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The Future of Mortgage Banking

MSAs Going Away? So What!

Smart lenders are moving quickly to embrace the change

By Sue Woodard

Marketing services agreements (MSAs) have been a way of life in our industry for generations. Varied in their size, shape and effects, MSAs have had great impact on mortgage loan originators. Today, their days appear numbered, thanks to the CFPB. But the situation is far from dire, assuming mortgage loan originators (MLOs) and their lenders make the right moves—quickly—to solidify relationships with referral partners.

MSAs have been frustrating for those who do not benefit from them, and most MLOs are accustomed to being turned away by referral prospects due to preexisting agreements with favored lenders. Having been an MLO myself for a large part of my career, I am never far from what's happening on the street—and the MLOs I speak to who have not been reaping the benefits of MSAs are logically jubilant at this turn of events.

On the other hand, I've talked to many who work for large lenders that leveraged MSAs for years and many are indeed sorry to see the agreements start to go away. It's understandable, since it is human nature to resist change. Yet many MLOs who worked under MSAs will tell you it was not exactly like catching fish in a barrel. You still had to perform or risk losing a deal to another lender, as some MSAs were more like rights of first refusal. Others will tell you that they saw service levels under stricter MSAs suffer, as the relationship could sometimes be taken for granted. With the playing field more level, everyone can ultimately benefit from greater attention paid to service levels, better competition and more professional experiences for borrowers and referral partners alike.

But why do I feel this is such a time sensitive issue, which must be acted upon now? Because you, dear reader, are not the only lender or MLO reevaluating their referral partnerships and pondering how you will interact most effectively with them in this new non-MSA era ahead. Thinking about co-branded marketing with referral partners as one key way to solidify a relationship? The first one to the referral partner with this concept wins—they will not typically co-brand with more than one lending partner. So you've got to be smarter than those who are faster—and faster than those who are smarter.

Making it happen smart: Technology and automation

Technology is a great leveler. Without it, transactions suffer, and along with them, relationships. With the right technology, just about everything becomes

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1220 Wantagh Avenue • Wantagh, New York 11793-2202
516-409-5555 • Fax: 516-409-4600 • E-mail: advertise@NMPMediaCorp.com
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easier and more efficient. It is easy to think back a decade or two when we were just starting to see the impact of computers and could scarcely dream of the digital revolution that has permeated every aspect of American life. In lending, technology has seen quantum change that has redoubled every year, and is now so ingrained in the way we do things it is impossible to contemplate doing without.

Technology combined with automation lets us find the best program and rates for each individual borrower's situation in moments, not the hours and even days once required. Advanced customer relationship management blends with next-level sales automation to create amazing milestone and marketing campaigns that cement the bonds with borrowers and real estate professionals. Mobile device functionality brings immediacy to MLO efforts not possible just months before. And instead of being intimidating, it is all enabling—especially as we move away from restrictive MSAs. We're replacing exclusivity with performance excellence that substantially upgrades the state of the mortgage loan origination art.

And automation makes co-branded marketing simple, as it does with so many things—not to mention that it's critical to the success of this endeavor with a referral partner. Automation keeps your consistent, focused marketing plan on track—and keeps your relationship on track—even when you or the referral partner are on vacation or busy closing deals.

Making it happen fast: Promote benefits of co-branding

Now is the time to get to your referral partners with co-branded marketing—but when a MLO presents this opportunity to a referral partner prospect, it needs to be something special. The competitive difference comes when the MLO provides highly sophisticated co-branded automated marketing campaigns that parlay outstanding content, sharp professional design and easy implementation. This potent combination makes referral partners truly look into the future for their businesses and see wonders—with their brand names prominently part of the entire package. Working with the MLO empowers referral partners to flex marketing muscles they didn't know they had, and all without impact to their current bandwidth, thanks to automation.

With David Letterman retired, top 10 lists may no longer be part of late night television. But here are 10 great examples of automated co-branding features, all readily accessible to MLOs, which can directly improve the lives of real estate professionals:

1. Advanced, automated capabilities that include a Web presence to centralize each referral partner's co-branded marketing efforts with the MLO;
2. Co-branded marketing tools that allow the MLO to choose from ready to go campaigns or create customized materials, all co-branded with the referral partner for readily implemented co-marketing campaigns;
3. Profile customization that allows the referral partner to easily upload and edit logos, photos, contact information and other essential information used in marketing collateral;
4. A secure list management environment in which the referral partner can comfortably provide campaign recipient information to which only they personally, not the lender, have access;
5. Great designs and sophisticated content for all materials that are beyond virtually every referral partner's capability to create;
6. A loan status center that empowers the referral partner to check transaction status of all loans they have referred to the MLO, available 24/7 via desktop, laptop and mobile device;
7. Co-branded open house flyers that MLOs can provide for each open house event, with property information and compliant, lender-approved loan information;
8. Full reporting capabilities that allow referral partners and lenders to evaluate the effectiveness of their co-branded marketing efforts;
9. Vastly increased marketing reach for both referral partners and MLOs;

10. Immensely stronger professional bonds for all parties—not only through leads coming back from marketing campaigns, but through greatly improved borrower experiences that increase the real estate professional's success with their own efforts for borrower referrals.

Change comes with the territory

Even with the knowledge that lenders need to move quickly to embrace this change, the reality is that most people are predisposed against change. So it's no surprise that some in the lending industry are greeting the emerging trend in MSAs with dismay. British novelist Arnold Bennett once said, "Any change, even a change for the better, is always accompanied by drawbacks and discomforts." He was quite right, of course, and completely relevant even though he said it about a century ago. But in the case of disappearing MSAs, the drawbacks and discomforts can be limited.

In the long run and in the short run, all MLOs can benefit if MSAs in fact end up fading into history. Those working under them now can put advanced co-branding techniques to work that will more than make up for the lost exclusivity the agreements provided. Along the way, their service levels will rise and client satisfaction will go through the roof. That said, the most influential MSAs were predominantly with the largest institutions, and those are often the slowest to change course, particularly when technology is involved. Big IT departments frequently prefer to build things rather than buy them, and frankly that is very difficult in this case. This level of advanced CRM is extremely difficult to replicate, and the content libraries owned and continually refreshed by companies like ours that have been in the space a long time are virtually impossible to duplicate.

MLOs working for most other national, super-regional and smaller firms may have a bit of an advantage here. These companies are generally more inclined toward nimbleness and prompt evaluation of available technologies. Further, the technology providers offering the most advanced co-branded marketing tools are well-versed in dealing with the non-mega lender tiers, making the selection and implementation process a much simpler matter today than in the "big iron = big check" era. Thanks to cloud-based and SaaS delivery, unit pricing and other considerations, getting up to speed is faster and more cost effective than it has ever been with technology of this game-changing magnitude.

Despite the normal impulse to want things to remain the same, change is your friend—especially if you make your move quickly to embrace the opportunity presented by the collision of old ways of doing business going away and the new era of automation and technology.

Sue Woodard is president and CEO of Vantage Production, a CRM technology provider based in Red Bank, N.J. Prior, she was an award-winning mortgage originator, trainer and speaker. She can be reached by e-mail at swoodard@vantageproduction.com.