



The Formula to Efficiently Focusing on High-Quality Loans

High-quality leads result in **more deals** closed as well as higher savings.

ROCK OR DIAMOND IN THE ROUGH? With prospective mortgage loans it can be hard to tell. For loan originators, the secret to making gains in productivity, streamlining origination cycles and making more money in the current market is focusing on real opportunities.

Focusing on real opportunities requires each originator to accurately and quickly evaluate and prioritize each opportunity at the point-of-origination, before costs begin to mount. This may sound hard, but in actuality it's not. By following a simple formula and leveraging the right technologies, originators can make prioritizing their prospects and focusing on the right opportunities not only easier, but also a daily part of their business.

In order to focus only on real opportunities, today's successful originators should take advantage of technology solutions and incorporate a simple, three-step formula to identifying and focusing on high-quality leads or opportunities, which includes generating high-quality leads, using prescreening tools to evaluate the borrower and the property, and identifying the best product and pricing.

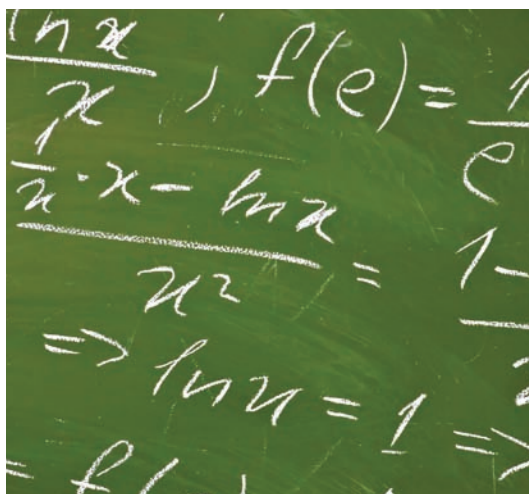
1. High-quality lead generation. The first step to focusing on real opportunities is investing in effective lead generation and lead acquisition activities. Quality leads can be generated in a variety of ways. They can be generated through the Internet or purchased, they can be organically developed from existing or previous clients, and they can be generated through referral sources.

Many market research studies indicate that today's prospective borrowers are more sophisticated and that approximately 75% of all loan searches initiate on the Internet. Based on statistics like this, lenders need to seriously consider the quality, accuracy and user-friendliness of their current Web presence as

well as the solution's ability to instantly track, record and notify the lender of each site visitor or inquiry.

Another key tool which needs to be considered is the tracking and managing of the lead once it is received regardless of its point of origin. The use of solutions like customer relationship management tools are becoming important, allowing lenders to effectively track, manage and maximize each opportunity they receive. Incorporating a CRM tool to automatically communicate and link referrals to the originators and the referral source increases efficiency.

Though this investment may require a little more time and money, it will also



pay significant dividends in the end. The bottom line is that CRM and lead management tools have become an increasingly important part of customer retention as well as organic, Web and purchased lead strategies.

2. Prescreening tools. Prescreening tools enable originators to analyze the viability and legitimacy of prospective borrowers as well as the property to be financed. A number of prescreening tools used for years by the credit card and consumer lending institutions are now finding their way into residential mortgage lending. By utilizing services that provide a holistic view of or validating the legitimacy of the borrower, originators can quickly assess the likelihood of whether or not the prospect will qualify for a mortgage product, and can do so right upfront, before too much time and energy have been invested.

Automated valuation models are another valuable piece of advanced intelligence that can be used early in the loan origination process. Utilizing services to obtain an AVM right upfront helps gauge home value trends near the subject's property and allows originators to prioritize those opportunities that actually have the potential to fund. One caveat: data from the AVM could be dated, and with the current down market, it is important to use a reputable source.

5. Product and pricing tools. The information scrubbed with a high-quality loan product eligibility and best execution pricing engine enables loan originators to identify profitable opportunities and prioritize their prospective transactions accordingly. Again, many of the quality opportunities of the past are not even doable in today's climate. Knowing what can and cannot be done, as early in the game as possible, is key to prioritizing transactions. Because of the rapidly changing landscape within the industry, it has become very expensive and impossible to truly prioritize

a pipeline and opportunities without understanding the economics of the deal. For example, many originators spend tens of thousands of dollars per month to run DU or LP on potential deals to only find out the majority of the opportunities had no real chance of ever qualifying. That's why it's imperative that lenders avoid solutions which do not provide a comprehensive product eligibility result and best execution price.

The stakes for all concerned are higher than ever, so any tools that help loan originators prioritize and manage prospects effectively – regardless of whether the lead was gathered from online sources, referral sources or paid leads – will pay significant dividends

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and increase productivity and profits. Intelligent use of the right technology is not only vital in remaining profitable and in business, but ensures that originators are able to serve the needs of their clients. Investing or paying a little more up front for better lead generation, property and borrower profiles, and product eligibility and best execution loan pricing is a smarter way to manage a business, protect investments and prioritize work on those opportunities that have the best chance at funding.

A commitment to focusing on real opportunities doesn't have to be a financial burden. A few great technology solutions for loan originators are available on the Internet at low or no cost. Mortgage professionals should start by reading and subscribing to selected online resources, eligibility tools

and blogs, and should keep a keen eye out for:

- Up-to-date pricing and product eligibility tools
- Real-time market activity
- Lists of active investors for their types of loans
- Newsletters that provide investor news, market summaries and guideline changes

In addition, mortgage originators should invest the time to understand and take advantage of the available services that assist in generating and assessing quality opportunities. For example, does the company's website enable originators to automatically qualify, track and manage qualified borrowers? Does your credit provider offer the ability to seamlessly run an eligibility determination like platinum credit? These are but a few examples of what is available to enable originators to qualify and prioritize their time and resources on opportunities with the highest probability of success.

Although banking around the world is showing some considerable volatility, some research suggests that the longer-range outlook for growth is good, perhaps even doubling by 2016. However, regardless of the economic condition, those who understand and can identify how to best prioritize their time and resources, and deliver quality service, will find ways to flourish under any market condition. **MT**

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