



Overcoming Rate Objections



“Your Interest Rate is Too High... We’re Going to Shop Around” is perhaps the most likely objection a borrower will express to their Loan Officer. If you are not prepared in how you are going to respond, or if you take the objection personally, chances are you will lose the transaction.

Our EHM Mastermind Panel gathered together to discuss how they handle interactions with borrowers who are singularly focused on Interest Rate. Their philosophies and scripting regarding rate objections may provide you with just the insights you need to keep that ‘shopper’ in your corner.

Be Proactive

The majority of our EHM Mastermind participants described a proactive process with regards to interest rates, thus preventing a rate objective from ever rearing its ugly head in the first place. **Nick Wilson (Bellevue WA)**, began our Mastermind discussion, ***“I will very rarely get a rate shopper once we are under contract.”*** This is because I’ve spent so much time together with the borrowers during the pre-qual phase, and it’s there that we’ve established a high level of trust. The reality is, we are in a very competitive industry, so I’m hyper-focused on customer service to my clients during all phases of the



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transaction.” **Sunny Wilson (Puyallup, WA)**, agreed, “Like Nick, I don’t run into pricing issues once we’ve really entered the loan process because my borrowers are so invested with me up front.”

Johnny Wendel (Corvallis, OR), then shared, “I have the conversation about rates during my first Borrower consultation. I talk about how a lot has changed in the mortgage world in the last eight years, and how the mortgage industry is monitored and rules are enforced. I explain how virtually all mortgage companies are selling to the same group of investors, and this has made most comparative mortgage rates very similar. Then, I talk about how I separate myself from the competition. I discuss with the borrowers how I use [E-Daily Rate Market Report](#) to gain insights on the direction rates are moving, and that I shop each of my customer’s rate to maximize their savings. I also talk about how we have 5+ Mortgage Insurance companies that have multiple options like Single Premium MI, Split Premium, etc., and that I can help save them money with these different options. Most mortgage LO’s don’t cover these topics in detail with their borrowers, so it makes us look special and unique. **After covering these topics, and spending that extra time, my borrowers will rarely shop my competition for a better interest rate.**”

Michael Gronwall (Irvine, CA), also uses analytics when discussing rate with his borrowers, “I use [Market Watch every day to follow the Bond Market](#). The site provides charts and graphs that are detailed and really helpful. When the market is moving and rates are changing, I pull up a chart, provide some written detail as to what is happening, and then I send that to the borrower. **I let borrowers know in advance that I provide this level of service related to rates as a courtesy to the client, so they can make an informed decision about locking a rate when it's most advantageous to them.**”

Be Confident

Loan Officers who possess a **fear** of discussing interest rates will often find themselves in situations where the borrower is comparison shopping and looking for a better option. Our Mastermind LO’s all expressed a high level of confidence when dealing with questions from borrowers about rates.



TAKING ACTION

Coach’s Tips: As a rule, Top Producing Loan Officers are able to discuss rates confidently, (Note – they are **confident**, not **arrogant**).

A key to being confident is knowing that what you have to offer as a Loan Officer is **valuable and unique**. You have to know why you are both **different and better** than your competition. [Take a few minutes today and consider your Value Proposition](#) to help gain clarity and confidence when dealing with borrowers shopping for the lowest rate.

Chuck Poulin (Chicago, IL), remarked, “When I find out my borrower is talking to an Online Lender that is quoting them lower rates, I’m very upfront about it. I’ll ask, ‘Do you know who you were speaking



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with at that company? What was is their NMLS number?’ I remind them that I've been doing this for 20 years, and if they are being quoted a rate that sounds too good to be true, then it probably is! I'll even say, 'No, that is not where rates are, that's not correct.' ***The way I see it, I'm not selling against the rate, but I'm articulating facts.*** I remind the borrower that an Online Lender isn't a Loan Officer, they are a ***telemarketer***, and there's a big difference. They need to know that a telemarketer is a 'robot' that happens to be human. I let the borrower know that I've got an Assistant, a local Processing team and Underwriting staff, and these people make a huge difference in a Real Estate transaction.”

Taryn Bellavance (Denver, CO), shared with the group, “I think the bottom line message regarding rates that must be communicated to the borrowers is: ‘You get what you pay for.’ I will educate borrowers on this by saying, ‘You can probably find a lower quoted rate online, but remember, this rate is there to attract you. To get the lowest rate, borrowers have to go through major headaches!’ I remind them that in this type of competitive housing market, you need a lender that is super involved. I'll say, ***Look, if you don't get the house due to poor customer service from your Lender, then that slightly lower rate doesn't do you any good!*** I think most borrowers understand this, that if you value a higher level of service, are you willing to pay a little more.”

Carol Dols (Stuart, FL), agreed, “If a borrower asks me to lower my rate, I'll ask them to obtain a quote from a competitor in writing and show me, and then I'll see what I can do. If a customer isn't comfortable doing that, then it's just hearsay, and I'm not willing to come down and match an imaginary rate. I make it clear to my borrowers that I offer very competitive rates, and that often lenders with a lower rate will have higher fees. I'll ask the borrower, ‘What is more important to you, \$5.00 in your monthly payment, or \$1,000 in fees?’ This is often eye opening for them. ***Then, if I lose them, I move on. I don't want to be the person that gives price away all the time.*** You have to be confident. When it comes to what I do for a living, I know that I'm good at this, and that what I offer to the borrowers and Agents is worth it.”

“If a borrower brings up the topic of interest rates, I'm very deliberate to provide them a general range of rates,” said **Dennis DeSchaine (Irvine, CA)**. “I'll say, ‘Right now, it's 3.5% to 4% on a 30-year fixed with no adjustments.’ I'm very vague, and intentionally so. ***I explain that rates fluctuate daily, and even hourly, and so the most important thing to figure out is how much home they qualify for so they can get out and start shopping.*** Now, sometimes I'll have to get a small pricing exception to keep a deal, but usually if I explain to the borrower all the particulars regarding their situation, i.e. their rental income, credit score, money down, pricing hits, etc., and tell them that I'm going to have this file underwritten locally when the competition will send their file who knows where, most will just say, ‘Sounds good, let's go!’ When competing against Big-Box Banks, I remind them, ‘It might take that Bank 90-days to get your loan closed, but I can get your transaction done on-time or early; that's our specialty!’ ***And hey, if they end up chasing the lower price, I'm ok with that too and just move on to the next deal.***”

Susan Klaren (Orange, CA), agreed, “I love what Dennis said about Big-Box Banks; yes, it can be hard to compete with their rate, ***but it goes back to being able to provide a 30-day close, and large Banks just***



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can't do that! I also remind borrowers that when their RE Agent is writing an offer, that a Listing Agent will be leery of getting an approval from a Big-Box Bank when compared to an offer where their preapproval is coming from me. I help them see that the timing and service received in a transaction really matters.”

Kelly Horgan (Reno, NV), then shared, “As others have said, it’s so important to build that relationship up front. I want my borrower to think to themselves after they’ve met with me, ***‘I like her, I know her, I’ve shaken her hand... I trust her.’*** ***This is what helps overcome rate objections.*** Now, If I can't meet with them face-to-face when taking the application, then I take extra time with them over the phone and build a rapport with them there. That said, if they are in town, there's nothing better than meeting with clients face-to-face. The files where I’ve not met with the client up-front, and a trusting relationship hasn’t been established, these end up becoming the problem files you wish you didn’t have!”

Shelly Harper (Coeur d’Alene, ID), closed our time together, “Sometimes, even when you are confident, it doesn’t matter what you say or do, and I think it’s good to realize you can't get it all, you can’t save every single deal regarding rate. ***We can’t take it personally, and we can't allow losing a deal to rate get us down!***”



TAKING ACTION

Coach’s Tips: Bill Peterson, (District Manager, OR & SW Washington) shared “Remember, if you don’t have something *Specific* you offer a customer that is *Unique*, (i.e. knowledge, service, product expertise, communication, education, etc.), then you will end up selling the only thing the borrower typically wants or even knows to talk about: ***RATES and FEES.*** This puts you as an LO in a position of comparison and competition vs. a place where you are adding value and appear unique.”

If you struggle with overcoming rate objections, a great next step would be to review the [Niche Value Proposition Article](#). Then, set aside 30-minutes to outline the ***defining characteristics of your business that set you apart from your competition.***

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