

# For Loan Officers, Honesty is Crucial

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**W**hat is the No. 1 characteristic a person looks for when selecting a loan officer? I have spent years in this industry interacting with salespeople, customers and industry professionals. I've observed how these individuals operate and how their co-workers, managers and customers perceive them. And the answer to the above question not only is simple but also speaks of a characteristic all of us can master — honesty.

## Understanding surveys

Surveys are a popular way to measure our success in this industry. In my opinion, surveys are only as good as the information that goes into them. I don't usually rely on them for accurate data unless I understand how the data were collected. For example, if you are in politics, your candidate always is ahead in the poll you trust. But stop and look at the degree of error; the margin of error can be so large that the candidate can end up behind in the actual voting. And if you look at five different polls, you're bound to get five different sets of results.

This article will not address politics, but it will point out down-to-earth facts. We will address what I like to call "meat and potatoes." To find the answer

to my question, I have used a survey to which I refer from time to time. It is a simple and logical one-question survey that you can ask in any market at any time. The results will provide more valuable information than most formal polls.

In large and small settings across the country, I have asked a question, "What is the No. 1 characteristic you look for in a loan officer?" The results are remarkable and point to an alarming fact that our industry must address: Honesty can be the answer to our success.

A few years ago, I polled a group of real-estate agents, borrowers and related industry professionals in the Southwest, and I asked them about the top loan-officer characteristic. Here are the results, which I grouped into five categories:

- 82 percent: Honesty and ethics
- 8 percent: Dependability
- 5 percent: Product knowledge
- 3 percent: Experience in the industry
- 2 percent: Cost of the product offered

Over and over, the results have been the same. People choose to do business with a loan officer if they think the officer is honest. These results lead me to believe that most of the people with whom I have spoken have had an unpleasant experience that makes them question the integrity of their loan officers.

## Breaking it down

Let's take a look at each of these categories and explore how we can improve our industry reputation.

An astonishing 82 percent of the people polled stated that they would do business with loan officers they

perceived as honest and ethical. This is amazing. We do business with people we think are honest because we feel they are going to represent our interests in the transaction. We don't look for a dishonest loan officer when we want a loan. Instead, we look for the best in the business, and most people ask their friends, family and co-workers for a referral. When we do business with someone who is referred to us, we assume that person is honest and ethical.

I try to arm new loan officers with this fact as a weapon. Honesty is not a trait I can teach in the classroom. Either you are honest or you are not. But I can say this: If 82 percent of the people in the marketplace are willing to do business with you because of your honesty, all you need to do is prove them right.

The second-highest characteristic on the list is dependability. People simply want you to do what you say you're going to do. If you say you will call them on Monday, then by all means, call them on Monday. If you call them on Tuesday, you're too late and potentially have ruined the trust in the relationship. An apology helps at this point, but that doesn't always re-establish your dependability. I have heard that it takes 10 good deeds to erase one bad one. If this is your first transaction, it will take 10 positive ones to erase the damage caused by one poor choice.

The third characteristic on the list is product knowledge. We all need some help in this category. Borrowers want reassurance that they are getting the best products for their situations. They want to be confident that their mortgage professional has the competence to identify the right products for them and has the knowledge to put their plan into action

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successfully. We all should spend at least two hours each week studying new products and reviewing the guidelines of our current product mix. Are you now devoting any time to increasing your product knowledge?

Experience in our industry – the fourth characteristic mentioned in the survey – is extremely valuable. However, it is not one of the major factors our borrowers look for when selecting a loan officer. Our focus is on being a trusted adviser and not on impressing our customers with our tenure in the industry.

Product prices were the least-important characteristic of the five in the survey results. This refreshing fact leads me to believe that loan officers are indeed building trusted relation-

ships in our industry. There always will be customers who only use you because you are the cheapest price in town; they will never establish loyalty with any loan officer. My suggestion is that when dealing with a borrower or Realtor with this mindset, simply pass. It is absolutely OK to refuse to do business with someone like this. I guarantee it will be much more profitable to spend this time building rapport with another customer who is looking for a trusted adviser. Spend your time and energy working with people who will appreciate your level of customer service. Do not try to attract business based on the “lowest price in town” marketing approach. If you try that marketing approach, you ultimately will fail.

Successful loan officers lay the proper foundation for their success. Their careers are based on an ethical and honest approach to business. They are dependable and do as they promise. These loan officers spend time studying their products and understand how to map the right product to customers’ situations and needs. And finally, successful loan officers do not compete on price; they simply rely on their reputation for extraordinary customer service.

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