



YOUR VOICE - By JEFF WIRSING

A Question To Ponder

You may be familiar the popular party game “Would you rather,” whereby a question is posed which involves having to choose between two (often undesirable) choices. It’s a game that provokes a lot of fun and interesting discussions, introspection and critical thinking. Here’s a “Would you rather” question for mortgage originators.

“Would you rather...originate loans or change people’s lives?”

On the surface, this question may seem simple and an easy one to answer. I think all of us would quickly say that we want to change people’s lives. But once you start to think harder about the question you may find it’s not as simple as it appears.

An originator who endeavors to “change” someone’s life is taking on a pretty significant responsibility. Not every mortgage originator is comfortable in that role. After all, what gives an originator the right to think they are in a position to change someone’s life? And if they are in a position to change someone’s life how do they go about doing it? And do they have the tools to do it?

Americans are struggling with multiple converging obstacles that impede their ability to achieve their financial goals. The solution to their problems is really quite simple and mortgage originators are uniquely qualified to help by providing “just-in-time” information.

Over the next few weeks I’m going to blog about the important role that mortgage originators can play (if they choose to) in changing

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the lives of millions of Americans and, at the same time, re-build the mortgage industry, re-establish confidence in the value of home ownership and have more fun and get more personal enjoyment out of being a mortgage originator than ever before.

Now let’s begin a discussion which explores the huge opportunity that the mortgage origination industry has when it comes to playing a significant role in changing people’s lives.

Let’s begin by acknowledging what we all know. A home purchase or refinance involves arranging and negotiating what equates to the largest financial transaction and debt obligation in most people’s lives. That alone says a lot with regard to the importance of the event. But what has gone unnoticed, and what I want to discuss, is how homeownership, the home finance transaction, and the future of America are intertwined, and more specifically, how the mortgage origination industry is uniquely positioned to play a key role, if they choose to, in leading America back to greatness.

Given that eighty percent of wealth in America is created through real estate, namely homeownership, the mortgage origination industry is engaging with Americans at a critical point in their lives. So again I ask the question, “Would you rather originate loans or change people’s lives?”

Clearly this discussion isn’t intended for those in the mortgage industry who choose to embrace, and cling on to, the concept that mortgage financing is a “commodity” and the only thing that matters is the rate, the fees and the loan program. So if that’s you...you are excused. But if you believe that your role as a mortgage professional is to educate consumers, and help them make decisions that are sustainable and serve their needs today and in the future, I’d like to talk with you about using the mortgage trans-

action as a “teachable moment”, and an opportunity to provide “just-in-time” information to Consumers, and in the process be a force in leading America, and Americans, back to greatness.

For those mortgage originators who believe their role is to “advise” clients, and not just take orders (...as in “would you like fries with that?”), it’s necessary to have a clear appreciation of the state of average Americans. So let’s consider the following facts:

>>> Despite living in one of the wealthiest countries in the world the rate at which people save for retirement in the U.S. is nearly zero. Outside of employer sponsored retirement plans individuals save virtually nothing for retirement and are relying on social security.

>>> Over 65% percent of Americans live paycheck-to-paycheck because they need their next paycheck in order to pay their upcoming bills.

>>> 66% of Americans have a net worth of less than \$25,000.

>>> The average American household sends 18% of their income each month to creditors other than mortgage lenders.

>>> The average American with a credit file has over \$18,000 in non-mortgage debt.

>>> 80% of wealth in America derives from real estate... namely home ownership.

All of the above statistics were gathered prior to the 2008 credit crisis, the subsequent mortgage meltdown and the bursting of the house bubble. When totaled, and then added to the resulting stock market crash, Americans in the last 5 years suffered a 30-50% loss in wealth. And given the current U.S. and international political and economic climate, (and despite my efforts to see things as “half-full”), all indications are that average Americans are going to struggle in the coming years when it comes to achieving their financial needs...let alone their financial dreams.

So, as we revisit the “Would you rather” question of originating mortgage loans or changing peoples’ lives, it’s clear that Americans have a need. And in the world of business...“Where there’s a need...there’s an opportunity”. The silver lining for the

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mortgage industry is that it has the ability to take the lemons it’s been sucking on these last three years and turn them into lemonade.

In 2007, the mortgage origination industry generated approximately \$3 trillion in originations. That equated to providing financial services to nearly 10 million Americans (1 in 5 homeowners). Despite the massive drop off (a loss of nearly 2/3’s in total volume) over that last three years the mortgage transaction still puts the origination industry in direct contact with a significant percentage of consumers annually. But more importantly, the context of this interaction is like no other industry. Originators

are assisting Consumers with a transaction that involves a significant and life impacting financial decision. But what’s unique is that in addition to the “transaction” that’s occurring, originators do something that almost no other financial services professional does, which is compile and assess the Consumers credit history (i.e. the credit report) and financial situation. As such, mortgage originators are in the unique position of being able to provide “just in time” financial education and information at one of the most “teachable moments” in people’s lives.

In an age when America’s priorities have shifted from being a savings nation to being a spending nation, and where the momentum has dramatically changed from living a life of self-reliance to one of dependence, the time has come for America to return to its roots. It’s time to promote thrift as a core American value and to make financial education and responsibility a national priority.

Financial education, integrated into the act of getting a mortgage, is the new paradigm that will, and must, be embraced by the mortgage origination industry. It’s possible for the mortgage industry, and individual Originators, to adopt a simple and commonsense financial education platform that can be blended with the mortgage origination process, that utilizes tools for self-administered financial decision making and which promotes financial self-reliance and being prepared for retirement.

Next month I’ll discuss specifics on how this can be accomplished and how Originators, and the mortgage origination industry, can move beyond just originating mortgages. ❖

Jeff Wirsing is President and Co-Founder of GreenBar America LLC. GreenBar offers a new mortgage loan pre-qualification system that mortgage originators will use with every person in the U.S. that seeks to finance a home. The program, called GreenBar, guarantees that the mortgage decision puts the Borrower in the safest possible financial position.