a paycheck by referring a loan to me, one of the clients that told me I screwed something up, one of the thousand Amway tapes I listened to in the mid-90's, my old mortgage coach Khai McBride (you should hire him www.khaimcbride.com), my Core coach (he is out of the business), Carl White's coaching system and podcasts, some book I read (I read a lot), Christine Beckwith, or one of the hundreds of Audible.com books I have listened to. I'll try to give credit where it is due, but I am sure I will fail.

The function of this manual is to help other loan officers be successful in building an ever expanding book of business. "Book of business" is not used often in our industry. That is a complete failure. If you are not getting past client referrals every week, you are losing an amazing amount of money. While I am not perfect, I can say that what I do, day in and day out, works very well.

# What does it mean to be a loan officer?

When I earned my commission as an officer in the US Navy, I was taught something that really stuck with me: Special Trust. Now the background, when I earned that commission, I had already been on active duty for 8 years. I had been promoted to be a Chief (E-7). I already had a really good grasp on what it meant to be trusted. Trusted with the lives of fellow Sailors and trusted with billions of dollars of advanced nuclear machinery. However, the concept of special trust placed into an officer had never been fully explained. This text is not to teach you about military rank structure and military special trust. Here is my mortgage adaptation of it.

I copied this from my company operations manual:

**SPECIAL TRUST:** Our clients willingly and sometimes, unconsciously, give us a trust which they do not share even with their closest friends and family members. This is a special trust, like no other trust and because of that, we must treat it as the special trust it is. We are going to learn their income, their credit history (good or bad), what their assets are and their net worth which many of them are negative, their favorite restaurant, where they get gas, where they eat lunch, and even where they buy their underwear (Victoria Secrets on the credit report). The main reason for this first paragraph is because Jason believes and will stand behind the idea that this kind of complete understanding and appreciation is what makes this special trust so vital to this work environment. As Spider-Man once said, “with great power comes great responsibility,” and that is the ultimate truth. Our main responsibility is to be loyal to our client and not to be judgmental. This kind of loyalty means doing everything that we can to close this loan on time or early.

**RESPONSIBILITY:** Ok so Jason stole this from someone, he didn't make it up. Jason first learned about this quote in 1993, and embraced it in every part of his life since. Admiral Hymen G. Rickover once spoke:

"*Responsibility is a unique concept: it can only reside and inhere in a single individual. You may share it with others, but your portion is not diminished. You may delegate it, but it is still with you. You may disclaim it, but you cannot divest yourself of it. Even if you do not recognize it or admit its presence, you cannot escape it. If responsibility is rightfully yours, no evasion, or ignorance, or passing the blame can shift the burden to someone else. Unless you can point your finger at the person who is responsible when something goes wrong, then you have never had anyone really responsible.*"

If you cannot understand or will not accept this level of responsibility, you are in the wrong workplace.

**WHY RESPONSIBILITY IS SO IMPORTANT IN THIS WORK PLACE:** I want you to take a moment and think about all the people that are depending on you to do your job correctly and on time. First, you must think about the people who are buying the home. For the most part, we have a husband, wife, and two children. That means that there are four people who are expecting to move into that house on that specific contract date. They are making major life decisions, scheduling movers and contractors, requesting time off from their jobs, establishing new utility accounts, and spending a lot of money on the items ancillary to a move. Right after that, we have the sellers, several other people who are depending on getting that check from us on that contract date. Usually the buyer is represented by an agent who only gets paid when that loan funds. There are four more mouths to feed from that commission check. Total number of people who are counting on your job has increased to a total of 12. The seller's agent compensation is tied to that closing, now we are at 16. Additionally, that seller's agent spent money on marketing the home to get our client to make an offer. Jason's family makes it

20. The families of the closing attorney and the paralegal bring it up to 28. Then, the families of our team and the loan processors bring the total up to 40 individuals who are trusting you to do your job properly and on time. Now let’s take this one step further: more often than not, the closing of this loan is the first step to another closing which I like to call, a daisy chain. The seller may need to sell this house to buy the next one. At that point, we double that total to over 80 people who in one way or another, are depending on you. Please let that sink in and reconsider your position of responsibility.

# Why a mortgage broker?

Do you use an online lender, depository institution (bank or credit union), correspondent lender (a retail location that only originates mortgages), or a mortgage broker?  Only a broker represents YOUR best interests. All other loan originators are W-2 employees hired for their company's bottom line.  Meaning the LENDER's bottom line!

Why not an online lender?  They have no customer service motivation.  That loan officer is all about getting you committed to him. True stat: they compete on 11% of all loan applications but close less than 5%.

Why not depository?  They have little skill and they are limited to their own loan products.  Do you want fries with that mortgage?

Why not retail lending?  The most expensive and again, they are limited to only the loan products their one lending source has to offer.  Usually they have better customer service and slightly more loan products.

What are brokers bound to? I am REQUIRED by the SC Department of Consumer Affairs to work in your best interest EXACTLY like your realtor does. Retail Loan Officers are not bound by that regulatory requirement.  They are simply regular employees with managers to please. Of course, there is a level of ethics to uphold, but don't forget that they work for the bottom line.

"How does a broker save me money?", you ask. Simple: When I represent your loan, lenders compete to earn your business. They know I have over a dozen places to submit your loan. Lender comparison and loan analysis drive competition in the wholesale marketplace therefore getting you a smarter loan.

The maximum a broker can earn on a loan is 275 basis points (2.75% of the loan amount). The average retail lender earned 379 basis points in 2017 (Mortgage Banker Association report April 16, 2018). That is 37% more expensive than a broker.

“How does a broker save the lender money?”, you ask. The origination and processing tasks are completed by the broker, the underwriting and funding tasks are completed by the lender. The broker just cut the lender’s compliance and staffing bill in half! Therefore, wholesale rates are lower than retail. I can see that when I check the wholesale rate sheets compared to the retail sheet.

I’ll bet you’re wondering, “Can’t you steer me to the loan that pays you the most and I won’t even know?” Nope, federal law requires a broker to set lender paid compensation exactly the same with each lender source.

# How to manage you:
# Your perfect week - day by day

Columbus had great initial discipline. It is documented that he planned the initial voyage for nearly 14 years. He was told “no” so so so many times. Though he still got to the New World. I am going to call your application of this “loan officer discipline”. I will state that your loan officer discipline probably stinks. You have great ambition: I’m going to crush calls tomorrow! I’m going to call all those leads. I’m going to follow up on all those old prospects. I’m going to get that credit supplement ordered. I’m going to get that self-employment income calculated. I’m going to… you know what I mean. What happens? EMAIL HAPPENS! Yes, email happens. More specifically, you let email manage you, you don’t manage email. What exactly is email? No, like what exactly? Think about it, email is just a database of communications. Most of which are completely worthless. Most are people wanting updates on something that you probably told them yesterday. Many are crap emails trying to sell you some new shiny way to get more loans from facebook. 1st rule of fight club: close email. Email doesn’t make you money. Email only keeps you from losing money. I open my email in a separate browser, then minimize it. I only maximize it when I need to find information in my “communication database” or I need to send a communication. Most of your day should be spent in your CRM. Your chrome browser home page should be your CRM. I use BNTouch for a CRM. Why? Because it is intuitive for me. Are there other good mortgage CRMs? Of course. I have used several. And honestly, as long as you are using your CRM, like really USING it, it will be wonderful. Now minimize your email and open your CRM.

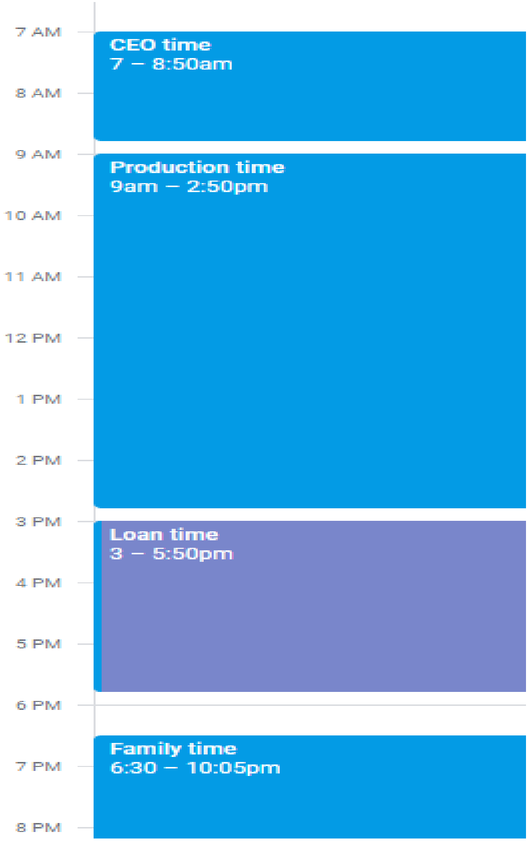
-Daily discipline to time blocking

As a loan officer, you are a w-2 employee (unless in certain states). However you are effectively a small business owner for your book of business. What does a small business have? It has workers, managers, executives, and ancillary support staff. Well guess what? All those are you, until you repeatedly close a sufficient number of loans to hire help. All of those roles are yours. I am going to give you the bare bones to do them all. It is going to suck. So work hard, close loans, then hire. Otherwise you are going to end up like Columbus.

You have 3 types of tasks that you could be doing: working on your business, working for your business, and working in your business. Anything else is crap. Crap doesn't pay. *Develop your discipline to only work those 3 types of tasks. Then only work them in the designated time block*. Those two sentences are a lot harder to do than it sounds. Like probably the hardest thing in this whole manual. If you can actually do that, all the details are besides the point. Consistency is the key. Consistent effective actions of working on your business in the morning, working for your business in mid day, and working in your business in the late afternoon will make you a million a year. I can say that confidently because I did it.

Let's dissect what that means. What is the most successful small business in America? Yes, McDonalds. You may hate it, you may think it is disgusting, you may have not walked in there in the last 5 years. But you have to admit that it is the most successful small business ever. You and I, having no idea how to make an egg McMuffin can break into McD's tonight, read the operations manual, and have breakfast ready by 530. McDonalds keeps its promise to deliver the same taste every single time you want those fries. Now let me blow your mind, who fills those promises? Uneducated high school students and dropouts. I'm not insulting them, my mom was a high school drop out (I'm proud of her for going back and getting her GED) and I worked there in high school. What I mean to impart upon you, the most successful small business in America delivers its promise billions (with a B) of times year in and year out with an uneducated and low skill set work force. How do they do that? I'm glad you asked. We are going to use something I learned in my 20 years in the Navy to answer it: The process triangle. Everything is a process: making a burger, closing a loan, or removing spent uranium from a nuclear reactor (yup, that was me). In order for it to be a successful process, you had to understand the 3 parts that make up a process: procedure, supervision, and skill set. If you have strength in two of the three, you will have a successful process. If you only have one, then you have a 50/50 chance of success. If you lack in all three, you will fail. McDs has a perfect process, with average management (just homegrown managers from the high school kids), and low skill sets. With that, they make billions (with a B). We are going to develop procedures for each part of the mortgage business. That way you, even a new MLO can be successful. Then as you grow and have the skill set to "manage people", you can hire, then you can supervise them closing your loans, giving you more time to manage and grow your referral sources (servicing your accounts). Following me so far? (this I got from The E-myth revisited. Get this book)

This is what my day looks like. (This I got from Khai). This is 50 hours a week not counting late and weekend calls to issue PQ letters. You may need to shift the line between production and loan time earlier, but you MUST spend 4 hours a day in production, no excuses, no exceptions.




Working **on** my business is CEO time. If you have spent much time studying how to be more effective and efficient, you have learned that the 2 most productive hours of your day are the 1st hours after you wake (read the Morning Miracle). Therefore, I place the most important things in that time. That is working ON my business. I call it CEO time because that is what my goal is, only work on things that a CEO would work on. However, you will need to work on the ancillary things during that time, until you hire someone to delegate those things to.  I'm talking about books, scheduling, payroll, marketing, growth ideas, reading regulations, writing blog posts, buying new domains, etc.  Management stuff.

Working **for** my business is Production time.  It's easier to explain what that is NOT.  It is NOT working on a loan that is in process. Yes, that is a big pill to swallow - GULP.  You do NOT touch a loan that is under contract until 3 pm.  The only exception is if it is all in or CTC and there is a fire to put out.  Define "fire": a "fire" is something that will prevent the loan from closing but can easily be put out.  The HOI dec page has a misspelled clause, the termite letter is not signed, or the VVOE failed because the wrong department was called.  If the CD wasn't signed, that can wait till 3.  You do not give updates or answer cash to close questions during this time.  You do not remind people to wire the funds.  You do not order a credit supplement.  You do not work on asset statements.  None of that.  You ONLY work on getting new loans and new leads.  That is on the phone.  Since you save every single person you talk to in your phone (hint hint) and you know what loans you have active, you do not accept incoming calls from clients under contract during this time.  Holy crap really!?!  Yes, really.  If you are taking a call at 11am from someone that is going to ask you for the fifth time about cash to close on a loan that is closing next week, you are doing a disservice to your family.  Stop it.  Minimize the email and send them to VM.  Write down their name in your call back list in your Win By Noon day planner (hint hint) and call them at 305pm.  No, facebook posts are not production.  No, clicking like on realtor FB posts is not production. They got 37 likes, they don't know if you did or did not like it.  You WILL interact a ton with realtors in FB, but that is not during production time.  All you do during the most precious time of your day is go to your CRM and call, then enter the results of that call, then email the results of that call (I'll discuss that more later), then schedule your next call in your CRM.  If you have a person in your

CRM and you do not have a follow up task, you fail. Yes, I know you are charismatic, you are wonderful, everyone loves you, you know they are going to call you when they need that mortgage, they refer you when they have a friend that needs you. You are dead wrong. You must must must call with reckless abandon! It may be 90 days out, it may be 180 days out, it may be their birthday, it may be their loan anniversary, it may be their wedding anniversary. But you better have a call task in your CRM for them. If not, just wad up 10 $100 bills and flush them down the toilet. Every person in your CRM is worth $1000, but only if they feel they have an actual relationship (professional or personal). The sooner that sinks in, the more money you will make.

Working **<u>in</u>** your business is working on a loan in progress. That starts with disclosing the loan, signing initial disclosures as MLO, reviewing docs in depth for a preapproval, calculating self employment income, submitting a loan into UW, ordering or reviewing an appraisal, ordering title, ordering credit supplements, resubmissions, working conditions, locking loans (unless you get an alert to lock from Barry's MBS Highway (hint hint), updating the milestone in your CRM, getting the CD issued, calling to remind them to sign the CD tonight, ensuring the closing package is issued, etc. You get the idea.

So I'm dead serious. If you want to de-stress your life and make more money, develop a Marine sniper's discipline as a loan officer. That is your mandate. I did not say goal, I said mandate.

Working ***<u>for your family</u>***. This one is near and dear to my heart, as it should be to you. Saying you are a husband, dad, friend, and Christian is easy. Being a husband, dad, friend, and Christian is hard work. So many people will work 40-50 hours a week for a boss they hate doing things they despise for money they can't keep more than a week. Yet those same people will not spend 5 minutes a day reading the bible, listening to a husbandly pod cast in the car, playing a game with their children, or going to dinner with their extended family or calling a friend to check on them. Folks, this is the most important part of your day, you need to give it your all. About a year ago I developed a new routine thought to help me make better decisions. It comes down to imagining I am in a hospital bed at 100 years old. I think about memories: would I wish I had one more conversation with people dear to me or one more loan closed. When I have the money to pay an extra $20 to skip the line at some attraction, I do it with a smile on my face. I'd rather have another 20 minutes of fun than $20 in my pocket. What I really want to impart upon you here, work hard on your personal relationships. These people give you their hearts, give them yours.

Working for ***<u>you</u>***. I do not have "exercise" in this because I have no authority to write about it. It is important, and I need to fix that.

-Be the better MLO every day (numbers and regs)

1-Numbers:Last year I have closed 40 loans that were declined elsewhere. As a broker/owner I make 2.75% per loan. My average loan amount is $330,000. That means that I made $363,000 last year just because I was smarter than the next guy. Now I want you to know this, I closed my first loan in March 2015. I have closed over 1000 loans as of today. I know the name, date, loan amount, rate, credit score, address, contact info, both agents, title, insurance agent, everything on every loan in a spreadsheet. Why? Because that matters. I tell you that for 2 reasons: 1-it is easy to track that stuff, it takes 5 minutes a day in your loan time to update your spreadsheet. 2- knowing your numbers identifies your weaknesses. If you know your weaknesses, you can become better.

2-The other half of this is to know the regs. Todd taught me to have all the regs in my favorites bar in chrome (hint hint). CDR Donnely (from my tour on USS ENTERPRISE CVN-65) taught me "you can not manage magic". I recall that conversation being much more harsh, you understand. You have to know your regs. Adam Smith would disagree with me, and he crushes loans at a factor of 5 more than me. He is also an amazing coach and author of "Just the tips". Buy his book and follow him on social media. Not only is he brilliant, his sense of humor makes me giggle on a daily basis. On the aircraft carrier, in the nuclear areas, the lowest, most basic (but very important) responsibilities belonged to the person performing the function of Log Recorder. I modified something I learned somewhere "you are never too cool to answer your mom's phone calls" into you are never too cool to answer your mom's calls or be a Log Recorder. I further modified that to you are never too cool answer your mom's calls or to read mortgage regulations. You have to be in the regs every day. Asking if your UW is wrong in a FB group is NOT reading the regs. Rick Ruby stated to me when we were smoking a cigar that he still spends 15 minutes a day in the regs. He told me that about 20 minutes after he showed me his 2016 $2mil+ W-2. Let that sink in. If you aren't working every day to be smarter and better, you should just go work for Wells Fargo or Quicken. If that offends you because you work there, get a better job.

This is my perfect week for a solo MLO.

| Level 1 (no staff) | | Monday | Tuesday | Wednesday | Thursday | Friday |
|---|---|---|---|---|---|---|
| 5 | Personal time | morning routine | morning routine | morning routine | morning routine | morning routine |
| 530 | | excercize | excercize | excercize | excercize | excercize |
| 6 | | shower/bfast | shower/bfast | shower/bfast | shower/bfast | shower/bfast |
| 630 | | Audible.com | Audible.com | Audible.com | Audible.com | Audible.com |
| 7 | CEO time | 15 min VA regs | 15 min FHA regs | 15 min USDA | 15 min fannie | Plan next week |
| 730 | Thinking time | 15 min branding | 15 min branding | 15 min branding | 15 min branding | 15 min freddie |
| 8 | Production time | coffee appt | coffee appt | coffee appt | coffee appt | coffee appt |
| 830 | | return emails | return emails | return emails | return emails | return emails |
| 9 | | pull credit | pull credit | pull credit | pull credit | pull credit |
| 930 | | New Realtors | Weekly update | Past clients | Preapproved | Review |
| 10 | | calls | calls | VIP Calls | calls | calls |
| 1030 | | db calls | db calls | db calls | db calls | db calls |
| 11 | | | | | | |
| 1130 | | bday calls | bday calls | bday calls | bday calls | bday calls |
| 12 | | referer lunch | referer lunch | referer lunch | referer lunch | referer lunch |
| 1230 | | | | | | |
| 1 | Loan time | return emails | return emails | return emails | return emails | return emails |
| 130 | | conditions | conditions | conditions | conditions | conditions |
| 2 | | <14 days out | <14 days out | <14 days out | <14 days out | <14 days out |
| 230 | | | | | | |
| 3 | | disclose | disclose | disclose | disclose | disclose |
| 330 | | | | | | |
| 4 | | conditions | conditions | conditions | conditions | conditions |
| 430 | | >14 days out | >14 days out | >14 days out | >14 days out | >14 days out |
| 5 | | scrub/submit | scrub/submit | scrub/submit | scrub/submit | scrub/submit |
| 530 | | return emails | return emails | return emails | return emails | return emails |
| 6 | | | beer with friend | dinner guest | Date night | family night |

This is my perfect week for an MLO with a processor

| Level 2 (one staff - LP2) | | Monday | Tuesday | Wednesday | Thursday | Friday |
|---|---|---|---|---|---|---|
| 5 | Personal time | morning routine | morning routine | morning routine | morning routine | morning routine |
| 530 | | excercize | excercize | excercize | excercize | excercize |
| 6 | | shower/bfast | shower/bfast | shower/bfast | shower/bfast | shower/bfast |
| 630 | | Audible.com | Audible.com | Audible.com | Audible.com | Audible.com |
| 7 | CEO time | 15 min VA regs | 15 min FHA regs | 15 min USDA | 15 min fannie | Plan next week |
| 730 | | 15 min branding | 15 min branding | 15 min branding | 15 min branding | 15 min freddie |
| 8 | Production time | coffee appt | coffee appt | coffee appt | coffee appt | coffee appt |
| 830 | | return emails | return emails | return emails | return emails | return emails |
| 9 | | pull credit | pull credit | pull credit | pull credit | pull credit |
| 930 | | New Realtors | Weekly update | Past clients | PAL calls | New Realtor |
| 10 | | calls | calls | VIP Calls | | calls |
| 1030 | | db calls | db calls | db calls | db calls | db calls |
| 11 | | | | | | |
| 1130 | | bday calls | bday calls | bday calls | bday calls | bday calls |
| 12 | | referer lunch | referer lunch | referer lunch | referer lunch | referer lunch |
| 1230 | | | | | | |
| 1 | Loan time | return emails | return emails | return emails | return emails | return emails |
| 130 | | phone time | phone time | phone time | phone time | phone time |
| 2 | | | | | | |
| 230 | | | | | | |
| 3 | Loan time | | | | | |
| 330 | | | | | | |
| 4 | | LP2 brief | LP2 brief | LP2 brief | LP2 brief | LP2 brief |
| 430 | | | | | | |
| 5 | | | | | | |
| 530 | | return emails | return emails | return emails | return emails | return emails |
| 6 | | | beer with friend | dinner guest | Date night | family night |

This is my perfect week for a processor, commonly referred to as an LP2.

| LP2 time | | Monday | Tuesday | Wednesday | Thursday | Friday |
|---|---|---|---|---|---|---|
| 8 | | return emails | return emails | return emails | return emails | return emails |
| 830 | | conditions | conditions | conditions | conditions | conditions |
| 9 | | <14 days out | <14 days out | <14 days out | <14 days out | <14 days out |
| 930 | | | | | | |
| 10 | | return calls | return calls | return calls | return calls | return calls |
| 1030 | | disclose | disclose | disclose | disclose | disclose |
| 11 | | | | | | |
| 1130 | | | | | | |
| 12 | | lunch | lunch | lunch | lunch | lunch |
| 1230 | | | | | | |
| 1 | Loan time | return emails | return emails | return emails | return emails | return emails |
| 130 | | conditions | conditions | conditions | conditions | conditions |
| 2 | | >14 days out | >14 days out | >14 days out | >14 days out | >14 days out |
| 230 | | return calls | return calls | return calls | return calls | return calls |
| 3 | | scrub/submit | scrub/submit | scrub/submit | scrub/submit | scrub/submit |
| 330 | | | | | | |
| 4 | | brief MLO | brief MLO | brief MLO | brief MLO | brief MLO |
| 430 | | return emails | return emails | return emails | return emails | home early |

This is my perfect week for a loan officer assistant, commonly referred to as an LP1

| LP1 time | | | | | | |
|---|---|---|---|---|---|---|
| 8 | | return emails | return emails | return emails | return emails | return emails |
| 830 | | floify | floify | floify | floify | floify |
| 9 | | scrub docs | Weekly | scrub docs | Preapproved | Review |
| 930 | | f/u incomp apps | Updates | f/u incomp apps | calls | calls |
| 10 | | return calls | return calls | return calls | return calls | return calls |
| 1030 | | Chase leads | Chase leads | Chase leads | Chase leads | Chase leads |
| 11 | | scrub docs | scrub docs | scrub docs | scrub docs | scrub docs |
| 1130 | | f/u incomp apps | f/u incomp apps | f/u incomp apps | f/u incomp apps | f/u incomp apps |
| 12 | | lunch | lunch | lunch | lunch | referer lunch |
| 1230 | | | | | | |
| 1 | | return emails | return emails | return emails | return emails | return emails |
| 130 | | floify | floify | floify | floify | floify |
| 2 | | Chase leads | Chase leads | Chase leads | Chase leads | Chase leads |
| 230 | | FSBO mailings | Birthday cards | | | |
| 3 | | confirm appts | confirm appts | confirm appts | confirm appts | confirm appts |
| 330 | | return emails | return emails | return emails | return emails | return emails |
| 4 | | brief MLO | brief MLO | brief MLO | brief MLO | brief MLO |
| 430 | | floify | floify | floify | floify | floify |

This is my perfect week for an MLO with a processor and a loan officer assistant

| | | | | | | |
|---|---|---|---|---|---|---|
| 5 | Personal time | morning routine | morning routine | morning routine | morning routine | morning routine |
| 530 | | excercize | excercize | excercize | excercize | excercize |
| 6 | | shower/bfast | shower/bfast | shower/bfast | shower/bfast | shower/bfast |
| 630 | | Audible.com | Audible.com | Audible.com | Audible.com | Audible.com |
| 7 | CEO time | 15 min VA regs | 15 min FHA regs | 15 min USDA | 15 min fannie | Plan next week |
| 730 | | 15 min branding | 15 min branding | 15 min branding | 15 min branding | |
| 8 | Production time | coffee appt | coffee appt | coffee appt | coffee appt | off |
| 830 | | return emails | return emails | return emails | return emails | |
| 9 | | coffee appt | coffee appt | coffee appt | coffee appt | |
| 930 | | New Realtors | Weekly update | Past clients | | |
| 10 | | calls | calls | VIP Calls | | |
| 1030 | | Mortgage outlool | Realtor spotlight | Borrower tips | Small business | |
| 11 | | | | | | |
| 1130 | | bday calls | bday calls | bday calls | bday calls | |
| 12 | | lunch and learn | lunch and learn | lunch and learn | lunch and learn | |
| 1230 | | | | | | |
| 1 | | return emails | return emails | return emails | return emails | |
| 130 | | phone time | phone time | phone time | phone time | |
| 2 | | coffee appt | coffee appt | coffee appt | coffee appt | |
| 230 | | | | | | |
| 3 | Loan Time | LP1 brief | LP1 brief | LP1 brief | LP1 brief | |
| 330 | | return calls | return calls | return calls | return calls | |
| 4 | | LP2 brief | LP2 brief | LP2 brief | LP2 brief | |
| 430 | | return emails | return emails | return emails | return emails | |
| 5 | | home | home | home | home | |
| 530 | | | | | | |
| 6 | | | beer with friend | dinner guest | Date night | family night |

# How to manage the loan

-lay out the expectations early.  Like 1st phone call early.
-How to prequalify someone
-define your milestones
-loan discipline

<u>Clients have no idea what it takes to close a mortgage.</u> Like what it really takes. They don't know that there is a reason to decline each file. They don't know how many moving parts are involved. They don't know how many people have their hands in the file. Rocket mortgage did us a great favor by reducing the fear of a mortgage and establishing the buy in for an online mortgage experience. But the drawback to the "push button, get mortgage" is an oversimplification of the process in the mind of the borrower. We have to explain that upfront. We have to teach the borrower that less than 8% of Rocket Mortgage closed loans actually had no phone interaction. We have to explain that each person in the process is helping many other wonderful clients as well, and that there is a queue for each step. That once we receive the documents, it takes time to process and approve them. Then after final approval, it takes time for the quality control department to double check everything. After QC is complete, it takes time for the closing department to create the draft closing package and send it to the title company. Then it takes time for the person at the title company to balance the CD and return it to the closing department. Then it takes time for the closing department to finalize the closing package and send it back to title. Then it takes time for the person to order the wire. The federal wire system takes time as well. We have to explain this to each client. It is so easy for us to become complacent and incorrectly assume the client knows/understands all this.

<u>How do I prequalify someone?</u>

I believe it is vital to have a good phone conversation with someone before you pull their credit report. Why? It saves you a lot of time and money if you can determine on the initial phone call if they have qualifying income, assets, and approximate credit. I'll explain:

Hey John, Andy asked me to call you. I'm Jason, the mortgage broker he trusts with his clients like you. He asked me to explain your mortgage options. Howareyadointoday? (Yes, I wrote in that manner intentionally. I speak those words fast and with a rising tone. Study Jordan Belfort on youtube, it is a game changer on the phone). Great! Are there any specific questions you have? Obviously I answer those. If it is a broad question like rate or credit score or payment, I answer, "in order for me to answer that properly, I need to understand the best loan program for you. Do you mind if I ask you 5-6 questions to determine that so I can answer your question best?" Of course they say yes.

Ok, great!
-are you a veteran? If yes: great, thank you for your service. I'm retired navy, what did you do? I usually go, oh, Army, well I guess I will help you anyway. They laugh. Then I ask what they did and how long were they in. That helps me understand if they are going to be eligible for a VA loan. Remember, then need sufficient time in service and a positive characterization of service for VA loan eligibility. Those details are beyond the scope of this book.
-what area of town are you looking in? I ask this for 3 reasons: to help relate to them, to determine if they could use a USDA loan, and to start thinking about taxes in their payment.
-what prices are the homes that yall like online? I ask this to see if I can rule out FHA and to set up the payment question.
-what are yall thinking about for a down payment? This lets me know if we need to consider PMI.
-do you have that down payment now? If so, where is it? So that I do not waste my "right now" time on someone that has to save

up for 6 months or if there is going to be a gift. They are entered into my CRM for a follow up in 90 days

-What monthly payment is comfortable in your budget?

I ask this after the price and down payment questions, intentionally. That way I can reel them into a realistic price point.

-is your credit above average or below average? I make them pick. If they ask what is average, I say 640. Then whatever they say, I ask why? Why is it above average? Then I listen. You will learn so much here. If they say well credit karma said I am 600, we have the online score talk about difference scoring models. If they say I just bought a car and the dealer said 700, then I know they have great credit. If they say well, I have a lot of collections, then I know it is probably not worth pulling credit. If their score is above 700, I usually suggest that we strongly consider a conventional mortgage to save on the government funding fee and so that PMI will go away. If they are below 700, I discuss that FHA will probably be a better option because rates will be much better.

At this point I know enough to determine the best loan program for them. I then go back and answer any initial questions I pushed to the side. I also discuss what payment will be for the price they like and I discuss what price they should look at for the monthly payment they are considering. I usually teach them how to calculate payment based on purchase price using the 5/6/7 rule.

I then start a scratch pad prequal. I ask what kind of work do you do? Always, each question I am looking to relate or connect to them in some way. If I can not connect or relate, I try to make a funny joke or a sincere compliment. Teacher: thank you for making our future better. A nurse: well, hopefully I never need your professional services! Hehe. Something to keep the conversation human and personable, not robotic and all financial driven. I always ask/confirm if they are w-2 or 1099. If they do not know what that means (I estimate 5% of people have no idea), I ask if their employer withholds taxes from their paycheck. Then I ask are you hourly or salary or commission? I ask the hourly wage. Then I confirm the average number of hours. If they mentioned over time, I teach that OT can only be used if you have a good 2 year history of OT. If they do, I ask approximately, what was your w-2 total for last year, and the year before. Then I ask what their year to date income is. Once I calculate the monthly income, I write it down and I make 2 columns. One is for front end ratio and one is for back end ratio.

2018w2 = $55,000 - 12 months
2017w2 = $53,000 - 12 months
YTD income = $45000 = 10 months
I add up the income then divide by the total number of months
$55000+$53000+$45000 = $153000
12+12+10=34
$153000/34=$4371/month income

Now I ask about debts. What monthly debts do you have? They usually say car and credit cards, then cell phone and rent. I teach that utilities and rent are not debts, just the payments on money they borrowed. They say oh, well just a car and credit cards. I ask for the monthly payments and write them down in a column. Then I run through some other common debts to jog their memory. I ask presumptuous questions: what about your student loans? (I dig deep on student loans so that I use the correct payment) Installment loans? I get a little silly: you seem like a jet ski kind of person, what is your jet ski payment? Boat? Timeshares? What is the payment on that small island in the bahamas? Furniture? Mattress loan? Are you paying or receiving any child support or alimony?

So here is what I have for debts:
Car1 $250
Credit card 1 $75
Credit card 2 $25

Stu loan $140
Installment loan $150
Total: $640/mo
Then I ask, does that sound about right? Hoping to jog their memory.

Then I do the math: (this is assuming FHA)

| | |
|---|---|
| $4371/mo income | |
| *0.4 | *0.5 |
| $1748 | $2185 |
| / 7 | -640 |
| $249,000 | $1545 |
| | / 7 |
| | $220,000 |

Since $220k is more limiting than $249k, I say well, it appears to me you are a new homeowner just waiting to find the right house. As long as your credit and your docs match up to all this, you are going to be fine for a $220,000 home.

Now you get their name, dob, ssn, 2 years of address, 2 years employment history, bank name and balance, phone, and email. Pull credit, run findings, finish the 1003, send them and the agent a PQ letter, link to your POS so they can upload docs, enter them in your CRM, send them and the agent thank you cards, and add both as FB friends.

**This is the 5/6/7 rule**

I did not make this up. Todd taught me the first week in the business. I teach it to agents ALL THE TIME! They love it! Now this works in my area based on our typical taxes and homeowners insurance. You may need to look at a few dozen closed loans in your area and develop slightly different numbers.

For a conventional loan with a 20% down payment, the mortgage will be about $5/month for every $1000 in purchase price. That means $150k purchase $30k down they will be about $750/month.

For a VA and USDA loan, the thumb rule is about $6/month for every $1000 contract price. So $300k VA loan will be about $1800/month.

For FHA, every $1000 purchase price, use $7/month. Therefore for a $200k contract price, you are looking at about $1400/month.

**Milestones** - define them and stick to them. You should have very clear milestones and a checklist (digital or paper) for each milestone. Mine:

<u>Lead</u> (these people do not know your name)

-you call and text. CRM sends email and follows up for 12 months

<u>Prospect</u> (these people know your name)

-you call and text. CRM sends email and follows up for 12 months

-send thank you card to referring partner

<u>Credit repair</u> (can not get score high enough by simply paying down credit cards)

-send thank you cards to referring partner and client

-auto emails from crm to refer them to your credit repair trusted partner and monthly credit tips

<u>Long term follow up</u> (more than 90 days out)

-send thank you cards to referring partner and client

-auto emails from crm

-call task in 90 days

<u>Prequal</u> (waiting on docs)

-send thank you cards to referring partner and client

-send link to collect docs

-email pdf pq letter

-mail nice pq letter to home address

-send fb friend request

<u>Preapproved</u> (you have initial docs package)

-auto email sent from CRM

-calls to clients agent

<u>Application</u> (found home or gave you the go ahead on refi)

-calls to clients and both agents

-connect to local insurance brokers to get quotes

-send title request

-order VOE’s and credit supplements

<u>Disclosures sent</u>

-auto email sent from CRM

<u>Submitted to UW</u>

-auto email sent from CRM

<u>Approved with conditions</u>

-auto email sent from CRM

-calls to clients and both agents. Remind client you need docs in 24 hours.

-add conditions to the POS

-send commitment letter if needed

<u>Appraisal Ordered</u>

-auto email sent from CRM

<u>Appraisal received</u>

-auto email sent from CRM

-Review appraisal for value, repairs, and any potential issues

-calls to clients and both agents

Final approval/clear to close

-auto email sent from CRM

-calls to clients and both agents. Discuss cash to close, wire fraud, bring DL, post closing junk mail, and prep them for reviews.

Funded

-send thank you cards to referring partner, client, both agents, title company, and UW.

-calls to all parties asking for reviews. Then send email link.  Track and check in a month.  Resend link with a text reminder.

-post social media success story

-day 30 auto send email reminder for post closing tax form if applicable

-day 60 send appraisal via email

**Loan Discipline**

That's a weird term.  What do you mean Loan Discipline?  It means doing the same thing every loan every day.  The main thing you want to accomplish is the great customer experience.  If you do that, you get more referrals therefore earn more money.  So you design what you want to deliver as "the great customer experience" and then commit to delivering that through the calls, texts, and emails.  If you are consistent, then you are referable.  If you are only in the office part time, you reply to communications on occasion, if you don't give good updates, you are not referable. You have to have the loan discipline that delivers that experience that makes you referrable.  Remember, no one has received a bad review for over communicating.

# How to manage Technology

Technology will not make you, but it will break you if you let it.

1-The use of technology
The use of technology is paramount in our industry.  It will only grow.  You have to figure out how to leverage technology.  My use of tech is to follow up on things and to remind me to follow up on things.  You will need to design your day to be consistent with who you are and the goals you want to achieve.  Then, and only then, you design your CRM around your goals.  How many touches do you believe you need for that lead?  How many touches do you need for that preapproved borrower?  How many touches do you need for that loan in process?  How many touches do you need for that closed loan?  How many touches do you need for your referral partners?  All that is how you use technology.

2-Shiny objects.
We as loan officers are suckers.  We might as well have sucker tattooed right on our forehead.  If we were not suckers, there would not be so many darn new applications, new software, new systems, new shiny objects constantly being sold to us.  Don't fall for the new shiny object.  If you do see the value in the new shiny object, keep this in mind: every system requires effort.  It is complete bullcrap if they say "automatic".  You better plan on committing 30 minutes, hour, 2 hours, whatever it is for that new system.  Either your time or your employee's time.  If not, you are just throwing money down the drain, like I did so so so much.

# How to manage your team

If you get NOTHING else from all this book, remember this:
*Ask not ye "how can I do this?" but ask ye "How can I get it done?"*

Jason, what the heck do you mean? What I mean is that you can not do it all. You can not even handle one complete loan from start to finish, right? You can't underwrite it. You can't appraise it. You can't do the title work. Why do so many of us think we can do it all? I can promise you 2 things. I do not promise much at all in life. I stopped that a long time ago. But I can promise you 2 things that if you do not delegate, you are going to 1) drop the ball with the loan (somewhere from lead to funding) and 2) you are going to drop the ball with your family. Just make the commitment now, that you are going to change the thought process to this: How can I get this done?"

On a side note, something I adapted in my life several years ago is this simple thing: when I have a choice between time and money, I choose time every time. Example: If I can pay $15 to skip a line, I do. If I can pay money to do the VIP experience, I do. Imagine it this way: you are laying on your deathbed with 15 minutes left before you die. Are you going to wish you have 15 more minutes with your loved ones or a little more money in the bank?

-virtual assistant
-when to hire (6 units/mo for 3 months in a row)
-how to hire - video
-define their roll. They should have their "perfect week" on their wall.
-make it easy for them to be successful. Train train train.

Virtual assistant should be your first hire. You should hire one as soon as possible, like yesterday. How many leads have you received that you didn't call or only called once? Hundreds! Imagine having one email address that you can send some simple instructions so that doesn't happen? I use virtassist@homeloansinc.com. I used www.upwork.com to find a virtual assistant. I will not bore you with why that over other sites, it was just the one that made sense to me at the time. I looked for virtual assistants that had real estate and/or title work experience. Currently I have 2, both located in the Philippines. I pay them $4/hour, and they are very happy with that. I have them at 60 hours a week, though I do not have a full 60 hours a week worth of work. I do that so that they are not looking for other jobs, they are on stand by for me. Now, one key to a virtual assistant, which is the SAME exact for local employees, fire as soon as they are not a good fit. It's easy, let them know that you no longer need their services and change the passwords you shared with them. Just that easy! I have fired 1 virtual assistant. I also fired my dad in a different business I used to own. And I tried to fire my wife from the mortgage company, but she reminded me that I fall asleep faster than her, so she is still employed and she received a raise that day!

I use them for:
-database/crm management: add new leads, update to follow up or credit repair, etc
-internet research (go find me the top 5 companies that blah blah blah, send me their google and facebook reviews in the email.)
-email management (send emails to these 100 leads for this purpose)
-call old leads from realtors. I bought them a speech pathologist course to help them sound American. She calls 150 a day.
-call incoming realtor.com leads for agents after hours

-send things via docusign
-Assemble spread sheets for projects
-add events to my calendar (call this lead at this time at this number for this realtor)
-solicit fb and google reviews
-get HOI quotes
-create/send VOE's
-send title requests
-set up lunch and learns including inviting agents
-get contact info from the internet for realtors you want to court, and the ones from the sales contract
-manage inputs for the MCR

<u>Your second hire should be a processor.</u> This should be when you are closing 6 loans/mo for the last 3 months in a row. This person is to handle from contract to closing. I do not think you should hire a very experienced one. I think a person that is young and hungry and fed up with their current industry. Someone that wants stable employment 8-5 Mon-Fri no weekends. You should send the candidate a video with several tasks in the video. You can see several things: can they follow the simple instructions, do they perform quality work, can they find things on the internet, can they manipulate documents, are they going to be a team player, and are they hungry. In my video, I direct them to find a free DISC profile test (self dependant) and send me the results named in a specific way last first disc.pdf (detail oriented). Send me a copy of your resume last first resume.doc (file manipulation). Find something on my web site that you find interesting and tell me about it (able to do independent research). Send me a link to your facebook profile (will they fit in your company culture). Tell me about your childhood (will they be a team player?).

<u>Your third hire should be an LOA.</u> The goal of this person is to manage your leads so you can stay out of the office and they learn how to process loans. That way, your 4th hire is a new LOA and

you can promote this person to either processor or MLO. Their job is to handle incoming leads, pull credit, run findings, collect docs, issue pq letters, calculate income, all the stuff you are doing before the contract which does not make you money. They should understand what a tight 1003 is and how to assemble an initial docs package (dl, income docs, assets, one of docs) . Print your calendar, print your daily call lists, follow up on missing docs, send bday cards, monthly mailers, order new business cards, you get it. They should always have 1 loan in their pipeline that they process. Rotate that loan type so they get the appropriate experience: va, fha, usda, self employed, retained rentals, investment property, non-QM, etc.

The time to hire your next LOA is when your processor is overwhelmed. Industry standard is 15-20 closings per month. If you dabble in mostly manual UW loans, that number may be lower. Your job post should make it a big deal that you are hiring because your current LOA is getting promoted from within and that you are looking to fill that upward mobility position. The promoted LOA will get a pay raise when they have trained the new LOA to be self sufficient. Wash rinse repeat.

**Company positions**

When you start, you are in all positions. I truly mean all. You will not actually perform the required tasks properly on a routine basis, so your business will suffer. But no matter what, you are responsible for all of them. When you hire, you delegate the task, but you do not relinquish the responsibilities. You still own the loan and the business. If you think you can hire then not worry about the tasks/responsibilities any longer, then you will have a false sense of security for a period of time, up until that employee decides to move on or you have them overloaded. Therefore you can not hire and manage effectively if you do not have each task in the company defined and assigned a role. Then you reassign those roles as you grow your team.  If you want an amazing education on this, go read/listen to The E-Myth Revisited by Michael E. Gerber.  I wish I had read that book 25 years ago! They have a coaching business as well, but I have not looked into it much.

President/CEO
In charge of it all.  The buck stops here.  Responsible for leading the company in a clearly defined and properly navigated direction consistent with the company's mission statement and upholding company values.  This is not a delegated role.

Sales
-Marketing
    before-Lead generation
    During-communicating
    after- long term follow up

-Lead conversion
    Training (techniques, compliance,

Operations
-office management
--payroll - I use a local company for this, not quickbooks
--supplies -
--cleaning -
--book keeping - I use a local company for this, not quickbooks

-loan fulfillment
--processing
--training
--management

Client fulfillment

-enter into CRM
-birthday
-social media connections
-reviews

Life span of a lead

New lead
-Called
-Entered into CRM and lead tracker
-Inform referral source, send thank you card
-Follow up till credit pull

Applicant
-With credit pull, the lead becomes an applicant
-Starts birthday program
-Starts Monthly mailers program

Applicant statuses
-Green light
--Prequalified
--Weekly calls
--Explain next steps are collect docs via portal

-Yellow light
--develop plan to get to green
--update CRM with plan and next call
--Inform referral source

-Red light -Bad credit
--Inform referral source
--Update CRM

Contract in
-file set up

-Processing
-UW
Canceled loan
-Update CRM, LOS, and lead sheet
-send thank you cards if appropriate
-inform account exec to withdraw application

Closed loan
-Update CRM, LOS, and lead sheet
-Thank you cards to buyers, both agents, closing coordinators, UW, and title.
-Send closing gift

Team training
Every file is a training opportunity.  Every credit pull, every AUS run, every pay stub, everything is a training opportunity.  Every meeting is a training meeting.  Yes, pipeline included.  Here is a list of 12 things that your company should train on every year. Add to it until you are at 50.
Credit
Income calculations
Asset sourcing
VA entitlement
POAs
Title
TRID timelines
Appraisals
Tidewater
Manual UW guidelines
LE tolerances
Deed stamps/transfer taxes
When you do build out a team, here is how I laid out the expectations:

**Origination / Processing**

The function of this section is to clearly delineate roles/responsibilities and the hand off between the sales department and processing department. Working hand in hand is vital to ensure timely closings and a cooperative work environment.

For loan officers that hire loan processors, it is recommended that they follow this same structure to make sure their hand off is easier, but they are not required because they may be operating a hybrid LP1/LP2 (or pod) model. However, when submitting a file to a lender, the same “tight 1003” is required. As the company grows, there will be additional processing and sales “guidance” that may become mandatory.

Origination is defined completely (for compliance purposes) in the company compliance manual. For the purpose of the hand off, it is defined as a tight 1003 and initial document package.

1003: Sales must ensure a “tight 1003” prior to delivering to the Processing Department. This is the <u>bedrock of the loan</u>. It is **essential** that the 1003 is the most accurate possible depiction of the loan and that the loan officer does not see any roadblocks to closing. Without a tight 1003, it is like throwing mud against the wall, hoping it will stick.

Definition of a “tight 1003”

1. **2 years of employment** to include the <u>address and phone number</u> of all employers. Start and stop dates are important to explain gaps.
2. **2 years of living arrangements**. to include address and expenses(rent/own/<u>HOA</u>)
3. **Marital Status**. single/married/divorced. the divorce decree is required for the initial documents to show or not show child support/alimony. VA loans require ages of

dependents to calculate residual income.  Most lenders also require nearest living relative data at disclosures on VA loans.

4. **Declarations:** ensure all questions are accurate and if the need an explanation it is clear and makes sense to the loan. For example, if they had a foreclosure or short sale or bk, we should know when the event happened and if we need supporting documents and a good LOX in the beginning.
5. **Demographics:** Ensure that all questions are answered and are accurate.
6. **Assets:** ensure that they are accurate on the type of asset and the last 4 digits of the account number are in the system.  The 1003 must have sufficient assets to close and reserves if required.  Since a gift could flip an “approve” to a “refer”, it is incumbent on sales to ensure any large deposits are properly annotated as gifts, if they are.  Gift documentation is NOT part of the initial doc package. However, discussion of a gift is required by sales with the client, if the MLO anticipates a gift in the loan.
7. **Income:** proper income calculated based on paystubs and W2. If self employed (SE) ensure that the SE income calculation has been completed and the appropriate tax returns are provided.
8. **REO:** Only required when the borrower owns a home (even if free and clear).  We need to make sure that the property is tied to a liability and that the proper selection is picked (pay at closing, payoff, pending sell, or continue).  If the REO will be retained, annotate in the notes if the current mortgage is escrowed and if it has an HOA, this is to calculate DTI correctly.
9. **Rate:** If you discussed a certain rate with the borrower make sure it is annotated on the loan, either in the note section of Lending Pad or in the loan Terms and Mortgage

section. Jason suggests floating ⅛ high to preclude any issues.

10. **AUS**: Basically if it affects AUS, it is part of the 1003. That includes assets, income, and liabilities. That is why HOA, PMI, flood, alimony, gifts, gaps, employment history, etc are vital to the upfront process. If the file is a refer or a manual downgrade, the additional requirements exist: 0 late payments in the last 12 months, up to 2 30-day lates months 13-24, 2 months reserves (not a gift), 12 months verifiable rental history, and no job gaps >30 days in the last 2 years. If a file flips from Approve to Refer, the MLO becomes responsible for the additional requirements before returning the file to processing.

*If the above conditions are not met on a 1003, the Processing Department has the right to deny moving forward on the loan. If they accept the loan, it will then be the Processing Department's responsibility to obtain the required information.*

**Initial document package**

The initial document package includes:
-Drivers license - all files
-2 years w-2's - all files
-30 days pay stubs - all files
-60 days asset statements - all files
-COE for VA loans (ensures FF is correct which affects DTI)
-NLR data for VA loans (needed to disclose)
-Divorce decree/child support order (if applicable)
-most recent mortgage statement for refi's or retained properties (if applicable)
-2 years tax returns for self employed (SE) borrowers, retained rentals, and USDA loans
-YTD P&L/Balance sheets for SE borrowers
-VOR for manual UW
-non-borrowing spouse income docs for USDA

**Processing**

Processing is defined as the ***aggressive*** progression of a loan package from hand off to funding. ***Aggressive*** being the keyword. The reason for this stance is that we are a "referral business". Sales department, in the eye's of the referral partner, is only as good as the last loan. So if sales trusts processing with the loan, and processing drops the ball, the loan officer, and therefore the company's reputation is tarnished. Which means less loans in the future and less work to processing manning. It is expected that most, if not all, processing tasks are completed within 4 business hours. If it will take more than 4 hours, the processing manager should be made aware by the processor. The processing manager should have a feel for the pulse of the processing department via whatever means required. This may include a little morning planning meetings and the normally scheduled pipeline meetings.

The processing manager may rearrange processing department priorities as needed. However, the general order of priority should be as follows:
1-releasing the closing package
2-submitting conditions for final approval
3-disclosing a new loan
4-scrubbing/submitting a new loan into UW for the 1st time
5-working conditions for a loan that is closing in next 2 weeks
6-working conditions for a loan closing greater than 2 weeks out
7-returning unsolicited calls from clients in process
8-answering emails. In general, the processor should not have email open at all times monitoring it. They should have email minimized while working files. I (Jason) know this is tough, I struggle with it as well. However, for us to operate efficiently at capacity, this will need to be the normal practice.

Rush requests should be the exception, not the norm. However, we all know that this business is more dynamic than a space shuttle launch! If a rush is needed, sales should discuss with the processing manager. If the rush can not be accomodated, involve Jason for the final decision.

The “hand off”:

The “hand off” occurs when the MLO or the LOA (LP1) transfers responsibility of the file to the Processor (LP2). This vehicle is an email from the MLO or the LOA to the Processing Manager with a copy to Jason (and sales manager when one is hired in the future). At this point, the processor assigns it to a processor.

The hand off email should be a high level communication which describes the loan and any expected difficulties. It should “paint the picture”. Example:

SMITH, Steve is a VA purchase with a 678 fico that is approve/eligible. W-2 with some over time. Assets are from a gift. The divorce decree is coming, but I verified the alimony already via paystub deductions. If the MLO wants this to go to a particular lender, it should be included in here. If there is something ugly, it should be included. If it was declined elsewhere, if there is a rock that should not be turned over, include it. This is how we set the stage for success. In the future, there will be a template developed.
For MLO’s that have their own processors, this email should still be sent with copies to the processing manager and Jason so that the company understands what is in the pipeline. Those loans will also be discussed weekly with Jason and the processing manager for proper oversight.

LO responsibilities during the “LIFE” of a loan:

1. Tight 1003
2. Lock/extend locks
3. Call borrower when the CD is out
4. Restructure the file when it is suspended
5. Make weekly phone updates to all interested parties

Processing Department responsibilities during the “LIFE” of a loan:

1. Upload to lender and disclose
2. Maintain the CRM milestones up to date
3. Order all items necessary for loan(HOI, title, appraisal, VOE, pay offs, Credit Supplements, condo docs) *not all inclusive*
4. Keep all loan tracker step dates.  If a date will be missed, inform the MLO immediately
5. Keep LO up to date on dealing with loan (Pipelines and key points in loan)
6. Deliver the closing package to the lender in a timely fashion

# How to manage referral sources

You can not email/text your way into a relationship with a woman. Sure, online dating has reduced the amount of phone conversations in the beginning, but to “close the deal” you still have to talk. You know what I mean. Not meant to be sexist, it is meant to convey to this male dominant industry that they don’t know what they are really doing.

BIRTHDAYS!

Easiest and biggest reason to call someone. Your CRM should have a bday for every agent (look on fb or ask them for it) and every client you have pulled credit on. In your production time, you call everyone the day BEFORE their birthday “Hey, just wanted to be the first one to wish you a happy birthday tomorrow.” On the 25th of the month, you send out happy birthday cards for the following month. On FB, you send happy birthday via messenger. Posting happy birthday on their page is very ineffective. They will probably have 100 other people do that. Stand out.

Holiday cards.

You should plan these 2 months in advance.In January, you are buying your St Patrick's Day cards to send out in March. Nothing fancy, you just want to have something nice in their mail box every month. This is for every address in your database. Every one. It is important to update addresses when you get cards returned. I also ask realtors for their home address so I can send the cards there instead of the office. Most never go to the office.

Clients

If you really liked them, you should get to know them and make notes. FORD is the standard. Family, Occupation, Recreation, and Dreams. Family is kids and pets. Occupation is more than just a job, it is the next promotion plans, can you refer people to them? Recreation is what they do for hobbies, or more likely what they want to do for hobbies. Then you tag them on FB in stuff that relates. Dream is what they want to do in the future: vacation or open a business or investment properties.

<u>Classifying realtors</u>

-like it or not, your success is tied to realtor success. It is better for you to accept it now, and live your life with that mantra. I literally think several times a day, "how can I help realtors to be more successful?" There are thousands of realtors out there. You will go broke trying to chase every one of them. You need to understand who does business and how much they do. Then strategically develop relationships with them. The Core taught me to develop 40 agents that send me 4 deals a year. Obviously that is pie in the sky, but it gives you a goal and an idea to build from. Let's look at some numbers. Assume:

-the average agent is split 50/50 list/buy

-you capture 50% of their buy business

-your goal is 4 units per agent

That math is: 4 mortgages / 50% capture rate / 50 % purchases = 16 deals/year that agent needs to close to "support" your goal. If you could find 40 loyal agents that close 16 deals a year, you should write a book on how you did that!

None-the-less, now you know your target agent. Let's call them a tuna. A tuna is an agent that is full time (not employed elsewhere), but not the leader in their company/community. Every loan officer (we will call your competition the sharks) is going for the whales (the massive agents that have large teams and advertise a lot). Why not go for the tunas that do good business but are not ignoring 20 MLO calls every Monday? The other type of agent is important to identify and approach accordingly: minnows. These are easily confused with the tunas. Many talk a big game. Many will ask you for zillow money. Many will waste your time and your lunch money.  Love on them, call them once every 90 days to say hi, and then spearfish the tunas.

Open houses

-so I still like open houses.  Do I go sit in one?  Only if I want to slit my wrists from boredom.  Do I advertise them?  I might share a FB post, I should probably do this more often as I am thinking about it. Do I issue open house flyers to agents?  I would if asked, but that is many moons ago.  What I do is, if I am out on the weekend, and I have some swag in my car, I will stop by an open house to shake hands and give out a book and cards.  I have some open house survivor packages to give out.  They are a bag that includes a snickers, a red bull, 5 business cards, 2 flyers: why use me and loan basics for the agent, and something cheesy like a party novelty where you catch the little balls in the cardboard cut-outs.

Social media

Embrace it or resign.  Great book on this is The End of Marketing. It really is a game changer when thinking of marketing.

What I am doing: I created 2 custom audiences in FB ads.  One for past clients and one for local realtors.  For the past clients, I run ads about success stories from a client perspective.  I will also run a numbers comparison if I get a competing loan estimate.  For the realtors, I run ads for success stories about how I saved this loan or that loan.  I also will run ads showing turn times, or really low closing costs.  The idea is not to get loans, it is to keep me in their mind so that they will call me.

# How to manage money

You are going to get asked for money all the time. Literally, all the time. You will find conflicting opinions on how to react.

What do I do if I am asked for money? That is easy, it is time to educate that agent. They aren't asking for money per se, they are asking for help to close more homes. They think there is a direct correlation between ad budget and closings. While there is a connection, it is not direct and it is not simple. If the realtor, and you, keep using the current processes and procedures, then yes, spending more money will result in more closings. It will also result in more work, less time with your family, and less overall personal satisfaction. Do you really want to spend more money and make more calls? Of course not. Neither does that agent! They want more money and more time with their family. So you need to be a rockstar with followup and conversion. That is a combination of manual work and automation. Combination being the key word. Do not, please do not, fall for the shiny object trap of buying this new system and close more deals automatically. Every new system you buy is another job you need to do daily or weekly. So unless you are willing to commit, I mean really commit, to another hour or so in your weekly calendar, do not do it! If you really believe this shiny object is a homerun, hire a part time assistant to run it. Build out their calendar and time block it for them. Now back to the original question.

Them: Hey MLO, would you want to comarket on zillow together?

You: Man, I am glad you asked! You know me, I am on Team REALTOR NAME 100%! Before I answer that, let me ask you this: how are you following up with your existing lead flow and old leads. Like I mean the nitty gritty details here.

WAIT for them to answer.

You: ok, so let's do this. Let's try my follow up system out for a month. I'll work your last 90 days of leads like it was my own money spent on them. While this is going on, we can work out any communication kinks and grow together. Now when I do spend money with a partner, I expect a few things, as I am sure you do. My expectations are that I am your one and only guy. You and I are fully committed to each other. And we need to meet every other week for coffee to game plan and give feedback. Also, we need this to be profitable. So every 90 days we look at costs and profit to make sure it still makes sense. Sound good?

Now you need to track what you are spending. Even the little $10/day fb, in a spreadsheet. And you need to track each lead and each closing for its source. Then calculate the cost per lead/referral/closing.

<u>Managing money on a personal level.</u> Obviously no one has developed a more widely adapted than Dave Ramsey with his baby steps. So anyone thinking they could write a book to compete or trump that is just being silly. Go get his book, sign up for his class, create a budget, pay off your debts, save for retirement. Pretty simple.

# How to manage your life

I am severely under qualified to teach this.  I will tell you what I do or more likely, what I want to do! Hehe

My priorities are clearly defined: God then family then business.  I am not saying that you ignore all things not God until you do things in your faith.  I use this priority stack when I have conflicts.

We have all heard and want a well balanced life.  I agree, you have to have a center of reference and well defined boundaries.  It is ok to bring work home on occasion.  It is ok to answer evening calls.  I shoot for a well balanced week.  I make it a habit to tell my wife I love her as soon as I open my eyes and thank her for being my wife every single morning.

I have a great morning routine, go read The Morning Miracle.  It is wonderful!  I wake, bathroom, brush my teeth, weigh myself, dress, protein shake, pet the dog, read 10 minutes, look at my calendar for the day, check traffic and weather, hit the road.

On the way to work I nearly always listen to an audiobook on my audible app.  If you do not have an audible account, it is part of Amazon, so very easy to set it.

On the way home: I check the best traffic route, text my wife I am on the way home, then usually I am talking on the phone the whole time.

Night routine: 930 alarm: take my multivitamin, check doors are locked, shower, brush my teeth, relax with some TV, pray, then sleep.

**About me:** I enlisted in the Navy in 1993, my senior year. Attended boot camp in Orlando from Aug - Oct (it was fricken hot!) Then a four-month A-school to be trained as an electrician, promoted to E-4, and six-month tour at Nuclear Power School (physics and stuff). Did a small 3-month cushy instructor stint between those 2 schools. Got in a boat load of trouble in that 2nd school for not ratting on someone. Then transferred to Charleston, SC for my 3rd school: On the job training Nuclear Prototype. Promoted to E-5 in that school and was the 1st to qualify in my class, it was a self-paced school. Selected to teach that 3rd school for 2 years before I was sent to sea duty: USS Nimitz (CVN-68). Served on her for a few years, promoted to E-6. Qualified everything possible for myself, then transferred back to Charleston Prototype to teach. Someone really liked me and allowed me to qualify as Engineering Officer of the Watch (normally only for officers, not lowly E-6’s). This set me up to make Chief (E-7) in 2001. Then I was hand selected to be a real jerk as Naval Reactors. Basically, an inspector (Like the CFPB). Did that for several years, then I earned a commission as an officer in 2002. In 2003, I was transferred to USS ENTERPRISE as Radiological Controls Officer. That is where most of my gray hair came from. Spent a little time cross training on USS ANZIO (CG-68) and got promoted to O-2 there. Transferred back to Charleston Prototype as an inspector again in 2005. Did a lot of stuff there and made O-3. In 2011, I was transferred to Newport News Shipyard as an inspector. Selected for O-4 Lieutenant Commander CY 2013, but declined the promotion because I was a geo-bachelor and did not want to spend one minute more away from my kids than I had to. Retired in Sep 2013 after 20 years and one month serving the finest country in the world.