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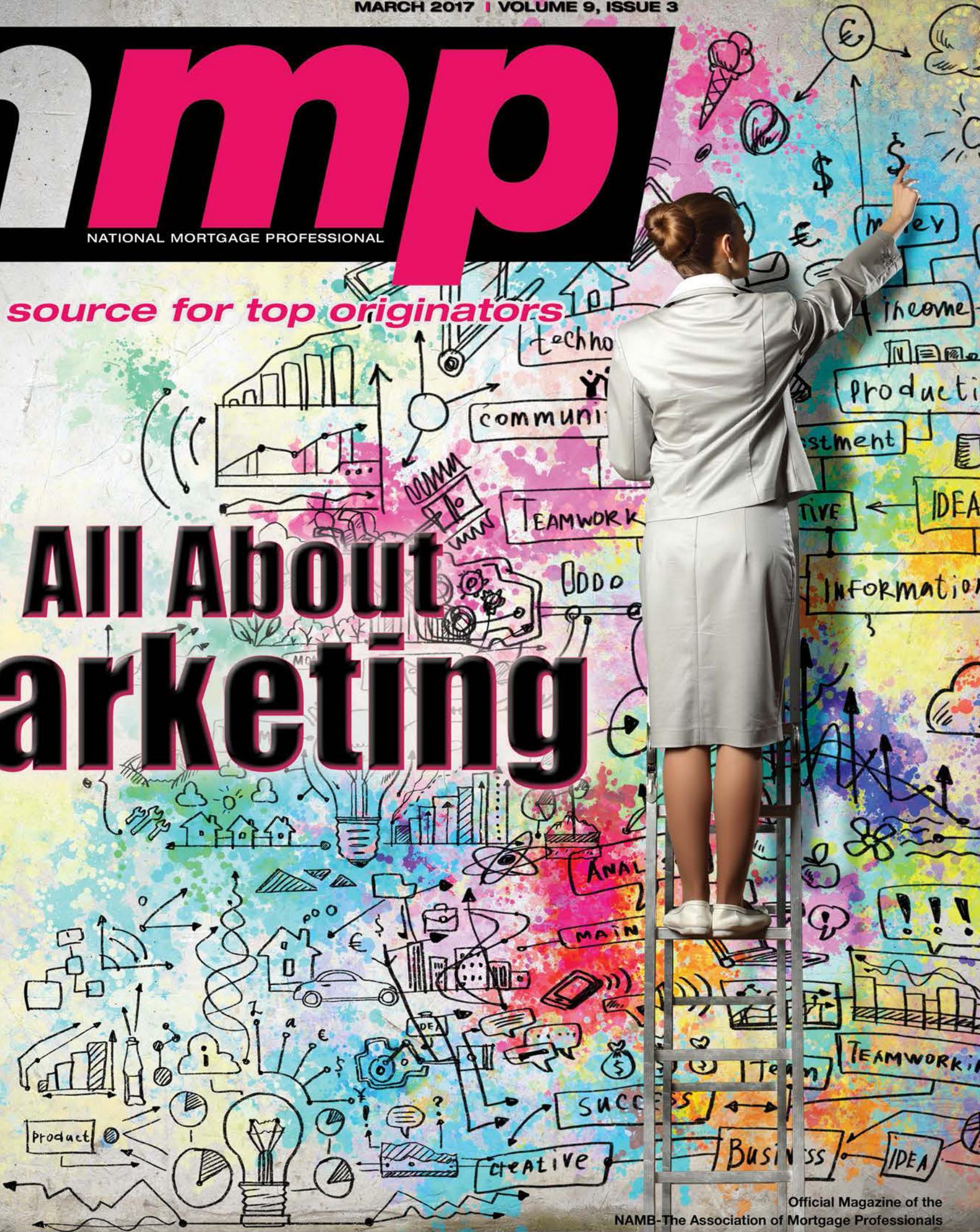
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How to Get the Most Out of Leads

By Josh Friend

Leads. To some, they are the reason for their business success, the fire that fuels their business. To others, they are a source of wasted revenue and effort.

And yet, few companies can grow without effectively cultivating leads. So before you invest more dollars into creating leads, it's important to know the different channels available to generate them, the pitfalls to avoid, and the metrics to seek.

In a nutshell, there are three primary sources for leads that work well for lenders: Online leads, direct mail leads and telemarketing leads. Each one has distinct advantages and challenges.

Online leads:

Not the same old "junk"

Online leads have gotten a bad

reputation in the mortgage industry, and for good reason—the vast majority of them, traditionally, have been worthless. Things are improving, however. New technologies and the increasing amount of time consumers spend online have made it easier to find out when someone is interested in getting a mortgage. Refi-oriented, consumer direct lenders have been all over this trend in recent years, and it has been key to their growth.

Online leads are generated either through unpaid "organic" searches, "pay-to-play" systems or through lead aggregators.

The organic search

An organic search is when a consumer looks for a lender online and finds your company, without your company having to pay anything for it. For a prospect to find you, however,

"Keep in mind that most consumers are very aware of what mail solicitations look like. If you want them to open your mail, it has to stand out."

you need to have a search engine optimized (SEO) Web site with great content that is relevant to what consumers are looking for. There are many companies that can improve a lender's organic search results and increase the number of contacts made with consumers.

The paid search

Paid searches, or "pay-to-play," require the lender to pay a fee to a search company to show up at or near the top of search engine results. Google is a great example. You can pay to have your ads appear if someone searches for one of your pre-identified keywords, such as "mortgage refinance." With Google's AdWords online advertising, you can pay as little or as much as you like. The more you pay, the more visibly your ad will be seen, higher up in search results. You can also set daily, weekly and monthly limits so that you can control your spending.

With the "pay to pay" approach, it's important to have a compelling online ad that prompts the consumer to click on it. For example, if someone searches for "refinance," your ad could say something like, "See how much you can save with low rates." You also need a good landing web page for this ad—one that is different to your Web site's home page. This Web page can be short and sweet, and should include a clear call to action, such as asking visitors to fill out a contact form or that encourages them to call an 800 number.

Since you're paying to get people to come to your site, getting as many people to convert into customers is the goal. It's a good idea to test different landing pages to see how effective each is in converting the customer. Many companies make the mistake of pushing the traffic to their home

page when their home page is not set up to handle leads. Your home page may have great content, but the consumer is not likely going to be drawn to call you or to fill out a form.

Lead aggregation providers are part of the pay-to-pay strategy and represent a good source of leads. Companies like Lending Tree, Lower My Bills and Zillow attract traffic to their Web sites and offer to help consumers find a great loan with one of their lending partners. These sites have well-known brands that consumers respond to. If you are working with a lesser-known lead aggregator, it's very important to understand how they get their leads and the quality of those leads. Some get them through paid searches and organic searches, while others use e-mail blasts, which are generally less valuable. Still another method is co-registration, in which the consumer is driven to a landing page through a gimmick of some sort, such as the chance to win a free iPad. This type of lead is often of even less value, as consumers don't always know where the search is taking them.

Direct mail:

Leveraging it effectively

More lenders are using direct mail to generate leads and new business, but relatively few are doing so effectively. That's because they are missing what I consider to be the five key ingredients behind a successful direct mail piece, as follows:

1. **Data:** Are you sending your letter to the right person? Not all data is created equally, and no direct mail campaign will work if you're using outdated or inaccurate information. There are many different types of data, but the two main ones are invitation to apply (ITA), which usually comes from county recordings and public

In today's mortgage banking industry, you have a choice: you can play "follow the leader" or you can be a leader ...

Lykken on Lending

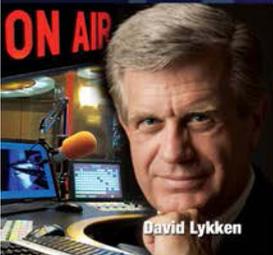
With a 40-year career in mortgage lending, **David Lykken** is one of the most respected business leaders in the industry. He created **Lykken on Lending** in 2009 to offer his peers an insider's view of the trends, issues and personalities that impact mortgage banking and the wider economy.

Created by a mortgage professional for mortgage professionals, **Lykken on Lending** is a weekly 60-minute radio program hosted by mortgage veteran, **David Lykken**. Joining the program each week is **Joe Farr** with a **MARKET UPDATE**, **Alice Alvey** providing a **LEGISLATIVE UPDATE** and **Andy Schell** (a/k/a "The Profit Doctor") providing tips on **FINANCIAL MANAGEMENT** along with other regulars and featured guests.

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records, and pre-screened, which comes from the credit bureaus. With pre-screened data, you can select your target customer based on FICO score, payment history, loan balance, loan type and overall amount of credit. When buying data, it's a good idea to use a reputable data vendor.

2. **Design:** Whether or not your direct mail piece gets opened depends on how well it's designed. There are a lot of variables, from the decision to use a professional designer to choosing the size of the letter, colors, paper quality, type of postage, the return address and promotional language on the envelope. Keep in mind that most consumers are very aware of what mail solicitations look like. If you want them to open your mail, it has to stand out.
3. **Message:** What does your letter say—and is it on point? For example, if you are offering cash-out refinances to someone, does your piece explain how much they could

get, or mention the kinds of things they could do with the money? Are you letting FHA borrowers know they can refinance into today's lower rates without having to get an appraisal? Whatever your message, it has to match the needs of your prospects, and it needs to be relevant.

4. **Offer:** Your direct mail piece must say what you will do for the consumer. Are you offering a lower rate, a free appraisal, a cash-out refi? Say so, and be precise—and make sure your data is correct so the right person receives the correct offer.
5. **Call to action:** Very simply put, what are you asking the borrower to do? Whether you want someone to call your phone number, visit a Web site or send in a form, the call to action should be very clear and easy to understand.

**Telemarketing:
Dialing up leads**

Another easy way to quickly grow your leads and contact list is to use an outside

telemarketing vendor that forwards live calls and leads directly to you. This strategy requires special management and oversight because you will need to monitor the quality of the leads you receive.

For example, many telemarketing agents are paid just for transferring calls, regardless of whether a consumer is truly interested in your product or not. If you use telemarketing to generate leads, you will want to know what script agents are using and the types of qualifying questions they are asking before transferring calls.

There's no doubt that

cultivating leads can be hard work and the results often seem uncertain. It's a little like rehearsing for a play, studying for a test or preparing for an athletic event. If you want to do your best, you know you should spend significant time and energy practicing. And yet, you never really know if your effort was worth it until the big event.

It's the same thing with cultivating leads. It's hard to tell whether they will pay off down the road. But if you're smart in your approach and monitor the results, you can tilt the odds in your favor.



Josh Friend is founder and CEO of InSellerate, a specialized customer relationship management system that enables lenders to instantly connect to leads, manage their sales team in real-time and build strong long-term customer relationships through automated marketing campaigns. He can be reached via e-mail at Josh@InSellerate.com.



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