

Direct Mail: A Numbers Game

The right mailing list can maximize your lead-generation efforts

By **Ron Appel**, director of operations, Summit Direct Mail Services

SMART MORTGAGE PROFESSIONALS know their money is made in closing loans, not in spending an inordinate amount of time prospecting for leads. As such, many mortgage brokers rely heavily on lead-generation services.

Direct mail can be a reliable resource for lead generation. It offers an advantage over other lead-generation methods because your prospective clients are calling you.

Building the right list

Your campaign's success depends largely on the database, or mailing list, you acquire. Nowhere is the saying "garbage in, garbage out" more relevant than in purchasing a mailing list. You must take great care in building the list.

Professional list compilers provide services and assurances that brokers compiling their own lists cannot guarantee, such as:

1. Data accuracy: Professional compilers typically update their data every 30 to 60 days.

2. The use of specific criteria and filters, including: FICO score, loan-to-value ratio, home value, loan value, renter vs. homeowner status, bankruptcy status and filing dates, household income, Federal Housing Administration or

Veterans Affairs loan status, and nonprime vs. conforming credit

3. The volume of records available

4. List "scrubbing": Professional compilers scrub lists based on the National Change of Address list, U.S. Postal Service address verification and the Do Not Call (DNC) Registry. DNC list scrubbing is especially important for brokers using data for internal telemarketing or for direct-mail-campaign follow-up. Brokers are liable to be fined for contacting anyone registered with either the state or federal DNC lists.

Increasing your response rate

You can choose from an array of criteria when preparing a targeted mailing list. If you intend to target nonprime borrowers, for example, you certainly do not want to send your mailer to a borrower with an 800 credit score. Your message will probably not appeal to that borrower's needs.

Start with a base prospect (e.g., nonprime, conforming, etc.), and build your list from there. In this high-tech world of data-compiling, virtually any target borrower can be predetermined. A few popular criteria include a homeowner's purchasing habits, current lender, income level and equity position.

Timing also plays a major part in generating high response rates. Consider today's market environment: Many nonprime borrowers have recently refinanced, consolidated their debt, taken cash out of their homes or, for various reasons, selected a 2/28 or 3/27 ARM.

But now, many borrowers are facing sticker shock as they receive their adjustable-mortgage statements. The market to refinance these ARM borrowers has therefore ballooned in recent months. It will continue to grow in the months ahead.

You can further increase your response rate by creating strong ad copy with a call to action. Also, consider offering borrowers a premium incentive or a special offer to entice them to call you. Some creative ideas include: home-center gift cards, weekend vacation certificates or cash rebates.

Of course, you must check with your state's department of banking to ensure that your offer complies with Real Estate Settlement Procedures Act guidelines. In all cases, your special offer must be redeemable for borrowers who actually close a loan with you. Even with that, you must allow for the three-day right of rescission before reimbursing or redeeming your client's premium offer.

Direct mail has always been a numbers game. Brokers should send no less than 5,000 pieces of direct mail in a campaign. A 1-percent to 2-percent response rate is considered successful. Therefore, on the low end, if you achieve a 1-percent response rate, that equals 50 incoming calls for each 5,000 pieces mailed. **■**



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