

# MORTGAGE LOAN BROKERING AND LENDING

## UNIT 2: SOURCES OF BUSINESS

### PREVIEW

The purpose of this unit is to acquaint the learner to the various types of advertising media that produce loans. An important aspect of advertising is to know the legal rules and to comply with mandatory regulations for advertising and marketing of loans.

### OBJECTIVES:

1. To introduce the new loan broker to methods of advertising.
2. To describe the target market of the lender.
3. To outline the marketing questions that must be answered.
4. To outline the purpose of advertising and reasons to advertise.
5. To introduce the learner to the regulations regarding advertising for licensees.

### SECTION 1: MARKETING

- I. Marketing promotes the loan r \_\_\_\_\_, lender or a specific loan program.
- II. Marketing efforts should focus on answering these questions (the 5 W's):
  - a. W\_\_\_\_\_ will the effort reach?
  - b. W\_\_\_\_\_ product or service is offered?
  - c. W\_\_\_\_\_ are the borrowers who seek the loan?
  - d. W\_\_\_\_\_ use your firm or loan, and Why are they seeking the funds?
  - e. W\_\_\_\_\_ does the borrower want the loan funds available?

### SECTION 2: TARGET MARKET

- I. Modern records enable the loan broker to focus on specific targets of individuals in a position for certain loan types to generate business.
- II. Computer d \_\_\_\_\_ greatly increase the lenders direct marketing efforts.

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## SECTION 3: ADVERTISING BASICS

I. A\_\_\_\_\_. Advertising should get the attention of the individual being marketed to in order to create interest with the desire to act.

A. The advertising objective is to gain A\_\_\_\_\_

B. Create I\_\_\_\_\_ in items in the ad

C. Spur D\_\_\_\_\_ on the reader

D. To take A\_\_\_\_\_ from the ad

II. Reasons for advertising include:

A. To create demand for a particular loan program.

B. To educate c\_\_\_\_\_ on loans available.

C. To bond with the referral business of the real estate community.

D. To assist customers.

E. To meet industry and government l\_\_\_\_\_ compliance criteria

F. To generate new and repeat business.

### Remodel AD

### Specific Loan AD

### Preparation AD

## SECTION 4: METHODS OF ADVERTISING.

### I. ORAL MEDIA

1. Radio. Identifies a specific programming a\_\_\_\_\_.

2. Television. General public name r\_\_\_\_\_ of the loan firm.

3. Telephone. Canvassing and marketing to i\_\_\_\_\_ individuals.

### II. WRITTEN MEDIA

1. Newspaper. Information on l\_\_\_\_\_ to the general public.

2. Magazine. Established c\_\_\_\_\_.

3. Billboard. Name identification of the loan c\_\_\_\_\_.

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4. Benches and Buses. Raises a \_\_\_\_\_ of lenders by display.
5. News Release. Recognizes loan agents and lenders.
6. Direct Mail. Goes directly to s \_\_\_\_\_ identified individuals.
7. Promotional Materials: Flyers and brochures for specific loan program types or specific loan firm or loan broker.

### III. INTERNET MARKETING

1. Home Page.
  - a. Other sources of advertising for business:
    - i. Telemarketing
    - ii. Marketing groups
  - b. Access to a wide range of services and information at the p \_\_\_\_\_ clients time line and level of interest.
2. Interactive. Basic loans and prequalification available to the general public for i \_\_\_\_\_ and follow up of the loan.
3. Links. Affiliate and support sites.
  - i. Realtor®
  - ii. Trade shows

## SECTION 5: ADVERTISING REGULATIONS

### I. Department of Real Estate (D \_\_\_\_\_) requirements:

1. Must include the name of the designated, licensed broker.
2. As of 7/1/2009, must have the DRE license number on printed materials.

### II. Real estate C \_\_\_\_\_ must pre-approve advance fee advertising.

### III. Regulation Z requires disclosure of

1. loan terms and c \_\_\_\_\_.
2. down payment and i \_\_\_\_\_ (monthly) payment
3. rate of finance c \_\_\_\_\_ expressed as an annual percentage rate (A \_\_\_\_\_)
4. dollar amount of points and finder's fee

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5. total n of installment payments
6. period of repayment (term)
7. ARM discount.
8. Balloon discount.
9. Prepayment penalty
10. Total amount financed

### **Classified Ad**

### **Leader Ad**

- IV. Fair Housing laws require a legal policy with uniform and consistent procedures of the loan process for all individuals with the intent to establish fair treatment for all prospective borrowers.
- V. California Courts have held that negligent and intentional misleading ads violate the law. (*People v. Superior Court* 96 Cal. Ap.3d 181)

### **Name Recognition Ad**

### **Classified Ad**

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COMPLETE THE EXERCISES THAT FOLLOW

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## MORTGAGE LOAN BROKERING AND LENDING

### STUDENT REVIEW QUIZ UNIT 2

1. T F Due to disclosure of all the fine print requirements for various loans, newspaper advertising for a particular loan program is virtually useless.
2. T F The real estate commissioner allows the salesperson to advertise, without using the name of the broker/firm, provided that the salesperson entirely pays for the ad and the commissioner has given prior approval of the ad.
3. T F Advertising law allows use of target groups in ads, such as “single” or ‘student’
4. T F Federal regulations monitor only the terms of the loan but ignores the total cost of borrowing
5. T F The cost of borrowing is covered by Fair Housing laws.
6. T F Promotional materials used at a Association of Realtors® annual Trade Fair would be an example of marketing to licensed real estate sales agents.
7. T F Mailing labels are available for direct mail campaigns to target a specific message to a particular group.
8. T F The main purpose of advertising is to create new business.
9. T F The marketing process is a step by step analysis of how to outline the objectives of your promotional campaign to gain results.
10. T F The Internet is one way for the lender’s message on loans and services to reach a wide audience and span the globe.

### ANSWERS TO THE STUDENT REVIEW QUIZ UNIT 2

1. F
2. F
3. F
4. F
5. F
6. T
7. T
8. T
9. T
- 10.T