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Illustration by Paula Douglass

# PERSISTENCE Will Pay Off in Troubling Times

## Originators can overcome a down market by educating and engaging borrowers

Mortgage originators are in for a big change this year, especially those who have yet to experience a slowing, or even stagnant, housing market. This year will likely be the defining moment for many originators, and whether they make a profit or break even will depend on proper diligence and a commitment to success.

Margins are compressing, and the simple truth is that mortgage executives will have to make some very serious, calculated decisions regarding commissions, operations, technology and, of course, staffing. It's not the first time, nor will it be the last. • • •

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long as our economy is healthy and functioning properly, peaks and valleys will continue to characterize the market for mortgage professionals and clients alike. That's why one of the most important traits a loan originator can develop is perseverance and the ability to push forward when business slows.

This industry necessitates a never-quit, never-give-up attitude. It's critical for originators to focus on doing the right thing every single day — not just when the market makes the work easy.

After all, that's what it means to "Keep Chopping Wood," a phrase used by former head coach and NFL player Jack Del Rio during his tenure as coach of the Jacksonville Jaguars. He popularized the phrase during his 2003 season to demonstrate how the team would slowly, but surely, overcome any obstacle in their path. Del Rio even placed a wooden stump and ax in the Jaguars' locker room as a symbol of their effort and constant reminder of his "Keep Chopping Wood" mantra.

This motivational mantra holds relevance for the mortgage industry as well. No matter what is occurring in the market, by persevering and focusing on what matters most (educating and engaging borrowers), originators can overcome any down market.

## **Build relationships**

What does it mean for a mortgage originator to keep chopping wood? It's no easy feat to achieve success in the mortgage industry, much less maintain consistent, long-term success, but there are some fundamentals that loan originators can internalize to ensure their business is prepared for the future.

One critical element is the importance of establishing positive borrower relationships that foster borrower satisfaction in the process. The industry has thrived in a low-rate environment for more than a decade now, which allowed a number of originators to build sizable operations based on a high demand for refinance loans. As rates have gone up, however, this market has shrunk and competition for purchase originations is increasing — representing a completely different market altogether.

Those originators who focus on quickly getting borrowers in and out of the door, and that lack meaningful relationships with them, will likely experience a significant slowdown in business.

On the other hand, originators who take the time and care to build long-term relationships will reap the rewards for years to come in the form of repeat business and referrals.

Of course, building these relationships takes time, and requires a significant investment on the originator's part. That's why another valuable fundamental for originators to keep in mind is their responsibility as educators and mentors.

The mortgage process can be complex, and often full of minute details that represent unknown territory for many borrowers. Originators have a responsibility to guide their borrowers through the mortgage process.

They must help them evaluate all of the various options available to them — whether that's the type of mortgage they are taking on, the amount, the term or even if it is in their best interest to buy a house or not. At the end of the day, as originators help borrowers make smarter mortgage decisions, those borrowers will begin to view their originator as a trusted partner well beyond the closing date.

Originators also must work to ensure they have mutually beneficial relationships with local community businesses and industry partners. It's never enough for a mortgage originator to operate in a vacuum.

Rather, an originator's business will be defined by how they are regarded within the local community. Whether it's a real estate agent or a small business, these relationships serve as touch points for borrowers as they evaluate whether to do business with a mortgage originator.

It is important to remember that such partnerships are not defined by the number of leads one shares, but by the additional value each brings to the table. While sharing leads is a great start, helping each other's business from the perspective of operations, advice and insight into local or industry trends is a powerful way to bolster and energize positive, productive partner relationships.

## **Exercise discipline**

Beyond business operations, it's also important for originators to establish daily disciplines that one accomplishes without fail every day. A few good examples are:

- **Plan** for one's most important or critical activities that day and ensure those items are taken care of before all others. This way, once an originator has completed the most important tasks, they can turn to those noncritical ventures focused and unstressed.

- **Help or serve** at least one person. In the mortgage industry, it's easy to forget that borrowers are, more than likely, also the originator's neighbors and part of their community. By working to serve others, not only do originators perform a kind and uplifting act, they also better engage and understand the needs of their community.

- **Read and learn** something new. Education does not stop once an originator is established in their current position. Rather, that's when originators can focus on learning more than ever before. Once an originator is secure in their knowledge of the mortgage industry, they can expand their areas of interest and tie in knowledge from other experts and industries to inform their work with teammates and homebuyers.

- **Spend quality time** away from work with family or other pursuits. The mortgage industry is often characterized as sink or swim, but this mentality only serves to hinder the good work of talented professionals. It's important for these individuals to spend time away from their work, to recharge their batteries and come to the office each day refreshed and ready to tackle whatever challenge awaits.

With the approaching spring and summer homebuying season, there's no shortage of mortgage lenders and originators looking to make their mark. By adopting and following even a few of the strategies outlined here, originators will be better prepared to combat margin compression and continue to thrive in today's modern housing market. ■



**Mike Hardwick** is founder and president of Churchill Mortgage, a leader in the mortgage industry providing conventional, FHA, VA and USDA residential mortgages across 46 states. Hardwick's autobiography, "Keep Chopping Wood: A Pastor's Son Who Had it All, Lost it All, and Then Regained True Wealth," offers guidance and advice on how to achieve both business and personal success while leading a happier, more meaningful life in the service of others.

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