

Opportunity Is Knocking;

Will You Answer?



If you believe all the headlines from the past 18 months that generally paint a bleak and fatalistic picture of the housing market, then you are poised to miss a golden opportunity—and the profits that go along with it!

There is no question that the state of today's mortgage and housing markets is the result of greed and weak underwriting. Most reasonable, intelligent persons could deduce that loans made to people who could not substantiate their income were likely to become a problem at some point. Likewise, borrowers with poor credit histories are rarely a good risk.

So what could possibly be the new opportunity knocking at your door—Mortgage lending! This should not be a surprise to those who identify opportunities in chaotic markets. The mortgage lending landscape has changed. In essence, the proliferation of mortgage brokers and sub prime lenders has come to an end. There is now an opportunity for the market to reestablish itself as the model of professional integrity it once was.

Mortgage lending is profitable when properly implemented with your overall business strategy. If it were not, large banks such as Wells Fargo would not include it as a centerpiece of their retail strategy. The key is identifying how it fits into your business model and segmenting the profitable components to offer the customer.

A mortgage customer becomes an exponential factor for building bank profits, and profits do not need to be based on how much you make on the mortgage itself, but rather on how many other *needed* bank relationships the customer ends up with at your bank! Every banking relationship produces revenue of one kind or another: checking account, debit card, credit card, home equity loan, car loan, savings

account, bill paying service, financial planning, etc. Each of these products or services has a revenue value that when multiplied by "X" number of customers with "X" number of services, equates to "X" revenue produced. The more products and services per customer, the lower the cost to provide it, resulting in a better margin for all products and services. That is the exponential nature of an effective mortgage lending strategy coupled with a successful retail delivery process. Yes, it is a sales culture, if you will, but one that is orientated to *consultative* selling. It has been done successfully by many banks, large and small.

Community banks have been the lifeblood for many communities across the country; the community banker often a trusted advisor for

both professional and personal financial needs. There couldn't be a better opportunity than now for community banks to take a front seat in the mortgage lending arena and recapture their place as the trusted mortgage professional. Add to that the benefit of retained servicing, which makes sense if you produce \$15-20 million in annual production that is agency quality and eligible, because keeping the servicing in-house becomes an important aspect of controlling contact points with your customer. How do you think your customer ended up with a Countrywide home equity line? ■

After 19 years of community bank management with a concentration in the mortgage industry, Richard started RL Belling Consulting, LLC. Richard is the former president/CEO of Community Financial Group Mortgage, a subsidiary of Grafton State Bank.

Questions? Call ICBA Mortgage at (800) 253-5356 or visit us on the Web at www.icbamortgage.com.

