First Contact – the "SECOND CALL"

This week let's continue with some tips and ideas about how to handle the SECOND CALL – the one you make 15 minutes later where you actually talk in Mortgage Speak (sort of) and inform the senior about their eligibility (or not).

For this session to be meaningful to you, you should have read or listed to "Telephone Tips – FIRST CONTACT" available on the Value Financial Employee Web Pages.

If you recall, you left your senior in a state of excitement and anticipation by ending the first call something like this....

"OK, I will be back to you in a few minutes. I want to ask a favor. Here's what I want you to do while I'm running your benefit analysis. I want you to sit down, shut your eyes, think about what you need the most right now, and how you are going to feel once you get it. Because you can use your federally insured cash for anything you want, so start dreaming. I will be back in a few minutes."

Here's what you are doing while they are dreaming about spending their money.

1. Confirm the property value by using credible sources such as public records showing actual comps and sales. These sites exist and are free to use.
2. Run a comparison that shows at a minimum these four:
   a. the monthly arm MAXX
   b. the traditional monthly arms - both libor and cmt
   c. the fixed rate.
3. Show the comparison as if any remaining money is in the line of credit, so you can quote a payment if one is available but the ammo schedules will show maximum equity for the heirs by leaving it in the LOC. You can adjust this later after your senior has absorbed all this mortgage speak adequately enough to know what they are undertaking better.
One more step before you call the senior back. If the deal is upside down, stop and think. What if I could obtain a loan mod....**how much would we need the lender to write off?** This is critical. Because you should NEVER tell them that the program won't work. You should ALWAYS tell them it will work, but sometimes a bit of extra effort is necessary. By preparing yourself this way in the event of bad numbers you will be prepared to say “if we get a concession for you, your mortgage payment will be gone!”

Now you call them back. Always start off the call by re-introducing yourself. The senior needs to be reassured that it is really you. Say something like this. “Hi, Mildred. This is John; we just spoke a few minutes ago about getting rid of your mortgage and I have been verifying your benefits. Are you ready to hear the good news?”

Ask them to be sitting down, as you have some exciting news for them and you don’t want them to pass out! Then LAUGH. Remember my comments about LAUGHING in session one? They will LAUGH with you, and relax. **A relaxed senior is an open minded senior.**

If the numbers are good, explain them this way.

“**Well, I verified your house value to be somewhere around $200,000. You told me you owed $50,000. Based on your age of 75 you are qualified to completely pay off your existing mortgage** and have enough left over to establish a line of credit that you can use for anything you want, or just keep it there as an emergency fund. The line of credit will have $60,000 in it, and will grow by 6% a year. All your costs will be deferred so almost nothing will come out of your pocket. You will have to pay for counseling but it won’t be much more than $75. I think you ought to jump on this before the government changes their mind and messes with this program. Once you apply, your benefits will be locked in so they can’t take them away from you no matter what!”

Now, STOP ABOUT THREE SECONDS AND BREATHE. Then say “**So, what are you going to do with all this extra cash?**” AND LISTEN.

If you hear any objections, go back to a response like this...“Why do you think that?” or “Who told you that? Do you trust them?” Then defeat their objection using **PLAIN ENGLISH.**

If they sound excited, MAKE THE APPOINTMENT RIGHT AWAY AND GET OUT THERE. Tell then you will need about an hour, and go with a full package ready to be signed. NEVER go empty handed.
And NEVER LEAVE the house without the apps signed. They trust you; they can cancel anytime. So don’t be a weakling and put yourself in danger of losing the deal to a better LO.

Questions?

Now, let’s talk about what happens when the numbers don’t work.

Here is a concept you MUST remember. It’s not over unless you KILL IT. The mood has changed with almost all the lenders and they have been encouraged to negotiate, especially if they took what has come to be known as “bailout money”.

That is why I advised you to run the numbers as if you COULD obtain a concession of just enough money to bring the transaction to a zero sum ball game. Here’s what I mean by that. The lender gets paid as much as possible under the circumstances, and the senior gets to keep the home but nothing more. Fair solution, all things considered.

But how much “upside down” is too much “upside down”?

If they are upside down more than 25%, it will be a battle. However, it is still worth a try.

The key to this situation is to present it something like this.

“Mildred, I know you were concerned about qualifying and rightfully so. But I can see a way to make this work, if you will promise to help me when I ask for it. You know about the “bailout”, right. It has made a lot of lenders much more willing to cooperate so seniors like you can get rid of their mortgage payments to have a better life. We can make this work if we can get a concession. If it works, you will be set for life. Want me to proceed?” THEN WAIT A BIT AND BREATHE. They will say YES.

So you continue. “Well, you qualified for $120,000 so you have a good amount of money to work with. Right now, the most important thing for us to do would be to meet, get the application going, and get to work. Remember, you can cancel anytime if you change your mind. Plus I will not let you spend any money unless the lender is cooperating. So you have no risk, it is all upside for you.

So how about this afternoon; can we meet at your house and get started?”

In the next call, we are going to talk about how to keep the client once you sign them up. The 800 pound telephone plays a major role in that.