

# Navigating the Choppy Waters of Rising Rates

Skills training can be a lifeline in the quest to reach safe harbor during trying times

By Dennis Black



Illustration by Dennis Wunsch

Entering the second half of 2018 and the beginning of 2019, mortgage companies are being buffeted by the high winds of rising mortgage rates and battered by a steady slowdown in production. One of the first areas companies often consider cutting costs is in nonproduction-oriented job functions, such as staff and support positions.

While this may be a traditional method for bolstering the bottom line, it may not always be in the company's best interest. It's difficult for mortgage originators to turn things around and generate more loans if the people tasked with assisting them are no longer on

the job. There's another way out of this — for companies willing to make the commitment.

To truly determine what is in your company's best interest, remember the value of training your team never stops. In good times, it is normally growth and process-oriented training that is in demand, as the market drives a lot of the production with advantageous rates that stimulate sales activity.

In higher interest rate times, it is the sales skills of well-trained mortgage originators that will win the day in an environment where more people are competing for fewer available opportunities. Skill matters in today's

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**Dennis Black** is the CEO of Dennis Black and Associates, a training organization devoted exclusively to the development of sales and management professionals within the lending industry. Dennis Black and Associates has trained more than 120,000 mortgage professionals throughout the United States, Canada and Australia. Black speaks at conferences sponsored by the Mortgage Bankers Association and NAMB — The Association of Mortgage Professionals that focus on selling strategies, and he is a frequent speaker at state conferences. Visit [dennisblack.com](http://dennisblack.com). Reach Black at [dennis@dennisblack.com](mailto:dennis@dennisblack.com).

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rising interest rate market, and skills can be developed.

What is the right training in today's lending world? To answer that question, you must first dissect what training is truly all about. Let's look at one of the many definitions of training: "To make proficient by instruction and practice, as in some art or profession."

As we look at our sales and management teams, do they have the training to adjust to this new world? Once again, the mortgage industry has fallen for the allure of the interest rate driving our production. So, when rates rise, companies more often than not panic and cut staff versus adjusting to the market and preparing people for a more stimulating, challenging opportunity.

This is a great moment to invest in helping your people to step up to the challenge and show their mettle backed by management support and direction. As you start to assess the right training process for your company, look at these key areas: management training, sales training and operations training. Each area is instrumental in getting through a volatile market.

### Management training

Quality lending organizations place a high value on a management-driven culture. By cultivating a proper sales-oriented culture, managers can truly drive productivity through promoting the right behaviors and utilization of selling skills in the field or on the phone.

Top managers increase the chances of avoiding major dips in production by coaching and counseling their sales teams to success — not letting them fret over rates, but teaching them what is required to adapt to these new market conditions. Your people are looking for direction and strategy to weather this storm and training them on how to do so is paramount to your company succeeding.

Originators who continue to be out in the field building third-party relationships and using proven sales techniques separate themselves from the competition. Real estate agents and builders are looking for that right

originator who will help their buyers get the financing they need to complete the purchase transaction.

With your team heavily invested in a consumer-direct selling model, treating every call like it is the only one they will get today is crucial to promoting quality dialogue. The borrower today is concerned about the rates rising. Consequently, ensuring the conversation is focused on understanding the borrower's goals and larger affordability concerns is key to ensuring a conversation doesn't become totally rate-driven.

Manager's play a major role in training their staff on an ongoing basis, and this role becomes more of a priority if the training staff is threatened with downsizing. If managers don't step up and consider this to be a priority, and if there is no training group retained, chaos and uncertainty will start to ripple through the company and turnover of sales people will follow.

### Sales training

Sales cannot be left on autopilot during this current rising rate market. It is more imperative in these mortgage conditions that an originator really feels confident when getting out to call on real estate agents or builders, and in knowing how to handle the inevitable question from the borrower, "What is your rate?"

The nature of sales people in a rising-rate environment is to want to "match the rate" they hear a borrower has received from another lender. Instead, they need to really understand the dynamics behind the borrower's true reason for the transaction.

Every borrower contacts a mortgage company with a reason for the inquiry — whether it be a cash-out refinance or a purchase. Once you understand the borrower's motivation and the key factors they will evaluate in addition to the rate, you have a chance to propose the right product that will meet their individual needs.

In the mortgage industry in the second half of 2018, the adjustable rate mortgage product will be a major factor in being payment — not rate — competitive. Originators should ask the

most critical questions before ever suggesting a loan product to a borrower: "How long do you plan on staying in your property?" and "Is cash flow every month or paying off your mortgage in a shorter time frame a key factor in making your decision?"

Once you know the answers to those questions, then, and only then, will you be able to recommend a product and discuss the corresponding house payment and interest rate associated with it. The rate should be the last part of the discussion.

Training of your sales group is more important now than ever before because they have to learn how to stand out with the real estate agent and borrower to thrive, versus just survive, in today's market. Being average will not cut it and being better will be based on the training they receive. Whether it be from a manager, a training-department staff member or an outside company, now is the time to invest in sales training to get through the choppy waters expected over the next year in this industry.

### Operations training

The most overlooked group in the mortgage business often are the people who interact with clients and referral agents at critical junctures in the loan-approval process — the operations staff. The ability for most operations people to communicate is primarily internal, to move a loan through the system. Yet, at times, their interaction with the real estate agent, builder or borrower can make or break a relationship.

By training your operations staff on problem-solving communication techniques and putting them through communication skills training, you make sure the final bridge is crossed and your staff is ready to provide a quality customer service experience. The key to effective customer service communication is problem resolution.

Operations staff often get questions about a loan's status or potential hitches in the approval process from the client, a loan officer or managers. The easy answer is to just say, "No, that won't work." It takes self-control

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to think the problem through and consider possible solutions that can lead to an alternative response like, "Yes, here is what we need to do to make this work." That's where the training needs to be developed.



Training and developing your mortgage company's personnel is an ongoing process and a culture. It is never an event. Take the time to chart your course through these challenging waters, and you will reach a point where you find you can navigate the rising-rate market while also setting your company up to be a desirable work environment for now and into the future.

Make a commitment to training your staff and good things will happen, not just now, but going forward in this business. ■