

# Uncover New Business with 3 Markets

Narrowing your focus on specific markets can yield new clients and business

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**S**OMETIMES, YOU NEED TO DIG A little deeper to uncover a diamond in the rough.

This is especially true in today's market. The changes and tighter restrictions in nonprime-lending guidelines have made it more difficult for many brokers to find new prospects.

Now, everyone is looking for creative ways to market and to reach new clients. To boost your business, consider focusing your efforts on three lucrative markets: nonprime, foreclosures and reverse mortgages.

## The nonprime market

Nonprime lending is certainly not dead, but new guidelines have made it tougher for borrowers and brokers to get approval on these loans. In many cases, borrowers do not have the equity in their homes to get refinance loans approved. Also, no-documentation and no-income-verification loans have been affected by the tightening of credit restrictions.

Because of the fallout from some ARM loans made in the past few years, many homeowners are facing a major predicament. As their loans reset, their payments could increase by 45 percent or more. This has created a dramatic rise in loan defaults and foreclosures.

Homeowners often are unaware of the options available to them. This is where you come in. Consider contacting past clients for whom you wrote an adjustable-rate loan, and let them know that you are there to help them

should they need it. In some cases, you may need to provide them with options to save their home. Some options for helping homeowners include:

- **Loan modification**
- **Pay-rate/interest-rate reduction**
- **A deed in lieu of foreclosure**
- **Credit repair**
- **Selling the home** (as a last resort)

Reaching out to past clients in this way re-establishes contact. It also helps you maintain your credibility in their eyes. This helps create positive word-of-mouth, which is especially important if you are conducting business in your local community.

## The foreclosure market

There are several ways to approach the foreclosure-market sector. You can target people with credit problems who are not yet faced with foreclosure, people who will soon be getting a notice-of-default and people whose homes are already in foreclosure.

When approaching this sector, use caution. Remember to be compassionate and understanding. And remember that they are in unique situations. This is not a cookie-cutter process.

If prospects have credit problems or late payments, you may want to advise them to seek credit counseling. Or you may want to try helping them clean up their credit file as much as possible. Sometimes, increasing their credit score even marginally can open new refinancing possibilities.

Brokers should not just walk away from problem borrowers. Instead, they should learn about ways borrowers can repair credit, and help them do so. Let's face it: In today's market, you're likely to face many borrowers with credit blemishes. Learning how to help them will pay dividends in the long run and will generate referral business for you, as well.

If borrowers still have some equity in their home but no real chance of saving it, direct them to a Realtor. When your clients sell their home, they may still be able to purchase a more affordable home, condo or townhouse. This could result in a new mortgage loan for you.

Also, note that many lenders will forbear or delay the foreclosure process if homeowners have a valid contract of sale on their home. This helps homeowners better prepare to downsize to a new home without having any further damage to their credit.

## The reverse-mortgage market


Another market that continues to grow is the reverse-mortgage sector. It's important to take a soft-sell approach with this market. By doing so, you can reap great rewards.

To reach this market, look to retirement and other age-restricted communities in your area. These developments usually have homeowners' associations.

Contact the president of each association and ask if you can conduct an informal luncheon/seminar for the community's homeowners. It can be held in the community's clubhouse or meeting room.

Tell the president of the association that you are not there to push reverse-mortgage loans. In fact, you are not there to accept any loan applications at all. The purpose of your seminar is only to educate the homeowners about the reverse-mortgage process and to answer any questions they may have about the product. Make sure that you prepare easy-to-read literature that highlights reverse-mortgage guidelines, rules and restrictions.

These seminars will plant the seed for future business. Remember, you are not there to write loans on the spot, but you will be surprised to see how much business can come from your seminar. Make sure to bring plenty of business cards.

Always be on the lookout for creative ways to market to a broad range of prospective clients. You may find that a market you previously overlooked or shied away from may bring you success. 



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