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Minimize Control Panel



How to ask a question



Call this number 1-218-339-2620 723039# For Audio



MAXIMUM SPHERE AND NEWSLETTER MARKETING

Making Your Business
Cycle Proof

Dave Hershman

OriginationPro

**A Certified
Mortgage Advisor
Webinar**



DAVE HERSHMAN

- ✘ Produced almost 600 transactions in his first 18 months in the industry—including closing 60 in his 12th month;
- ✘ Run sales forces for large production organizations;
- ✘ Directed the sales force for the largest mortgage technology organization;
- ✘ Written seven books in the areas of finance, management, sales & marketing—including two best-sellers published by the MBA;
- ✘ Helped found a Federal Bank, serving as a board of director;
- ✘ Been a keynote speaker at hundreds of industry events



www.OriginationPro.com

OUR GOALS TODAY

- Legislative updates
- Serve more of your sphere
—not a small segment
- Set up a marketing plan based upon your sphere
- Positioning yourself as the mortgage expert advisor
- Not just survive—lead in the future

**And
Coaching
—Q&A
on any
topic**

LATEST NEWS ON THE HOUSING FRONT

- Bill introduced to put an 18 month moratorium on HVCC.
- Freddie Mac will allow “open access” to Home Affordable Ref Program:
 - Allowing the new refinance mortgage to be assessed through Loan Prospector.
 - Requiring a full interior/exterior appraisal for the new refinance mortgage. Please note that use of Home Value Explorer® point value estimates will not be permitted with the new Relief Refinance Mortgage – Open Access. (AVM Model)
 - Lesser of 4 percent of the new refinance mortgage amount or \$5,000 of closing costs and prepaids to be rolled into the new loan. Cash back may not exceed \$250.
- Fannie Mae loosens eligibility for Refi-Plus slightly (can be ineligible for DU but only for excessive debt ratio). Rumor has it that Fannie Mae and Freddie Mac may increase allowable 105% LTV for these programs.
- Fannie Mae eliminates trailing spouse income, tightens age of credit docs & highly recommends lenders get income documentation from IRS before closing,
- Senate bill introduced to increase tax credit to \$15,000 and extend effective date. Also would expand eligibility to all buyers (not just first time buyers).
- PMI to allow underwater borrowers to refi by keeping their policies in place.
- Mortgage Insurance Companies tighten credit again. Minimum credit score at 680 for UGIC (720 for brokered loans); MGIC—non-traditional credit limited to 90% LTV; Radian will no long insure temporary buydowns and 1% adjustables

LATEST NEWS ON THE FHA FRONT

- Chairman of MBA testifies before congress and recommends an increase in FHA net worth requirements—to \$150,000 for brokers.
- FHA Tax Credit for Down Payment Summary. ML 2009-15
 - Yes, for downpayment, if it is a secured second mortgage or loan provided by a government entity or non-profit (non-profit can't get money from seller or lender).
 - No, for downpayment if it is advanced by the lender. Can use for closing costs or above 3.5%
- Expanded Energy Efficiency Amounts ML 2009-17
- Manufactured housing requirements ML 2009-16
- New condo requirements coming effective October 1. Will include lender delegated review and 30% maximum concentration of FHA financing ML 2009-19

SAFE ACT

- Safe and Fair Enforcement Licensing Act of the Housing and Economic Recovery Act of 2008 signed into law July 30, 2008
- CSBS (Conference of State Bank Supervisors) and AARMR (American Association of Residential Mortgage Regulators) Model State Law
- ✘ Licensed MLOs are originators who were licensed before July 31, 2009 under a state law that was in existence before July 31, 2008 A state must bring these into MLOs into compliance with SAFE by January 1, 2011
- ✘ Non-Licensed MLOs who did not hold a license as of July 31, 2009. Due to exemption from state law, no law in state or were not in the industry. They must be brought into compliance as of July 31, 2010.
- ✘ Each statewide regulatory agency will establish its own deadlines.

SAFE ACT IMPLEMENTATION PLAN

- × Between 7/31/09 and 7/31/10 Non-licensed MLOs
- × Between 7/31/09 and 1/1/11 Licensed MLOs
- × Criminal history Information record checks—must provide finger prints
- × Credit report checks. Must provide credit authorization
- × National testing of mortgage loan originators—Must pass test by above dates.
 - + Test will include a Federal and State component.
- × Nationally approved pre-licensure and continuing education courses
 - + 20 hours complete by above dates (licensed MLOs exempt if already complete 20 hours of state required)
 - + 8 hours annual continuing ed. Not needed in year license is issued
- × Surety bond/recovery fund requirements. Companies must have based upon total originations or implement a recovery fund. Net worth on mortgage originators or companies not required but can be by state.
- × NMLS&R call reports. (National Mortgage Licensing System & Registry) Annual statement of condition of the company including financial statements and production activities.
- × Public Access: Includes disciplinary and enforcement actions
- × Consumer complaint processing. There will be tracking of complaints

THE MOST IMPORTANT \$39..

...You will ever spend

Start with a free package..

Package, includes—Book of Home Finance (updated for 2009) and more; Audio Marketing Seminar; Performance Library of articles—all accessible on the dashboard of the system;

Add in the most comprehensive sphere marketing system...

*The NewsletterPro Marketing System is the most effective marketing tool to your most important target. **New: Co-branding!***

Then top it off with

A complete certification program that comes with coaching from the number one industry expert

And there is no obligation: you can cancel at any time

Upgrade available-Includes MyMortgageCommunity & Velma

Velma/MyMortgageCommunity Trial Members: Welcome

WHAT IS CMA?

Certified Mortgage Advisor

- Ten webinars including today's. There is a choice of at four webinars for the tenth webinar.
- Includes three part planning/advisor course.
- Schedule on www.certifiedmortgageadvisor.biz
- Six months to attend all 10 courses (15 hours of training)--must attend LIVE!
- Certification page posted on dashboard of the NewsletterPro System with list of class dates so you can track. **It is your responsibility to track!**
- Must be a NewsletterPro Marketing System subscriber for six months
- Test is issued. Passing score gives you CMA certification
- Marketing materials coming as well..Logo, seminars and more!
- **New: Webinar registrations, slides and audio all on home page of newsletter system.**
- **You get to pick the topic for continuing education. First new webinar is Targeting Realtors to Increase your Purchase Market Share.**

HOW MUCH STRESS?



Not
knowing how
much you
will make next
month?

WE WILL GO OVER TODAY....

- Identifying Your Sphere
- Growing Your Sphere
- Prioritizing Your Sphere
- Delivering Value To Your Sphere
 - Position yourself as the expert advisor
 - Focus Newsletter Marketing
 - Other Aspects of Value—Credit Restoration/Debt Reduction

THE SOLUTIONS

- Increase your sphere
- Provide value to your sphere
- Including those who don't qualify
- Change the numbers—you will change the result

SPHERE MARKETING

It does not
matter—

...Loan officer

...Realtor

...Network
marketer

The Sphere
Is The Key—
more than just
marketing—
positioning

THE MARKETING PLAN

- Identify Your Sphere
 - ❑ Go back to go forward
 - ❑ Commonality vs. Relationship
 - ❑ 1,000 to 10,000
- Grow Your Sphere
- Prioritize Your Sphere
- Deliver Value To Your Sphere

STEP 1: IDENTIFY YOUR SPHERE

Categories

- Personal Sphere- Friends, Family & Neighbors
- Present & Previous Customers
- Previous Prospects
- Associations
- Vendors
- Coworkers
- Professionals
- Realtors- Builders



SPHERE OF INFLUENCE

Personal Sphere

- + Most important category
- + Friends, family members, neighbors
- + Your closest friends
 - × Emotional Bank Account
 - × People do business with people they like

SPHERE OF INFLUENCE

Previous customers (including previous employers)

- + Your best customers are the ones that have already bought from you
- + You are on third base

Previous prospects

- + Largest growing segment
- + Even those who decided to do business with someone else.

Previous coworkers

- + Previous jobs as well
- + Also growing segment

SPHERE OF INFLUENCE

Professionals

- Doctors
- Lawyers
 - ❑ Immigration attorneys
 - ❑ Bankruptcy attorneys (FDI)
 - ❑ Divorce attorneys
- Accountants
- Financial planners

Three Reasons

SPHERE OF INFLUENCE

Vendors

- People that you & your family buy from
- Business and personal
- Those who sell to your targets
- Potential synergy partners—even your competition

Associations

- Religious, business, academic, hobbies, interests, ethnic, homeowner
- Commonality component
- Largest numbers

STEP 2: GROW YOUR SPHERE

- Now you are going forward
- Set a goal—one step at a time
 - Go back and identify ____ per day I have lost
 - Go forward and add ____ per day
- Example—5 contacts per day
 - 1,200 per year
 - 12,000 in ten years
- Specific marketing actions to grow your sphere—2 to 5 on a regular basis
 - Advertising
 - Seminars
 - Networking groups
 - Don't just join—an expert leads
 - Use your sphere as the spearhead

STEP 3: PRIORITIZE YOUR SPHERE

- The tool is technology: Database (Velma/Workcenter)
- You can't have lunch with 3,000
- Some targets are more important than others
- Your sphere will resemble a pyramid
 - Goal number one—move people into the sphere
 - Goal number two—move people up in priority within the sphere
- Top priority—Synergy Marketing Partners
- Second? Closest relationships
- Third? Top referral partners
- Fourth? Previous customers

STEP 4: PROVIDE VALUE 100%

- Here is where positioning comes in—what are you doing to lead/advise your sphere?
- Normal year? 5% are buying or refinancing
- What about the other 95%?
- Typical consumer takes two years from conception to purchasing
- 50% of present Americans can't qualify—largest growing segment
- Even when they do qualify—placing the loan is a challenge
- Solutions?
 - Newsletters
 - Complete Financial Solutions

WHAT WILL IT TAKE TO SUCCEED

- You have to try it—all journeys start with the **first step**
 - What I ask you to do is spend 15 minutes setting up this system and actually using it
- **Build your database**—how long have you been promising yourself that you will do this?
 - 300 or 3,000—it does not matter
- **Integrate into you marketing plan**
 - From mailings to sales meetings
- **Be consistent**—do it every week and every month
 - That is why you writing it does not make sense

FINANCIAL DESTINATION

FDI—A Comprehensive Solution to Risk-Based Premiums And getting transactions to happen

- Professional credit restoration improvement—not a bandaid
- Debt reduction plan
- Unlimited budgeting and other financial advice (such as the tax benefits of owning) from CFPs and CPAs
- ✘ Cost? Less than most charge just for credit services. \$59 monthly. \$15 to join. No long-term obligation.
- ✘ Even better—when you join as a rep—you get \$20 monthly for each client that participates! (rep cost a one time fee of as little as \$99 in addition to joining as a member) Note: You can refer your clients without joining.
- ✘ More information: www.hershmanfinancialgroup.com
- ✘ 24/7 Webinar: <http://fdi.OriginationPro.com/>
- ✘ Live Webinar tomorrow (Thursday). www.OriginationPro.com

WHY NEWSLETTERPRO?

- Written by the industry expert for over 20 years—to make you look like an expert but not be over the head of your readers. No recipes or bond charts.
- Unlimited use for one price so that you can market your entire sphere—previous customers, prospects, Realtors, top-level partners
- Print & HTML pieces that are easy to personalize. More than a newsletter—
 - Sales and real estate/finance articles
 - Bonus flyers and letters
- Response mechanisms to make the phone ring.
- Coaching and Training by Dave Hershman (CMA certification)
- Only \$39 monthly for both NewsletterPro & the CMA training program with no long-term obligation.
- Need mail or email fulfillment system? You can upgrade to the VELMA personal marketing assistant—cost \$69 monthly
- **Just announced—Co-branding with Realtors and other partners. Free trial during month of July! Pick one or two Realtors to partner with for free.**
- **Soon to come: Financial Version**

NEW! CO-BRANDING OPTION

- You are the master account holder. You don't do anything because your account is already set up.
- The Realtor (or other partner) is given a "sub-account" with a user name and password. You will be sent that as well.
- You should help them set up their account---just logo, picture, contact and personal paragraph.
- Then on a weekly basis, they will receive the HTML with both sets of contact information on the right side.
- They can send it out to as many as they would like (more the merrier for you!).
- You can always access the system and view a copy or email it to yourself.
- They also will have access to all other documents through their subaccount.
- The free trial will run through the month of July.
- The cost will be \$19 per Realtor afterwards--however, if you want to purchase for several, we will have a group pricing quote for you.

WHY NEWSLETTER PRO?

All these pieces—and more for one low price!

The collage features several newsletters:

- Real Estate Trends** (March 2007): Includes articles like "How Much Is The Weather?", "Fewer Selling On Their Own", and "Homeowners Face Adjustments".
- REAL ESTATE REPORT** (April 8, 2007): Features an "ECONOMIC COMMENTARY" and a "FOR SALE BY OWNER" graphic.
- FOR TODAY'S SALES PROFESSIONAL & ENTREPRENEUR** (APRIL 2007): Titled "The Sales Update", it includes "Synergy Can Really Make a Difference! HIRING AN ASSISTANT AND...", "Where do I look for an assistant?", and "How can I get ahead hiring an assistant?".
- Real Estate Update** (Volume 1, Issue 8, April 2007): Features "The Real Estate Boom Revisited" and "Did You Know...".

Additional elements include a "Selling" graphic, a "Sold" sign with a cartoon character, and contact information for "1-800-333-3333" and "www.newsletterpro.com".

FIRST

Log In

NEWSLETTERPRO™
MARKETING SYSTEM

Login to your NewsletterPro account

Username: (case sensitive)

Password: (case sensitive)

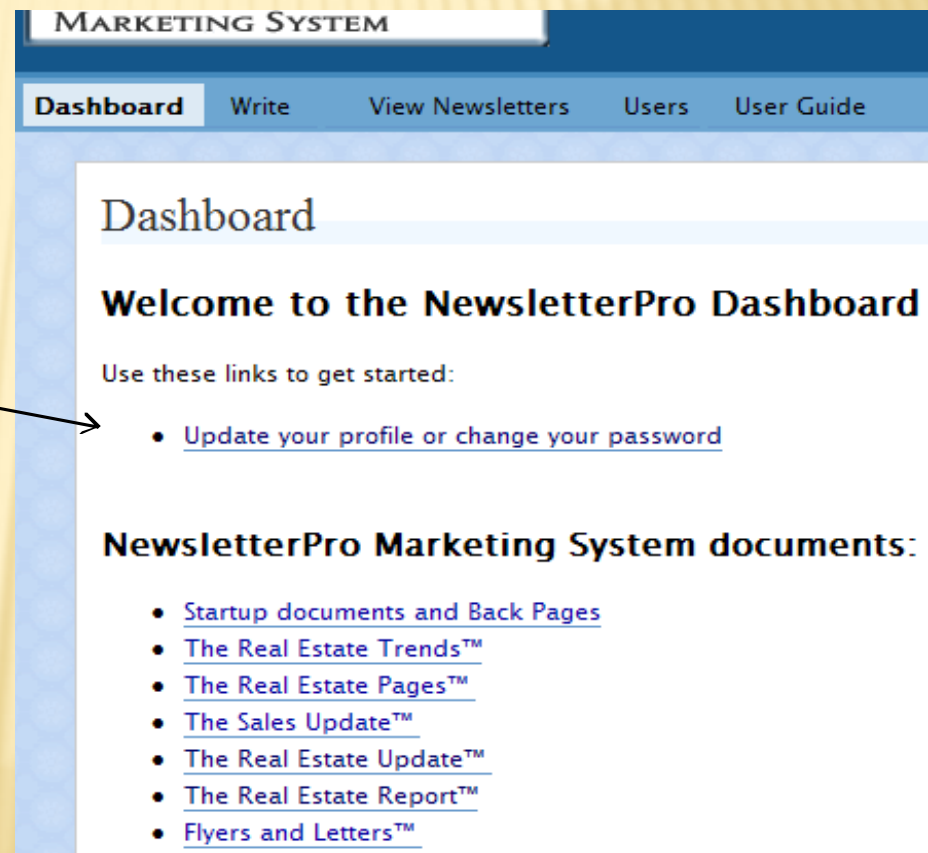
Remember me

Login »

[Lost your password?](#)

THEN...

Go to Update Profile



MARKETING SYSTEM

Dashboard Write View Newsletters Users User Guide

Dashboard

Welcome to the NewsletterPro Dashboard

Use these links to get started:

- [Update your profile or change your password](#)

NewsletterPro Marketing System documents:

- [Startup documents and Back Pages](#)
- [The Real Estate Trends™](#)
- [The Real Estate Pages™](#)
- [The Sales Update™](#)
- [The Real Estate Update™](#)
- [The Real Estate Report™](#)
- [Flyers and Letters™](#)

STEP ONE

Update

Your

•Name

•Contact

Info

•Personal

Paragraph

•Address

Block

About yourself

Username: (no editing)

First name:

Last name:

Display name on your newsletter as:

Enter your personal co-branded text here to be displayed (in addition to your contact and address information) in your personalized section of each newsletter:

OriginationPro Mortgage Company is dedicated to bringing the American Dream of Home Ownership to our clients.

We provide a variety of competitively priced mortgage products and services that are designed to help you achieve your financial goals.

As the experts in the world of real estate

Contact Info

E-mail: (required)

2nd E-mail: (can be the same as above; this is the "reply-to" email for unsubscribing)

Phone 1: -

Phone 2: -

Company:

Update Your Contact / Address block

This information is mandatory for CAN-SPAM email laws:

Address 1:

Address 2:

City:

State:

Zip:

STEP ONE—PART TWO

On same page you can update your

- Disclosure
 - Choose calculator links
 - Change your password
- Don't Forget To Hit
"Update Profile"
Button

The screenshot shows a user profile update form with four main sections:

- Disclosure:** A text area with the instruction: "Enter any disclosures that your state and/or licensing status may require. If you require no special disclosures, then leave this field blank." The text area contains the text: "Licensed mortgage company in the states of MD, DC and VA".
- Mortgage Calculator Links:** A section with the instruction: "Pick the display order and number of calculators that you want displayed in your right-hand navigation bar." It contains three dropdown menus:
 - Link 1: Calculate a mortgage payment
 - Link 2: Compare the cost of owning versus renting
 - Link 3: Lower your payments through debt consolidation
- Update Your Password:** A section with the instruction: "If you would like to change your password type a new one twice below. Otherwise leave this blank." It contains two password input fields:
 - New Password:
 - Type it one more time:
- Update Profile »:** A button located at the bottom right of the form.

Arrows from the text on the left point to the Disclosure text area, the Mortgage Calculator Links dropdowns, the Update Your Password section, and the Update Profile button.

STEP TWO

After you update your profile, you can then download your company logo—

- Click on “Company Logo” on profile page
- Locate your logo on your hard drive to upload
- Click “Upload File”
- Make sure the logo no larger than the size specified



You can upload your company logo with the extension of .jpg, or .jpeg & 100 pixels in width.

***Need help sizing your logos and photos? For a nominal fee, Colorwork system. Please contact Joy Reiher at jreiher@colorworkspromotions.com for more information.

File:

STEP THREE

Back to the Profile Page
you can now download
your picture

- Click on “Personal Photo”
- Locate the photo on your hard drive
- Click on “Upload File”
- Make sure the photo is no larger than the size specified



You can upload your personal photo with the extension of **.jpg**, or **.jpeg** as long as it is no larger than 100 pixels in width.

***Need help sizing your logos and photos? For a nominal fee, Colorworks Promotions can help you. Please contact Joy Reiher at jreiher@colorworkspromotions.com for a quote.

File:

AS EASY AS 1-2-3: YOU ARE SET UP

REAL ESTATE REPORT



May 19, 2009

ECONOMIC COMMENTARY



Has the market gotten ahead of itself?

The stock market has rallied for over two months, oil prices have risen and long-term rates have gone up as well. It is not surprising that the markets have paused to take a breather. Yes, the reports were fairly negative this past week with higher jobless claims and slower than expected retail sales. Even the good news, slow consumer inflation, is indicative of a slower economy. But the markets have been reacting positively through a lot of negative economic news. Why pause now?

It would not be out of the question to view this period as a breather or period of consolidation. The markets are not likely to turn back down unless there are some really surprising negative statistics. We don't rule that out. For now, the breather and lower rates are a great opportunity for homeowners and consumers to take advantage of what might be the last chance to obtain the lowest rates of our generation. At this point rates on home loans have stayed steady despite higher rates on Treasuries and that can't last forever.

WEEKLY INTEREST RATE OVERVIEW



The Markets: Rates on home loans were fairly stable last week. Freddie Mac announced that for the week ending May 14, 30-year fixed rates averaged 4.88%, up slightly from 4.84% the week before. The average for 15-year rose slightly to 4.52%. Adjustables were lower with the average for one-year adjustables decreasing slightly to 4.71% and five-year adjustables falling to 4.82%. A year ago 30-year fixed rates were at 6.01%. "Fixed-rate mortgages were little changed this week following the release of April's employment figures," said Frank Nothaft, Freddie Mac vice president and chief economist. "The economy lost 539,000 jobs, less than the monthly job loss of the past five months, and the unemployment rate rose to 8.9 percent. Adjustables, however, fell slightly over the period. Relatively low house prices and rates are clearly helping first-time homebuyers. Housing affordability for the median first-time buyer reached an all-time record high in the first quarter since the NAR index began in 1991. Consequently, first-time homebuyers accounted for half of existing home sales in the first three months of this year, the NAR reported."



ORIGINATIONPRO
Power Tools for Mortgage Professionals

Dave Hershman, CMC
The Hershman Group
PO Box 932
Centreville, VA, 20122
davehershman@verizon.net
(111) 222 - 3333
(222) 333 - 4444

OriginationPro Mortgage Company is dedicated to bringing the American Dream of Home Ownership to our clients.

We provide a variety of competitively priced mortgage products and services that are designed to help you achieve your financial goals.

As the experts in the world of real estate finance, we can help you achieve your goals with less stress, making your American Dreams Come True!

[Calculate a mortgage payment](#)
[Compare the cost of owning versus renting](#)
[Lower your payments through debt consolidation](#)

BUT THAT IS NOT ALL...

- The main page/dashboard also gives you access to all print materials, including archives
- Each document has a version in Microsoft Publisher. If you have that program (part of Office Professional)—you can edit in any way. These then can be turned into PDFs or included in an email.
- Each document also has a “PDF” version which allows you to add your name in the box. The PDF version can be mailed or emailed as an attachment.
- **VELMA will help you automatically personalize the 4-page newsletter**

Dashboard

Welcome to the NewsletterPro Dashboard

Use these links to get started:

- [Update your profile or change your password](#)

NewsletterPro Marketing System documents:

- [Startup documents and Back Pages](#)
- [The Real Estate Trends™](#)
- [The Real Estate Pages™](#)
- [The Sales Update™](#)
- [The Real Estate Update™](#)
- [The Real Estate Report™](#)
- [Flyers and Letters™](#)

START-UP DOCUMENTS

The start-up documents include—

- A sample welcome letter to your newsletter prospects;
- Instructions to add a banner to your Outlook Signature so that those you email can sign up;
- Back Pages. These help turn the one-page documents into self-mailers.

Start-up documents:

[Welcome Letter For Real Estate Newsletter](#)

[Letter To Prospect](#)

[Outlook Signature File and Installation Instructions](#)

(These documents allow you to configure your email signature in Outlook and encourage additional opt-ins to your program)

Back Pages:

[Back Page #1 for Letter Size Newsletters](#)

[Back Page #1 for Letter Size Newsletters - Publisher Version](#)

[Back Page #2 for Letter Size Newsletters](#)

[Back Page #2 for Letter Size Newsletter Publisher Version](#)

[Back Page #1 for Legal Size Newsletters](#)

[Back Page #1 for Legal Size Newsletters Publisher Version](#)

THE REAL ESTATE UPDATE

- ✘ Four page document
- ✘ Traditional self-mailer newsletter
- ✘ For all parts of your sphere
- ✘ Industry news, economic commentary, charts
- ✘ Includes finance article

The thumbnail shows the cover of the 'REAL ESTATE UPDATE' newsletter. The title is in large, bold, blue letters at the top. Below the title, it says 'Volume 2 Issue 9 September 2008'. The main image is a house with a 'FOR SALE' sign. The cover is divided into several sections:

- THIS NEWSLETTER IS BROUGHT TO YOU BY:** John Doe, Senior Loan Officer, Ajax Mortgage, 111 Mortgage Way, Mountaintown, MD, 21111, (301) 555-1212, (800) 555-5555, Ajaxmtg.com.
- Specializing in:** Residential Purchases, Residential Refinances, Commercial Properties, Home Equity Loans.
- Three Trends Worth Watching:** A section with a 'Gasoline' price chart showing Regular at 326.9¢/gallon, Plus at 336.9¢/gallon, and another at 346.9¢/gallon. The text discusses the direction of interest rates and its impact on the real estate market.
- Did You Know...:** A section with a small image of a couple at a dining table. The text discusses housing sales trends.
- Selected Interest Rates:** A table listing rates for August 14, 2008.
- In This Issue:** P2 Housing Legislation | P2 Sell Your Home in Any Market | P3 A Year of Job Pain | P4 Unmarried Couple as Force

30 Year Mortgages	6.52%
2008 High (July 23)	6.52%
2008 Low (Jan 26)	5.46%
15 Year Mortgages	6.07%
5/1 Hybrid ARMs	5.03%
1 Year Adjustable	5.18%
10 Year Treasuries	3.85%

THE SALES UPDATE

- ✘ It is not enough to distribute news, you must teach your B-to-B targets how to sell which is the ultimate value
- ✘ Realtors, financial planners, CPAs, title companies, insurance agents
- ✘ Designed as great sales meeting material for presentations



THE SALES UPDATE
FOR TODAY'S SALES PROFESSIONAL AND ENTREPRENEUR April 2008

Make Your Business Cycle Proof—Part Two
IMPLEMENTING THE 100% MODEL

Last month we discussed the advantages of saving a greater portion of your equity. Certainly, if you are a professional related to the real estate industry, only 10% of the population is considering a transaction at any one time. However, if you are that way, to serve a much greater percentage of the population, you have the ability to make your business cycle proof. In this case we need to put ourselves into those purchasing or refinancing today—to better understand the timing of business transactions, refinance a few years or providing their first home in the next five years.

Certainly, financial leaders have changed the rules during the recent credit crisis. The largest growing segment of your clients are a group of those who aren't qualified to purchase or refinance if they already own. We estimate that somewhere between 20 and 40 percent of the population falls into this category because of a variety of reasons that are listed below:

- Credit scores are too low;
- Debt-to-income too high;
- Income levels are too low.

The next question is—how do we serve these people? We typically look at the best way to serve a transaction in the next month and trying to apply “band-aids” to get them approved. Instead, we need to take a longer-term view of their situation. What we typically do is find those who want to purchase and help them determine their credit score and pay off additional credit obligations. Of course, three years later when they want to purchase again or refinance they are back in the same situation. Actually, many are in worse shape if lenders have a big headache or home values have gone down during the last five years. Research has shown that an investor's track of providing a home for 3 years or more. This is not a statistic that serves our clients. Getting their finances in shape should be a long-term endeavor—

One's success should be measured in the long run. It really doesn't matter how that credit report looks they are going to make a purchase in a home or not. By that



time, the damage may be too severe. Today, not only do mortgage lenders charge more for low credit scores, but we know that mortgage rates will rise, credit card acceptance and credit. Dealers are starting to run reports before they accept a loan. A few credit scores and a person has declined the number of offers in the market over a lifetime. And usually, it is the person who can't afford to pay this extra thing.

What assessment need to do is get with someone who will help them optimize their credit in the long run. Usually, we need to make sure every financial decision based upon what affect the decision will have on our credit score. This might mean opening an existing credit on a credit card or closing a line of credit which is not in use. It may mean challenging something on the report which is false or perhaps not placed on the report in accordance with applicable laws.

We are not saying that if you serve the real estate industry, to serve why you should become a credit monitoring service. But there are services that exist that not only report credit, but help keep that credit optimized in the long run.

There's also a long-term view. Paying off a debt to get someone's finances in line to qualify for a loan is one thing. Helping a person who is struggling to debt because completely debt free is a much bigger and more rewarding proposition. The average lender isn't thinking it debt as we are for clients with credit offers and credit cards and we know we can help them on pay off loans over the past few years.

"You may have to fight a battle more than once to win it!"
—Margaret Thatcher

Place Your Card Here, Xerox and Go!
1/800-581-5678

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The Publisher Group, www.singmedia.com

THE REAL ESTATE PAGE

- ✗ Consumer articles on finance and real estate topics
- ✗ Can be used for prospect conversions when topic is right (archives become important)
- ✗ Can give to Realtors and Financial Planners to send to their clients—leverage.
- ✗ Can use as response mechanisms



SHOULD I BUY THIS HOUSE?

In the past two months we have talked about the issues of qualification and affordability while we try to answer the question—should I buy this home. This month we will talk about the issue of affordability in regard to a prospective home purchase. Before this point, all of our analysis has focused upon the area of finances. Certainly there are financial aspects of suitability, but there are also other “non-financial” questions with regard to suitability. For example,

❑ Is this home in the right location? Location may be important with regard to commuting to jobs and activities. With higher energy costs and increased traffic in urban areas, commuting takes on a higher level of significance.

❑ Is the home large enough for my present and future family and is this where I want to raise them? This issue requires not only the analysis of family size and school districts, but also the proximity to activities and other services.

❑ Is this the home I would like to retire in? For those whose children are older, the question of retirement comes into play. For example, does the home require major maintenance that you don't have the ability to take on during retirement?

❑ How is this home built? The amenities my family desires? For example, do I want a big yard for children to play in or for other enjoyment? Do I want a big kitchen and dining room in order to entertain?

❑ I want to leave quickly, how marketable or rentable is this home? The best “buy” which is most affordable because it is in the middle of the country may not be the best choice for those who need to be mobile.

We could go on and on regarding the choice of the home and location. However, as you may guess there are also financial aspects of suitability. These include—assessing the home with regard to meeting your financial needs in the future.

For example, last month we spoke of the cost of the housing payment after taxes because this represents the real issue with regard to affordability. Part of the reason this home may be affordable is because of the tax deduction. However, if you are not paying taxes because

of other deductions, you may not receive most of the benefit of the home purchase. This is especially true for those who are self-employed and may use their status to “write-off” much of their income. The figure becomes an issue when the status of your income and deductions change. If income is to rise, then the home actually will become more affordable in the future.

If you are employed and will get the benefit of a tax deduction you can make the home more affordable on a monthly basis right now by increasing your withholding exemptions on your IRS Form W-4 which is filed with your employer. This will lower your tax withholding on a monthly basis and can make more income available each month to help you afford the payment.

Another financial issue with regard to affordability involves whether future changes may make the home more or less suitable. We already discussed this somewhat when talking about how adjustable rate mortgages may change in the future and how many purchased homes downgrading when a rate happens. When a fixed-term rate rises, so do the payments on adjustable rate mortgages, especially if the start rate is very low. This

is called a “teaser rate.” Typically, if your payments were to rise by \$200 to \$1,000 per month, depending upon the size of the loan, could you afford the increase?

There are other issues with regard to the future. For example,

❑ Will the long-term appreciation of the home help you finance debts at a lower-monthly cost than you are paying now. Debt-consolidation loans using the equity in a home are very popular in a nation that seems to be very dependent upon the use of credit. Of course, the use of this equity means that it cannot be used for other purposes such as retirement.

❑ Will the home require major maintenance in the near- or long-term? The purchase of “fixer-upper” may be very suitable for those who are handy or have liquid assets for contractors. For others, having a home in need of maintenance can be a psychological and financial burden.

❑ Will my situation change in the future? Retirement, job changes, increases and decreases in income. All of these are relevant to suitability.

Qualification, affordability and suitability. All relevant questions to answer before you purchase your next home. ☐

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REAL ESTATE TRENDS

FOR REALTORS, HOMEOWNERS AND PROFESSIONALS

October 2009



Government To The Rescue!

Just when you think things can't get any wilder they do. The last month has given a new definition to the term "wild and crazy." What has happened? The government took over the most important housing entities in the nation—Fannie Mae and Freddie Mac. The government also bailed out a major insurer, AIG to the tune of \$85 billion dollars. While they were doing that, the Fed chose to let a major financial company, Lehman Brothers, collapse. Meanwhile the stock market's Dow Jones Industrial Average has been going up and down (more down) hundreds of points from day to day. Now the government is formulating a plan to purchase distressed mortgages from financial institutions.

What is behind this financial madness? The housing crisis. As home prices go down and foreclosures soar, the mortgages that investors have purchased are becoming worthless. While housing is the major cause, it is also the solution. When home prices stop going down and people start buying again, the markets will stabilize. Actually the crisis will be part of the solution. Interest rates have fallen sharply over the past several weeks as the crisis intensifies. Lower rates translate into increased demand for homes because it makes owning a home more affordable. Coupled with lower home prices, lower rates will help hasten the end of the crisis.

The longer the crisis goes on, the more likely that the housing recovery will be



Come Get Your \$7,500!

Now comes the time to be cautious regarding the tax credit authorized by the recent housing legislation. The government feels that providing an incentive to purchase homes at the present time will help hasten the housing recovery and we agree. Here are some facts regarding the credit.

- First-time homebuyers who purchase a principal residence between April 9, 2008 and July 1, 2009 qualify for the tax credit and it is retroactive for buyers who have already closed.

Population Projections

What are the most recent releases of population projections projected over the next 50 years? The country's changing racial composition due to the massive outflow of the increase. What's clear is that the latest numbers will inevitably give the real estate business a boost.

The Census Bureau is projecting an increase of 135 million people in the U.S., a 44 percent rise by 2050. That's equivalent to the entire population of Mexico and Canada moving to the United States. The bureau estimates that this population boom largely fueled by immigration, will require 52 million new housing units, along with more places for people to sleep and work.

The recent housing slump has caused homebuilding to fall significantly below one million units annually, including multi-family units. This means that present home building activities will not be sufficient to meet the needs of future population growth. The longer the housing slump continues, the more acute the shortage in the future. □

Tax Credit

Did you know...

- Activity in housing in the commercial real estate market in response to tightening credit and weak economic growth, according to the National Association of Realtors. In its latest Commercial Real Estate Outlook, the NAR reports that financing problems stemming from the crisis on Wall Street, not a lack of demand, are curbing real estate

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Have The New Lending Rules Locked You Out Of Obtaining A Mortgage?
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→ Subprime mortgage solutions are disappearing.

→ Fannie Mae and Freddie Mac are charging more for those with lower credit scores.

→ A low credit score is correctable—with the right plan.

→ For the average consumer*, we can increase your credit score in the short term and give you a plan to keep your credit score higher in the future.

*Results will vary by individual.



Did you know that a low credit score can increase your costs for insurance and even hinder your search for a job?

A low credit score will cost you thousands of dollars in extra borrowing costs over your lifetime. It can even

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WHAT WE COVERED TODAY....

- Identifying Your Sphere
- Growing Your Sphere
- Prioritizing Your Sphere
- Delivering Value To Your Sphere
 - Focus Newsletter Marketing
 - Other Aspects of Value—Call Capture, Credit Restoration/Debt Reduction

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