

Refinance 2008 – A Loan Officer’s Guide to Succeed in Today’s Market

Current Situation:

With re-sale property inventory remaining extremely high, buyers seem reluctant to jump into the market despite mortgage rates dropping to their lowest point in three years. The Fed has moved recently to cut the Federal Funds rate again, and refinance activity is already increasing and may increase further in the coming weeks when ARMs are predicted to re-set at a record pace.

Opportunity:

Now that the Fed has acted as expected, cutting rates even further, there could be a spring refinance season to rival the classic spring buying season. In addition to ARM reset opportunities, current fixed rate mortgage holders may also find the time right to consider reducing their rate or term. By no means does that mean we should lose focus on our strong and growing relationships with real estate agents and builders but we can't ignore the opportunity to boost production and provide a valuable service to homeowners. And don't forget that we offer products and services like our Equity Rewards Card and Equity Builder programs that may be of additional financial value to your customers.

Sources of Business/Action Items:

- **GMAC Mortgage Customers**

With a comprehensive list of GMAC Mortgage customers originated by you or your office, you can call or write to let them know that now might be the right time to consider reviewing their current mortgage strategy. Also, ask if they'd consider referring you to their friends and family who could benefit from your services.

You can use Market Express (Retention Express) to access and sort your customer base online then quickly deploy direct mail marketing and call strategies to your customers.

District Managers can also request thorough customer lists through their division. They can do this by providing the Branch RBR number or 6-digit employee ID (if requesting lists for a specific Loan Officer) to the appropriate designee listed below:

Northeast Division: Joanne Byrnes – joanne.byrnes@gmacm.com

Central Division: Cathy Lynch – cathy.lynch@gmacm.com

Southeast Division: Lois Brandow – lois.brandow@gmacm.com

West Division: Chuck Laham – chuck.laham@gmacm.com

Pacific Division: Rose Wheelus – rose.wheelus@gmacm.com

- **Family, Friends, Neighborhood Contacts**

The Market Express personal marketing system has recurring and ad hoc marketing programs that help you stay connected with your sphere of influence. There are a variety of newsletter, direct mail and e-marketing programs to choose from; it's always a good idea to have your personal contacts enrolled in set-and-forget programs.

For this topical, timely and immediate need, however, it's suggested that you use either the Card Express or Prospecting Express services on Market Express to deploy

an immediate message about the market and your offer of a no-obligation review of their mortgage for your friends, family and neighborhood contacts.

- **Prospecting**

You can use the Prospecting Express service of Market Express to purchase and direct-market to a list of homeowners in specified geographic areas.

- Building and purchasing these lists is connected to a next-day direct mail fulfillment program, guaranteeing a very quick go-to-market plan that helps you be topical and timely.

You might also consider purchasing lists from First American Real Estate Solutions' Leads-to-Loans Web site. <http://www.leadstoloans.com/>

- LeadsToLoans™ is a web-based source of mortgage prospect names and telephone numbers for customer acquisition. You can build lists using filters that include mortgage type, origination date, interest rate and many other details.

You might also consider purchasing lists from mortgage lead aggregators such as nextag.com. These leads are pre-screened based on selected criteria and may carry significant costs to purchase.

Expectations:

If you're reaching out to friends, family and neighborhood contacts, you'll be taking a classic direct response approach with the suggested marketing efforts so don't be discouraged if you find limited interest or response. Remember, there may only be 5%-10% of your contacts who are "in-market". Connecting with 100 prospective customers may yield 5 people interested in exploring refinance opportunities with 2-3 applying and closing.

When targeting your GMAC Mortgage customer base, where you have the ability to sort the data according to opportunity, you should expect greater response, interest and applications.

Key Messages to Deliver:

Now more than ever, a strong brand matters, and GMAC is a strong, well-known financial services brand. When communicating with prospective refinance customers, consider delivering these key messages:

- GMAC Mortgage is the mortgage expert from GMAC. We have a rich history of helping consumers with home financing and refinancing needs.
- We're located in your area and are very familiar with the area's housing market and you needs for home financing services.
- You may not know but mortgage rates have been declining recently and it may be a good time for you to review your current loan's terms and conditions.
- With today's rates, you may be able to save money on your current monthly mortgage payments or expand your cash flow to cover other expenses in and around your home.
- You may also be in a position to reduce your mortgage term without a significant increase in payments, possibly saving tens of thousands of dollars in interest payments over the life of your loan.

- I can also offer you products like our Equity Rewards Card or Equity Builder service, both of which can help you reduce your mortgage term and save money.
- There's certainly no obligation or cost required on your part to review your options and see if it's possible or makes sense to refinance your current home loan.
- I would also like to ask that you consider recommending me your friends and family members who may also benefit from my services.

Tips from Those Succeeding:

- **Constant info flows to existing customers seals deals for a Loan Officer in Michigan:**
 "I contact my existing customers on a regular basis just to let them know what is happening in the market and to ask if they have any specific needs. On a consistent basis I market to my customers with my own mail campaign and also use the Market Express flyers and post cards. Most of my customers are either interested in refinancing to a fixed rate from an ARM, lowering their monthly payment with a lower interest or consolidating debt by combining their first and second or credit card debt. I contact my customers to cover whatever the hot topic in the news is; they have been hearing this subconsciously and when they hear it from me the close becomes much easier."
- **In the Northwest, immediate action with customers is job #1:**
 "Reaching out to past customers is key. We're getting customer lists from the CRSG shared drive and hosting pizza nights for Loan Officers to make outbound calls for an immediate lift. Form letters using branch postage meters are quick, easy and immediate; having pre-developed cards on Retention Express helps. Ideally we want our Loan Officers to mail something and then make a call directly to the borrower. A card or letter is good for those who have requested we not call them. It also helps to give Loan Officers a nice lead-in script – just a brief intro that provides talking points on the strength of GMAC Mortgage and a structured approach to the call."
- **Working the customer base is a top priority in Southern California:**
 "We're currently getting lists from title companies or using our own GMAC Mortgage customer list database; reaching out to past customers is top priority. It's important for us to drive refinance activity from the top-down, stressing importance of the effort and encouraging Loan Officers to focus on refinance business through constant internal communications and sales rallies."
- **Portfolio analysis and quick outbound calls work well in the Midwest:**
 "My Loan Officers are making outbound calls to all of their OMSR customers who have a spread of ½% to ¾% over current predominant fixed rates. They're doing this also with an eye on LTV to ensure the customer has the ability to refi. Outbound calls work best with the key message being that customers have the ability to save money on their monthly payments at no cost to them."
- **"Customer Service Calls" are effective in Connecticut:**
 "Our District Managers sort and distribute ten customer leads to each Loan Officer, often in a Pizza night call event. When the Loan Officer has contacted, or left a message with those ten, they get ten more leads. Telephone contact is structured as a "Customer Service Call," with the Loan Officer reminding the customer who they are, recapping the customer's existing rate, term and balance, noting details on both reduced rate and shortened term options, based on new low mortgage rates. The Loan Officer then follows each call (with contact made or not) with a personal letter."

- **In North Carolina, Loan Officers find success through conquering:**
 “We pursue competitive customers with a 3-day FedEx letter (\$1.87 each). The simple message: call me about your mortgage. Conquering lists focus on subprime borrowers that can be moved FHA loans, like Pay option ARM customers, ARMs, 2/28 loans, etc. Once the respondent calls, the Loan Officer message is also simple: GMAC Mortgage may have the mortgage solution you need. We’ve seen a good response rates to the FedEx, and a better pull-through on the callers.”
- **In Florida, “caution” is the watchword:**
 “With the declining home values in my market, I have to review mortgage account records very carefully and put some consideration into who I contact about a refinance. The last thing I want to do is tell a customer I can’t help them after I’ve sent them a letter to call me. So many people are upside down here I don’t want to add to their pain.”
- **Rate alerts for competitors’ customers work in Southeast Michigan:**
 “When we get inquiries from home owners who have mortgages with competitors, we collect info that includes name, long- and short-term goals for their home financing, how they want to be contacted, first mortgage balance, lender and rate, second mortgage balance, lender and rate, type of loan and whether prepayment penalties apply. We then load info into a database with filters that flag us who needs to be called when rates change to their benefit.”
- **Practical advice from Illinois:**
 “I instruct Managers to be cautious about the amount of time Loan Officers spend on refinance. The opportunity is there but we need to continue to call on tried-and-true referral sources. I’m also cautious with buying competitive lists; many folks are being over-solicited from our industry. We don’t want to get into a rate battle to keep these customers, so the primary message we deliver must be about our stability and size. Now more than ever brand matters. Then we mention monthly savings, no cost-refi and rate savings.”
- **Phone calls to customers are well-received in Colorado:**
 “We don’t do mailings here; we focus on the phone and it’s working. When it comes to refinance opportunities, customers know their loan is from GMAC and when they get a call from the local GMAC contact, the Loan Officer, the customer is likely to listen. The time is good, especially for those with ARMs. Our message is that they can get into a fixed at the same ARM rate they are at today, but they have the security of a fixed rate. We have developed scripting for our Loan Officers; it’s a good start and scripts are one of those things that people can adapt but stay on message. We try to cross-sell Equity Builder, HBM and the Equity Rewards Credit Card at the same time that we provide the refi opportunity. It’s a service we’re offering the customer from a local GMAC Mortgage contact person.”
- **And this comes from our Mountain states:**
 “We’re getting good traction from offering the streamlined processing for GM refis. After that, we focus on the ARMs lists from title companies, especially those with subprime loans or ARMs. ARM loans are providing most immediate lift. As for GMAC Mortgage customers, our best practice is to get our lists and scrub them against the Do Not Call registry. It’s also important to check for orphans, make sure there’s no Loan Officer conflict and then send out a brief letter centrally asking the customer to

contact us about his/her mortgage. However, other offices make strict outbound calls without an initial letter and are successful.”

- **Frequent, repetitive communications works for a Loan Officer in California:**
“I have built steady friendships with many of my past customers and am in touch via phone, e-mail and regular mail regularly. I currently approach GMAC Mortgage customers with ARMs, especially 5/1 interest-only loans, many of which are coming due. I make phone calls and send letters but many clients are calling me directly. A lot of past customers contact me in response to my d-Mail Express messages and I also send out a Christmas Card with a calendar magnet inside. The timing of the Christmas Card was good. People have my name in mind when they hear about market conditions on the news. I would like to use a postcard, greeting card or letter with orphaned borrowers as well.”