

Selling Purchases

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Loan officers across the country are watching their pipelines dwindle. As of the first week of June, mortgage apps written nationwide fell 67 percent from the same week one year ago. WOW! And yet the purchase business is strong. I don't think we can blame it all on rates. They certainly have a lot to do with so few refinances, but how do you reconcile the conversion percentage dropping on purchase leads over refinances? If I got 20 leads a week one year ago, and I get 20 leads a week now, I should get the same number of loans written. My Internet division gets the same number of leads now as three months ago, so the conversion percentage *has* gone down. Sure, you may only be getting 10 leads a week now when last year you got 20, but purchase business is actually EASIER to convert. You should be getting TWICE the conversions. So, you should offset less leads with higher conversions and keep your sales the same. HOW YOU SELL your customer and what you tell yourself mentally (that purchases are tougher than refinances) determine your sales volume.

Most brokers pre-qualify (PQ) a purchaser, and they do it the same way

they work refinances. That is crazy! The purchase mentality is different! The purchase is a dream, not a financial decision. You should NEVER just quote rates and costs with either purchases or refinances. But, more importantly, you should not pre-qualify purchases or refinances the same. A refinance PQ simply involves checking income, credit, etc., and making sure you can do the deal. Purchases, however, should be sold differently. You do NOT sell purchasers on you and your company until after you have spent time focusing on them. You NEVER quote rates on a purchase until you have pre-qualified them. And you NEVER just ask about their income or debt. Remember, a purchase is a dream. A refinance is saving money, consolidating debt, etc. A purchase is personal; a refinance is financial. You MUST acknowledge this key difference. If you do, you will likely be the only broker doing so, and your conversions will DOUBLE. As a result, there are two key questions to ask purchasers that will both double your conversion rate and open them up to the dream:

First, you should ask, “**In what home price or area are you looking to buy?**” Don't PQ them and tell them what they can afford right off the bat; you will squash the dream. We are so used to the refinance mindset being all about the savings that we forget that, in purchases, it is all about the dream. Let them share the dream with you. This personalizes the experience and develops trust. In so doing, their natural defenses come down, and they open up a little more, which is essential in converting the greatest number of people into homeowners.

Second, you should ask, “**What**

monthly payment do you feel comfortable making?” Asking this moves you from the status of sales person to that of “dream maker.” You are looking at the house of their dreams, designating a payment with which they feel comfortable and making their dream a reality. Now, when you pre-qualify them, you are actually helping them get into the home they desire. Subsequently, they are now buying your solution instead of your “sell.” It is much easier that way. People love to buy, but they hate to be sold. (*If they want a \$500,000 house and a \$1000 payment, it becomes your job to bring them back to reality – but even then you are a facilitator of the dream.*)

With the last loan I wrote, I had customers tell me that they found the perfect house at \$400,000. They said it could easily be made wheelchair accessible, which was important since they supported their mother who was in a wheelchair. But, when I asked them the previously mentioned questions, it was apparent they could not fathom a payment over \$2000 a month – an impossibility in Florida due to high taxes and insurance. So, I shared my knowledge and explained the type of housing and location for which they should look. They ended up finding something a little further out, but in a better neighborhood, and already set up for a wheelchair! It was perfect and over \$100,000 less than the house in which they were originally interested.

If you ask these questions and your customers sense your sincerity, they will listen, and you will develop a bond that no builder's closing costs credit can snag away. Ask these two powerful

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questions BEFORE you ask borrowers how their credit looks, and watch your volume soar!

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