



Succeeding With Traditional Lenders by Playing Their Tune

By Wendy Peel

The role reverse-specific technology can play in engaging these lenders

Financial marketing has changed dramatically in the last decade. Over the last few years, “traditional” mortgage bankers have increasingly warmed to the idea that HECMs have a place in their product portfolios. As evidence, at ReverseVision we added more than 800 new companies to our RV Exchange (RVX) loan origination software (LOS) in 2016; more than 90 percent were traditional mortgage lenders. This trend toward HECMs as a commonly offered mortgage product is likely to continue for years to come, especially as rising interest rates drive traditional players to seek products that can replace their dwindling refi businesses.

To keep pace with growing marketplace interest, it’s critical that wholesale lenders who are recruiting traditional mortgage brokers or lenders fully appreciate the differences between the mortgage technology they are accustomed to using and the reverse mortgage technology offered in the market today.

Here are some points to consider:

Compliance

In today’s post-TRID environment, compliance alerts and audit support have become mandatory features for any competitive “traditional” LOS. Although TRID doesn’t yet apply to HECM loans, reverse lending has its own regulatory requirements that new participants need to understand from the start. The right technology can help companies maintain day-to-day compliance and respond to audit requests.

Traditional firms entering the reverse mortgage space will expect accurate reporting and administrative control over their environment; in fact, many have

strong views about the necessity of a single system of record for all loan data. Reverse technologies that can integrate reverse loan data into traditional lending systems will be increasingly required.

Loan Data Exchange and Licensing Model

A majority of reverse lending brokers originate under the umbrella of a wholesale lender’s LOS license on a common platform that enables near-frictionless submission and transfer of loan applications between partners. This approach creates a kind of “exchange” in which brokers and lenders can establish multiple partnerships that speed loan transitions to the benefit of all. While similar “supply chain” technology solutions are common in manufacturing, retail and logistics, they are rare to nonexistent in traditional mortgage lending. Explaining the advantages of this exchange to traditional mortgage lending participants is an opportunity reverse wholesale lenders should not miss.

Operating under a wholesale lender’s license also makes it possible for brokers to enter the reverse mortgage space with virtually no upfront investment and without adding fixed operating costs. While this arrangement can make for an effective recruitment perk, forward-thinking wholesale lenders may prefer to do business with brokers who have some skin in the game. Circumspect broker partners with experience in traditional lending will understand and expect that an investment in technology is an investment in compliance.

Education



Traditional mortgage brokers may assume reverse mortgages are “just another loan product,” but there are essential differences in product structure, market rate effects, fulfillment and—most importantly—how reverse mortgages are sold. Unlike traditional selling, with reverse lending brokers must first sell the idea that the loan is needed and convincingly present

its advantages over alternatives before edging out other firms for the business.

Wholesale lenders can help reverse mortgage brokers achieve compliance and production proficiency quickly by choosing a technology partner that offers hands-on training and integrated product education.

Sales Tools Most



Traditional brokers rely heavily on a customer relationship management (CRM) system to track leads and referrals and maintain client relationships and activities. However, they’re likely unfamiliar with reverse-specific CRM tools that complement effective reverse sales strategies. Effective selling requires financial modeling tools that convincingly show prospects how reverse mortgages can be used as a financial tool to complement or enhance their retirement plan. To set up brokers for success, make sure your brokers know how to use these sales tools.

Transparency and Consistency

Last but not least, traditional lenders expect to be able to prepare a compliant and attractive document package in a reasonable timeframe, using modern tools like eSign that add efficiency to the origination workflow. All too often, new reverse lenders assume the document sources they use in traditional lending activities will meet their reverse needs. Help new participants understand the significant structural and regulatory differences in reverse lending and navigate to technology services that focus on these unique needs.

There has never been a more promising time to enter the reverse mortgage industry, and wholesale lenders have the potential to realize incredible growth in a short span of time. With so much to learn at the outset, the key is choosing reverse mortgage technology services that make HECM origination feel a bit more like “business as usual” for new brokers entering the reverse space—rather than an exercise in frustration. ■