

# Pick a Niche and Stick With It

Becoming the local expert will help bring borrowers to you

By Nathan Rufty

Everyone has heard the saying, “A Jack of all trades, but master of none.” The hidden truth of this saying is that trying to be a “Jack of all trades” will just burn you out. No one has the time to learn enough about every subject to be passable in each trade. That is recipe for failure.

This goes for the residential mortgage business as well. If you try to master every loan program in every niche, you will learn just enough to originate bad loans for all of your borrowers. It is much better to pick a mortgage program or a borrower niche and master it completely before moving on to the next challenge.

Once you know a niche inside and out, top to bottom, application to closing, you can become the local expert in that niche. Then buyers, homeowners, builders, real estate agents and even lenders will call upon you with business opportunities.

## Picking a niche

There are so many niches it may be hard to choose one. You can offer downpayment-assistance programs for first-time homebuyers. You can focus on government loans, conventional loans, jumbo loans or even city, county or state loan programs. There also are reverse mortgages, builder business, combo loans, Energy Efficient Mortgages, Home Affordable Refinance Program (HARP) loans and more. The list goes on and on.

It honestly doesn't matter where you start. Pick a niche that interests you and get to work. Start by reading your company's underwriting guidelines, the wholesaler's matrix and the services/investors manual to ensure

you can fund that loan. The key is to know the program's limits, such as loan-to-value and debt-to-income ratios, credit-score minimums and downpayment requirements, available loan amounts and derogatory credit-history conditions, etc.

Spending the time to read and understand the guidelines will save you an embarrassing call to the agent or borrower when you have to decline the loan for a debt-ratio issue that should have been caught weeks earlier during prequalification. Stay with programs you know and never try to learn a program during underwriting. This will only give you a reputation for not knowing what you are doing.

## Exploring borrower niches

Niches are not just about programs, however. You also can expand into buyer or homeowner niches by catering to specific groups of people. Take public employees, for example. You can focus on law enforcement personnel, firefighters, EMTs, teachers and more. Once you start working with a niche borrower, like veterans, for example, word will spread around your lending area that you are the go-to loan officer to handle U.S. Department of Veterans Affairs loans.

Then, when military veteran homeowners are looking to purchase a new home or lower their interest rates by refinancing, your name will pop up if they ask around about who can assist them. You must help this happen, however. Make sure veterans can find you through online searches, or from a direct-mail piece they or a friend received. If they ask their Realtor or another veteran who can help them refinance or purchase a home, being the expert

on loans for veterans will help make sure your name is the one they hear.

Lately, many news reports about buyer groups have focused on millennials and Hispanic buyers. If you want to serve either, or both, of these groups, you will need to become the expert on the first-time homebuyer and downpayment-assistance programs your company offers. Whatever group you choose, do your research. Learn what that group needs and find products that will help fill those needs.

## Spread the word

After you learn all there is to know about your chosen niche and the groups that your programs will best serve, you need to spread the

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**Nathan Rufty** is a mortgage coach and trainer with Mortgage Marketing Pros, a company that works with loan officers to develop marketing plans that increase leads and closed loans. Mortgage Marketing Pros was created by a producing loan officer and a master marketer to teach mortgage professionals how to create their own businesses without relying so much on one or two streams that can dry up without warning. For more information, visit [mortgagemarketingpros.com](http://mortgagemarketingpros.com). Reach Rufty at (909) 731-1218.

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word about your expertise. You should do this in every piece of information you send out.

Spread the word about your niche knowledge on your business cards, e-mail signature line, voice-mail recording, tagline when introducing yourself, direct-mail pieces and even when leaving phone messages. Your goal is to be front-of-mind when anyone in your sphere of influence knows or hears about someone looking to buy or refinance.

Then, start showing off your expertise in public and online. Write a blog about your niche or post a video on YouTube about how to apply for a loan in your niche. Partner with local Realtors to present seminars on your niche or offer to do joint marketing with them. Offer your services as an expert to local media outlets. Make sure that everyone in your local area knows you are the expert on that niche.

Then, when you use more ordinary marketing tactics, such as calling on local Realtors, sending e-mail blasts to referral partners, sending direct-mail pieces to potential buyers, calling on past clients to ask for referrals or see if they are looking to refinance, your name and your expertise will already be known to them.

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Finally, when choosing a niche, stay away from competitive markets that are inundated with competition. Instead, pick a niche with less competition, such as U.S. Department of Agriculture loans, downpayment-assistance programs or the new Fannie Mae HomeReady program, which has yet to become a staple. You can be the loan originator that brings the HomeReady program to your market. ■