



TEN THOUSAND HOURS

Many would-be borrowers, especially the first-timers that are expected to ignite the housing market, still do not know where to start.

BY DAN GREEN

We're already about a quarter of the way through 2016. TRID is already in rearview. While hardly a distant memory – it may never be a distant memory for mortgage professionals – the biggest regulatory change in mortgage history is becoming de rigueur. And it is almost Spring; that magical time of year when hearts and minds of all ages turn their attention to home buying. Or at least those of us in the mortgage business hope they do.

But will they? Rates are seriously low, far lower than anyone expected. Demand for housing is pent-up. The population interested in housing continues to grow, showing that the American Dream of owning a home remains as strong as ever. So why does housing, and the mortgage business, continue to disappoint?

There is no single answer to this question, though one answer, is that the mortgage process is daunting. Not for mortgage lenders, of course, but to borrowers. Even with all the press the housing market gets and the important TRID objective of borrower empowerment, many would-be borrowers, especially the first-timers that are expected to ignite the housing market, still do not know where to start.

This isn't just conjecture. Admittedly a case study of just two, I recently journeyed through the mortgage process personally, both for our family home and for the home we sold. I found the mortgage process easy. Everything happened as expected, when expected. The lender and I worked comfortably together throughout the entire mortgage origination cycle. Closing date arrived, no surprises, and twenty minutes later my wife and I were homeowners.

In contrast, the couple who bought the home we sold had – and are having – an entirely different financing experience. “Experience” is the operative word. My trip through the mortgage process certainly wasn’t my first. My 25 year career in the mortgage industry helps, too. The couple buying my home was entirely new to the process, hence the struggle getting to the closing table.

Mortgage professionals, when financing their residences, think nothing of the mortgage process. That is because we do nothing but think about it all day, every day, and have for many years. This is important: we are experts. We have practiced, refining our knowledge of the business and the process with every loan we manufacture.

That is why ten thousand hours is significant. In his book *Outliers*, Malcolm Gladwell examined what made uber-successful people successful. The answer is practice, though not just a

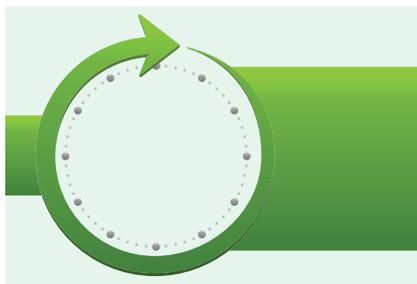
are good at something have their DNA to thank. Not so. His hypothesis is any of us can be good at anything if we are willing to put the time in. Got 10,000 spare hours? I have a proposal for you.

We’ve established we are mortgage experts. The proposal? Take the knowledge of housing finance we’ve accumulated over the hours we’ve spent in the business and share it with borrowers, especially first-time buyers. No buyer, or at least very few buyers, will ever become experts in the mortgage business. They’ll never take out enough mortgages. Nor will they have any interest in doing so. We have an opportunity, though, during the 30 to 60 days they spend with us to educate them about mortgages generally and their mortgage specifically. We also have tools and techniques many of us did not have when we began our mortgage careers.

How do we share our expertise? The

can help you identify potential borrowers many months before they are ready, perhaps even before they know they are ready. It’s no secret the mortgage market has established new volume levels that are lower than the highs experienced in the peak years of the early 2000s. Still, over one trillion dollars per year is nothing at which to sneeze. The trick is figuring out which borrowers are in the pool each year. Thanks to data and sophisticated analytics, the fishing is easier and more predictable than it used to be.

The second step in transferring your 10,000 hours or more of expertise to borrowers is to cater to their changing needs. While I am neither a millennial nor a Gen-Xer, I am a member of what is now being termed Gen-D, a cross-generational group for whom the digital experience is deeply ingrained. The digital generation lives largely online, conveniently research-



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little bit of practice, lots of practice. Turns out it takes about 10,000 hours or practice to become an expert. If you’ve been in the mortgage business for five years or more, you’ve spent at least that amount of time in housing finance. You are an expert.

Experts, by definition, have comprehensive knowledge of their given skill. We all know them. We all see them. The soccer player who makes scoring seem effortless. The musician who plays flawlessly, the developer whose code is impeccable, and don’t forget the mortgage lender who gets their borrower to the closing table happy and on time. How do they do it? Natural ability? Nope. Practice.

Practice - over natural ability - is an important finding from Gladwell’s book. Many of us assume those who

usual ways, though with some modern twists.

First, you have to find your buyers. It may be a new age of lending, though some things don’t change. Buying a home is typically not an impulse purchase. People think about it. A lot. And for a long time, often for more than a year. It’s important to find them during this ‘getting ready’ phase because when they are ready, you want them to think of you first. Finding potential buyers may not be as hard as you think. We have the traditional methods of doing so. First-time homebuyer seminars, perhaps offered as online webinars rather than the in-person, classroom style sessions we were subjected to is a good place to start. Then there’s the data-mining route. You likely have partners in the mortgage industry that

ing, shopping, and buying just about everything. When Gen-D is not online, which probably is not often, we prefer to be doing something that’s not chores. If we can take care of ‘it’ online, we have more time for other pursuits. Gen-D includes many millennials who also just happen to be the next great generation of homeowners. They’ll buy their first home soon, then, like the generations before them, they’ll purchase one, two, three or more afterwards. Yet they’ll do it differently, very likely all online. This is the generation who will pioneer the digital mortgage. Lenders who ‘pioneer’ with them are playing the long game, winning today, tomorrow and far into the future.

What’s the digital mortgage look like? We’ve said it before. At the macro-level, it’s completely paperless, all

electronic. It's born and lives entirely online, closing electronically, too. Borrowers and lenders interact exclusively in the virtual world through portals, email, though email is becoming obsolete with texting becoming the new favorite. Borrowers self-originate at their convenience. Lending estimates appear in the portal you provide. The portal is also the vehicle for transport of all information needed from the borrower and all information you need to share with them. Snail mail? Forget it. Too slow, too cumbersome.

It's important to acknowledge there's pioneering to be done here. Very few lenders offer the total digital experience. Even fewer go digital all the way to the closing table and beyond. Many county recorders either won't - or can't - handle eClosing. External barriers are a reality, though will eventually dissolve in the wake of overwhelming demand. Internal barriers exist, too, though lenders have the power to overcome them. Today's mortgage technologies eliminate the 'tools' excuse. What's left? People and process. In other words, the desire to go digital. Lenders who desire to digitally pioneer, as has already been mentioned, win the long game.

How did my case study of two come to an end? My wife and I have been living in our new house for almost six months. Happy ending there, though moving boxes still occupy too much space. The couple buying our previous home will close before the end of March after a few months under contract. While we are very happy for them as first-time homebuyers, we do lament their arduous financing experience. Although they are a case study of one, their experience is far too

common. What made it hard and take longer than they expected? Compliance is likely the main culprit. Their lender's years of experience as well as the remarkable technologies at their fingertips should have moved their application from origination to closing quickly and with little stress. As far as we've come, and as experienced as we are, it's clear more of our experience needs to be shared with each and every homebuyer. It's the catalyst the housing market needs. ❖

ABOUT THE AUTHOR

As Executive Vice President, Operations for Mortgage Cadence, Dan Green works with the team to create greater efficiencies in all areas and coordinating efforts that enhance service quality and teamwork. Formerly, Green served as Chief Operating Officer/Chief Marketing Officer of Prime Alliance Solutions followed by Marketing Lead for Mortgage Cadence. Prior to that, he had an eight year career with CUNA Mutual Mortgage where he was responsible for origination, servicing, lending technologies, process reengineering and education. With over 30 years of financial services and mortgage experience, he's keenly interested in lending performance and performance benchmarking that helps lenders constantly increase efficiencies while enhancing the financing experience for borrowers.

