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A 4-Step Approach for the Good Times and Bad

Set yourself up to succeed in any market

Many of today's mortgage brokers and loan originators have survived previous market downturns. They know what it feels like to see business shrink drastically. Those experiencing it for the first time now know how it feels, too.

Either way, if you're still in the game, you likely realize the importance of generating consistent and meaningful income.

No matter what kind of market we face in 2011, following four steps can help you and your business move forward:

1. **Understand** your primary market and typical deal flow.
2. **Identify** the remaining money sources most likely to service those opportunities.
3. **Be diligent** in the daily effort required to grow and improve your transaction flow.
4. **Focus** your time on quality transactions that meet the demands of your primary lenders.

That might sound simple, but breaking those steps down further can help brokers and loan originators create a game plan and carry it out.

Step 1

Before you do anything else, you must understand your primary market and typical deal flow. What's your niche? If you don't know the answer to this, consider the types of transactions you see most often. Beyond that, consider the types of transactions you fund most often.

If you see an abundance of one transaction type but struggle to close those loans, consider the problems you face. Do the borrowers meet the demands of today's

lenders? Are you working with the wrong lenders?

In addition, be willing to ask yourself if your business model and daily operations are working for you. There's no point in doing the same thing every day and expecting different results. Rather than continue, should you refocus your deal flow? Would making a change allow you to better serve the type of clients you interact with most often?

Many, if not most, mortgage brokers operate small businesses. In these cases, attempting to be all things to all borrowers often presents insurmountable challenges. By specializing, you can focus on quality transactions.

Step 2

After you know your primary clientele, you must identify the funding sources most likely to lend to borrowers in that niche. Successful brokers can't afford to have a shortage of borrowers or lenders.

If your current lenders can't fill the loans your borrowers seek, then it's time to look elsewhere. Take advantage of every opportunity you can to meet and secure different lenders. Talk to them and ask specific questions about how they would work with your deal flow.

Strive to line up money regardless of the size of your current client load. After that, design proper marketing materials that will attract the type of borrowers you seek.

Step 3

Diligence drives success and requires daily effort. High-achieving brokers realize this. They also know they must balance success

now and success later. In other words, it's not enough to close loans. You also must develop tomorrow's revenue stream.

Advertising can be expensive and might not fit in your budget. If that's the case, focus instead on allocating a percentage of each day to making new contacts. Identify client and partner prospects and place no fewer than five new calls every day. Once you're in a groove, send five new e-mails each day, too. The cumulative effect of these efforts can be huge.

Some groups to target include:

- **Active local real estate brokers and agents;**
- **General contractors;** and
- **Planning directors at city or county offices.**

Step 4

Rather than waste time on transactions unlikely to receive funding, follow your lenders' rush to quality and performance. The lenders that remain in business survived the recent downturn because they had good management and sensible lending policies.

Each lender has developed lending models and programs in its own way. Take time to understand the way your lenders think and underwrite. After you comprehend their programs, work to develop a transaction flow that appeals to their lending models.

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Charles Salas is a senior underwriter at Seattle Funding Group of California. Seattle Funding Group is a direct portfolio private-money lender that has become a respected industry leader during its 20-plus-year history. The company focuses on working closely with the brokerage community to service clients professionally and responsibly. Seattle Funding Group would like to assist you and your clients through these turbulent times. Contact Salas at Chuck@SFGFunds.com or (858) 751-0556, or visit www.sfgfunds.com.

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The better the fit between you and your lenders, the more likely you'll develop sustainable income streams.

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There is no substitute for focus and hard work. Design your niche, grow your transaction flow and increase your earnings by working with a lender that allows you to take full advantage of the programs it has to offer.

A good game plan and great execution can see you through the rest of this downturn and prepare you for the market's inevitable rebound. ●
