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For any other questions, please email us at [dave@hershgroup.com](mailto:dave@hershgroup.com)



**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

# DAVE HERSHMAN

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- ✘ 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](http://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**

# WHY ARE WE GIVING AWAY..

A “Free” Webinar AND

\$499 Worth of Free Materials?

- Package, includes—Book of Home Finance; FHA/VA Guide Update; Audio Marketing Seminar; Performance Library & More
- Includes—30 day trial to the NewsletterPro Marketing System
- Coaching and Training By Dave Hershman

Because we want to you try the System

...it is only \$39 monthly

If you don't want the membership—just cancel!

**Special Bonus: CMA**

**Upgrade available-Includes MyMortgageCommunity & Velma**

# LATEST NEWS ON THE HOUSING FRONT

- FHA moves cash out to 85% LTV
- NAMB Sues HUD to stop appraisal rules effective May 1st
- Fannie Mae to increase investor limit back to 10, but tighten reserve requirements.
- Fannie Mae and Freddie Mac issue new pricing level adjustments effective April 1, 2009. Affects credit, interest only, 2 unit properties and more.
- Some action may be outside of major stimulus bill—HOPE, Bankruptcy cramdowns
- HUD releases final RESPA rules, including new GFE and HUD-1, Jan 2010. New servicing transfer disclosure, January of this year. NAMB and NAHB sues to stop implementation of RESPA rules – yield-spread disclosure and affiliated company rules.
- FHA eliminates FHA Secure Refi program—adds 2<sup>nd</sup> appraisal requirement for cash-out refis over 85% LTV
- National licensing is coming for loan officers—including minimum credit score and net worth

# FHA MOVES TO 85% ON REFINANCES

- FHA moves cash out to 85% LTV effective with case number assignments issued on or after April 1<sup>st</sup>
- New subordinate financing limited to 85% as well, but existing can be re-subordinated above 85%.
- If the 2<sup>nd</sup> lien is “modified” that is considered existing even if re-executed.
- Must own for 12 months or more. If less than 12 months—85% is based upon the lesser of the sales price or appraiser’s value.
- 2<sup>nd</sup> appraisal still required for over 417,000 and property is in declining area.
- Co-signers being added must be occupants.
- 3-4 unit properties must be “self-sufficient”
- Delinquent borrowers are ineligible



# NEW FHA LOAN LIMITS

In areas where 115 percent of the median house price is less than 65 percent of the Freddie Mac limit, the FHA limits are set at the 65 percent amount, i.e., the “floor,” as follows:

One-Unit \$271,050

Two-Unit \$347,000

Three-Unit \$419,400

Four-Unit \$521,250

Many areas between high and low cost---

Any area where the limits exceed the floor is known as a “high cost” area. In areas where 115 percent of the median house price exceeds the 175 percent figure, the mortgage limits are set at the 175 percent amount, i.e., the “ceiling,” as follows:

One-Unit \$729,750

Two-Unit \$934,200

Three-Unit \$1,129,250

Four-Unit \$1,403,400

# NEW CONFORMING LOAN LIMITS

Units	Maximum Original Principal Balance			
	Contiguous States, District of Columbia, and Puerto Rico		Alaska, Guam, Hawaii, and the U.S. Virgin Islands	
	General	High-Cost*	General	High-Cost*
1	\$417,000	\$625,500	\$625,500	\$938,250
2	\$533,850	\$800,775	\$800,775	\$1,201,150
3	\$645,300	\$967,950	\$967,950	\$1,451,925
4	\$801,950	\$1,202,925	\$1,202,925	\$1,804,375

\* The limit may be lower for a specific high-cost area; use the resources below to see limits by location.

Many areas between high and low cost---  
list will be emailed.

# STIMULUS PACKAGE

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## Tax Credit-Note Details Still Being Released.

- From \$7500 to \$8,000 (or 10% of home's value, whichever is less)
- Purchase from January 1, 2009 to November 30, 2009
- It is "refundable" which means they get it even if they did not pay taxes
- Must be a first-time homebuyer (cannot have owned a home for three years)
- Must make less than \$75,000 as a single, less than \$150,000 if joint filer (phases out above that to \$95K for single and \$170K for joint)
- Some summaries say that you can actually go back and amend returns and file against your 2008 taxes. Implications for down payments? One state has already...
- It is now a credit, instead of a loan. Must remain in home for three years, or entire amount is recaptured upon sale.
- Must be a principal residence
- If you use a revenue bond program to purchase you can still use the credit

# STIMULUS PACKAGE

## Additional Provisions

- Loan Limits are increased back to December 31<sup>st</sup> levels. This is a maximum of \$729,750 in high-cost areas. Effective for FHA, Conforming, but VA is not mentioned. Will VA follow?
- Neighborhood Stabilization: \$2 Billion to help local areas “destabilized by foreclosures”
- Rural Housing Service gets additional \$500 million.
- \$6 Billion for energy efficient buildings
- Obama to release plans to mitigate foreclosures today: Lower rates, payment assistance and modification incentives?
- What was not included—but not necessarily dead—
  - FHA Downpayment Assistance Program
  - Revising HOPE program
  - Bankruptcy Cramdowns

# NEW OBAMA PLAN—MODIFICATIONS

- Banks receiving Fed assistance must follow.
- The program is voluntary for lenders. Loans originated before Jan 1, 2009 are eligible.
- Allow for judicial modifications during bankruptcy—Congressional action is necessary
- Do not have to be behind—but must show hardship.
- Servicers can't contact those not in default but can consider if owner contacts them.
- Conforming limits only and owner-occupied only (2-4 unit properties are eligible)
- Over 55% Debt-to-income ratio must enter debt counseling program
- Lenders must keep modified payments in place for five years (may be stepped from there)
  - Start rate as low as 2.0% and stepped up 1% after five years.
- Shared “dollar-for-dollar” Fed participation from 38% to 31%. To bring the loan down must lower the interest rate, extend the term or if that does not work—lower principal.
- At risk payments to mortgage holders (\$1,500)/servicers (\$500) while loan is still current
- Incentive of \$1,000 up-front and \$1,000 per year for servicers for three years for originating modification that meets guidelines
- \$1,000 to incentive paid directly to principal to borrowers each year for five years if they keep the loan payment current.
- Treasury will set up a guarantee program to insure against future home price declines

# OBAMA PLAN—HOME AFFORDABLE REFI

- Present loan must be a conforming loan (see “look-up” systems)
- Effective with loans delivered April 1, 2009 until notes dated June 10, 2010.
- Maximum LTV is 105% of value.
- Includes high-cost conforming loans (729K).
- Existing seconds can be subordinated above that (no new seconds allowed)
- Relaxed MI requirements...existing MI company must “play along” providing same coverage as original loan. If originally did not need MI—will not now.
- Must be a lower mortgage payment or a more stable product.
- Subject to LLPA but not adverse market delivery fees.
- No cash-out allowed nor can money be used to pay off junior liens.
- No short-term adjustables or conversion from fixed to adjustable.
- Any types of properties approved by agencies.
- Any types of transactions: owner-occupied, second homes, or investors.

# OBAMA PLAN—HOME AFFORDABLE REFI

- *For Freddie Mac:* Must be originated by the servicer or an “Affiliate” of the servicer. Must have the mortgage file of the loan being refinanced. Must be 3 months seasoned with no 30–day lates in past 12 months (or for the term of the mortgage if less than 12 months). Must be manually underwritten. Seller to warrant value using a new appraisal or AVM or statement that value has not dropped from original value. Freddie Mac “look-up” link: <https://ww3.freddiemac.com/corporate/>
- *For Fannie Mae:*
  - DU Refi Plus: can be done by any Fannie Mae approved lender using DU (does not have to be the servicer of the loan). Enhancements to DU will be available by May 2, 2009. Ineligible recommendation allowed for LTV or minimum representative credit score. Follow appraisal requirements required by DU. Full income documentation.
  - Refi Plus: loans can be manually underwritten but must be originated by the servicer. Servicer can represent value has not dropped or if not, full appraiser for estimated LTVs over 95% and full appraisal or exterior only for LTVs under 95%. Can use verbal VOE and no debt-to-income ratios calculated, but lender must determine borrower has ability to repay.
  - No subprime, Alt-A, reverse, second or government loans
  - No seasoning required and no minimum credit score requirements
  - Fannie Mae “look-up” web link <http://www.fanniemae.com/homepath/homeaffordable.jhtml>

# WHAT IS CMA?

## Certified Mortgage Advisor

- Three part Mortgage Planning Course
- Additional required courses (schedule on [www.certifiedmortgageadvisor.biz](http://www.certifiedmortgageadvisor.biz))
  - Understanding the self-employed borrower; FHA training; Rates and the secondary markets; Sphere and newsletter marketing; Ethics in mortgage lending; Great Application System:---from service to referrals
  - Choice of 10<sup>th</sup> course: Business planning 2009, Management Skills & Originating refinances
- Six months to attend all 10 courses (15 hours of training)--**must attend LIVE!**
- Certification page posted on site (above) with list of class dates so you can track. **It is your responsibility to track!**
- Continuing education---CMA Case Studies
- 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.**



# 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

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- 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

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## 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
  - Modifications

# FINANCIAL DESTINATION

## *FDI—A Comprehensive Solution*

- Professional credit restoration improvement
- 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)
  - ✘ More information: [www.hershmanfinancialgroup.com](http://www.hershmanfinancialgroup.com)
    - ✘ 24/7 Webinar: <http://fdi.OriginationPro.com/>

# NEWSLETTERS

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## Ultimate sphere marketing

- Expertise. Portray you as an expert  
—no handy homeowner hints—  
Test—Realtor Sales Meeting
- Understandable—no complex bond language
- Relevant up-to-date news they can use today
- Easy—it can't take your time to write,  
personalize or send
- Flexible—different pieces for different  
segments of your sphere—some targets are  
more important than others.

# NEWSLETTERS

---

## Ultimate sphere marketing—(Con't)

- Response. Designed to make the phone ring with more than one piece available. You are not Proctor and Gamble.
- Flexible (again)—different formats from HTML to PDF to Mail pieces  
(even 1 to 4 page)
- Leverage. Consumer pieces to give to Realtors to send to their consumers.



# 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

# WHY NEWSLETTERPRO?

- Written by industry expert for over 20 years
- Unlimited use for one price
- Print and HTML pieces that are easy to personalize
- More than just a newsletter—
  - 4-pages and 1-page
  - Sales and real estate/finance article
  - Bonus flyers and letters
- Coaching and Training by Dave Hershman (CMA certification)
- As an attendee of this Webinar you get 30 day trial for your \$1 registration fee plus a package of freebies. After 30 days the cost is \$39 monthly for both NewsletterPro & the CMA training program
- You can cancel at any time
- Need mail or email fulfillment system? You can upgrade to MyMortgageCommunity and the VELMA personal marketing assistant

# 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...", and "Synergizing".
- Real Estate Update** (Volume 1, Issue 8, April 2007): Features "The Real Estate Boom Revisited" and "Did You Know...".

Vertical text on the right side of the collage reads: "Newsletter is right at your fingertips by Kelly Smith or Loui Oliver" and "A Mortgage Company Mortgage Way (Baltimore, MD) 410.555.2222 or 410.555.2221 www.mwmp.com".

# FIRST

# Log In

**NEWSLETTERPRO™**  
MARKETING SYSTEM

Login to your NewsletterPro account

Username: (case sensitive)

Password: (case sensitive)

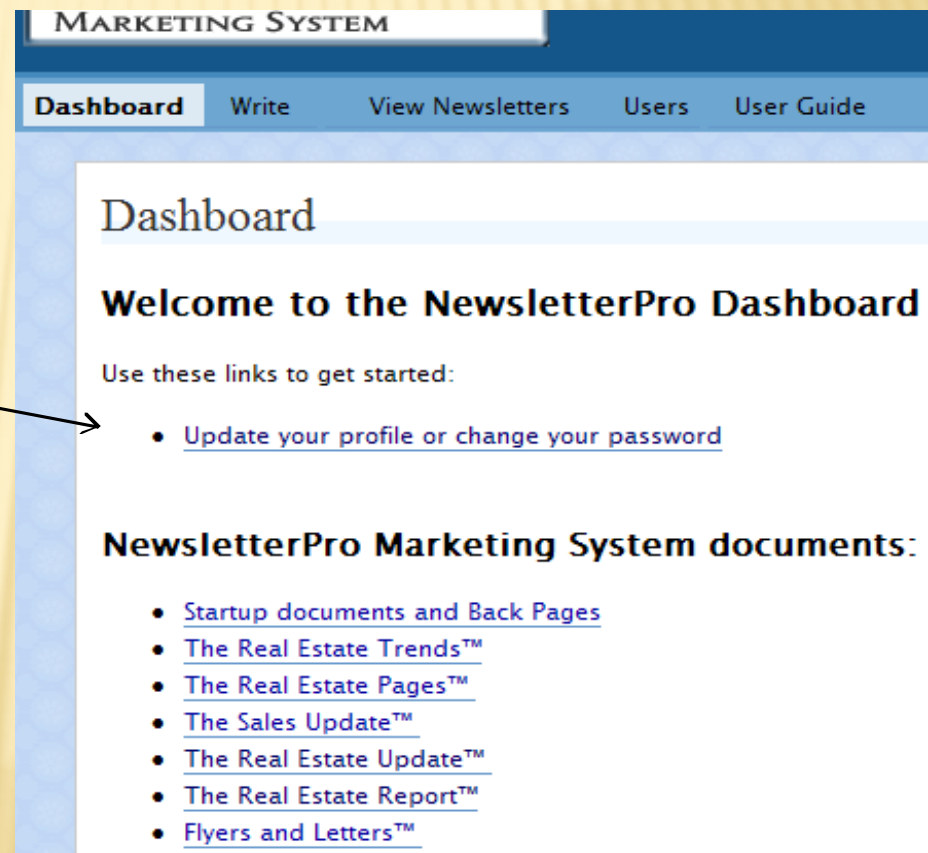
Remember me

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 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](mailto:jreiher@colorworkspromotions.com) for

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](mailto:jreiher@colorworkspromotions.com) for a quote.

File:


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



**REAL ESTATE REPORT**

February 5, 2008

**ECONOMIC COMMENTARY**




*Super Tuesday*

This economic commentary is being published of all days on Super Tuesday. By the end of the day we may know who one or both of the Presidential candidates will be. This is the same day that either New York or Boston will be hosting Super Bowl parades—making it a real "Super Tuesday." We will boldly make a prediction. Whatever two candidates arise from the fray, they will claim that they have the plan to rescue the economy and the real estate foreclosure issue. But is this reality? Of course, not. The Federal Reserve Board has moved rates down 1.25% in less than two weeks. Finally they are acknowledging the severity of the problem. As we have said all along, this move will do more to help the markets than anything else. Adjustables will not adjust upward as much and rates are more affordable to finance real estate in general.

**ORIGINATIONPRO™**  
Power Tools for Mortgage Professionals

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The Hershman Group  
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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.

# 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

**REAL ESTATE UPDATE**  
Volume 2 Issue 9 September 2008

**THIS NEWSLETTER IS BROUGHT TO YOU BY:**  
John Doe  
Senior Loan Officer  
Ajax Mortgage  
111 Mortgage Way  
Montgomery, MD, 11111  
(301) 555-1212  
(800) 555-5555  
Ajaxmtg.com

**Specializing in**

- Residential Purchases
- Residential Refinances
- Commercial Properties
- Home Equity Loans

**Three Trends Worth Watching**

There is no doubt the direction of interest rates has a significant bearing upon how quickly the real estate market will rebound. Lower rates provide refinancing opportunities for loans that are reaching maturity. Low rates also help first-time homebuyers get into homes. So the quest for the "what-if" direction... are rates going? Many analysts feel that rates are going up because of the pressure of inflation. One thing we are not going to do is speculate or predict what will happen in the future. However, we do watch the trends and these trends are important... Oil prices. The mercuro rise in oil prices has been the ultimate spark that has ignited inflation. It starts to reason that the recent dip-in-oil prices will help ease inflationary pressures. We speculated!

**Did You Know...**

Residential sales rose from the first quarter in 13 states (aug), from buyers responding to discounted home prices according to the latest quarterly survey by the National Association of Realtors. (Nearly one-quarter of metropolitan areas showed rising home prices in the second quarter from a year ago. In the second quarter, 35 out of 150 metropolitan statistical areas showed gains in median existing single-family home prices from the second quarter of last year, while 118 had price declines. "The biggest home-sales gains over the previous quarter have been in some of the markets with the steepest and fastest price drops," NAP Chief Economist Lawrence Yun said.

**Selected Interest Rates**  
August 14, 2008

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	6.03%
1 Year Adjustable	5.18%
10 Year Treasuries	3.85%

**In This Issue**

- P2 Housing Legislation
- P2 Sell Your Home In Any Market
- P3 A Year of Job Pain
- P4 Unmarried Couple as Force

# 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**

**L**ast 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 not a real estate professional, you may find a 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 get our clients from those purchasing or refinancing today—to those who might be making a business transaction, refinance in a few years or purchasing their first home in the next five years.

Certainly, financial leaders have changed the rules during the current 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 each house who we want to originate 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 purchasing 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 many credit reports they are going to make a purchase or refinance a home or car. If their

the damage may be too severe. Today's not only are mortgage lenders changing more for less credit scores, but are increasing underwriting, credit and documentation and even 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 someone needs 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 you, 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 digital, toll-free, call offers and even we could our loans or pay off banks over the past five years.



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

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# 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 house. 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 house? 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 payments 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 payments.

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. ☐

### IRA Advantage

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# THE REAL ESTATE TRENDS

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- ✘ Industry news, economic commentary, charts

## 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 bought 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.

### Tax Credit

- The maximum credit is \$7500 or 10% of the purchase price if lower than a \$75,000 sales price.
- If the home is purchased in 2009, homebuyers can deduct annual 2008 tax returns and claim their credit.
- The tax credit is "recaptured" by the IRS, and is an interest-free loan and

### Population Projections

What are the most important factors in population projections? One key factor is 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. □

### Did you know...

- Activity is slowing 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?**  
**Now there is a professional solution!**

→ 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*

**Contact Me for My Free Report...**



# 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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