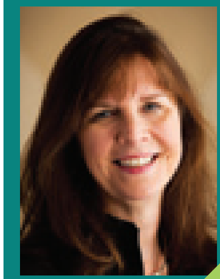

THE LAST WORD

Tracy Ashfield

# Decide What You Need in Your MLOs

In the last issue I focused on the Four P's to success: People, Process, Products and Pricing. There is a reason I put people first, let's look at why.

It has been two decades since we first saw the online mortgage application emerging in mortgage banking shops. As this new delivery channel became available many were asking, "Does this mean we won't need loan originators?"

We wondered if consumers would "self-originate" their loans, bypassing the needs for loan originators. Well, we all know that never came to bear. In fact, many lenders still use the online application as primarily a lead-generation tool, turning over these applications to dedicated loan originators to be completed.

## THE IMPACT OF AUTOMATION

We are continuing to automate and digitize the mortgage process. Almost monthly I see new solutions coming to market; mobile applications, verification report vendors, e-closing providers and more. The mortgage process is so far behind other consumer buying experiences. This is all long overdue.

Will this eliminate the need for people? Maybe a few. But what it will really do is change what our people do and how they do it.

Most of the routine and repetitive tasks are getting automated. That means loan originators, processors, underwriters and closer/funders need to be the best at what they do.

Remember when so much of the mortgage process was clerical and repetitive that adding inexperienced temporary employees actually helped us move loans through the process? No more.

So let's look at loan originators. Almost every credit union I work with is recruiting for more MLOs. Why?

As the pipelines shift from refinance to purchase loans, members are looking for high tech, but also high touch. They want knowledgeable loan originators that can help them select the right product, price and fee combination, and guide them through the process in a way that lets them sleep at night, rather than lie awake and worry.

Credit unions want to capture every lead that comes their way and turn a high percentage of them into applications, and ultimately, funded loans. So that begs the question, What skill sets are you looking for when you recruit for a loan originator?

I think they want people who can go out and get the business, and get the loan closed. If it were only that easy. Qualified loan originators are hard to find, and they command increasingly expensive compensation packages.

## THREE KINDS OF ORIGINATORS

I recommend that credit unions be realistic about the MLOs they have on staff, as well as what they want in new hires. There are three kinds of loan originators; Compliers, Convertors and Creators. As the names imply, all will get you mortgage applications. What differs is their role in getting the business in the door.

The Complier is every processor's dream: highly detailed-orientated, creating complete well documented files. But can they go out and drum up business? No.

The Convertor is the MLO I see most frequently in credit unions. These folks aren't going to bring the leads in, but once the lead gets to the credit union—via phone, web, branch, etc.—this person can convert the lead into a loan. Plain and simple, good Convertors can be very successful as long as the credit union's brand is strong enough as a mortgage lender that members are seeking them out.

Lastly, there's the Creator. We've all met a few of these types: smooth talking salespeople who will talk mortgage lending at their kid's soccer games, Rotary meetings, and just about anywhere they think there is an opportunity for a lead.

Each of these three types expect to be compensated very differently. So, first decide what you need. For example, does a share of your business walk straight in the door ready to do business? If so, please don't pay a Creator's rate to get that application into process.

Know what you need, pay them appropriately, and you'll find your people really are your greatest asset. Yes, even as we drive down the Digital Highway.

*Tracy Ashfield is president of Ashfield & Associates, a consulting and training business that assists credit unions with mortgage lending. She also works with NCUA to provide training and education on residential mortgage lending for examiners and regulators, and with ACUMA.*