



By Eric Weinstein

To misquote my favorite country song: "I like my truck; I like my girlfriend, but I LOVE making money."

So you are a loan officer like me, how do you make more money? Here ... get up on Santa's lap and I will tell you.

"The more you know, the more you make." That was a truism I coined when I owned Carteret Mortgage and would tell my employees. It boils down to simple economics: The more knowledgeable the loan officer, the more money they would make me (and themselves). Therefore, I would have to pay them higher to keep them.

Let's look at two business models ... A mortgage company that buys leads and pays a low split versus a mortgage company where employees work from home and get a higher split.

A mortgage company with a large fixed overhead including buying leads, desks, office space, phone systems, etc. has to pay for it somehow. Invariably, it comes from the loan officer's split. In return, the loan officer receives strong support like managers, processors and the like. Typically, this is in a centralized location. If you rate a loan officer's knowledge on a scale from one to 10, this is an excellent training ground if you are one of those one to six loan

officers. Call it tuition. They get lower pay, but they learn the basics of the business all the way up to processing, submitting and closing a file.

Once you are a seven through nine, it makes more economic sense to work for a place with a higher split, but less support. At this point, if you know how to get your own business, process and close your own loans, it really doesn't pay for you to support those other clods who don't. There is nothing in an office you cannot set up at a home office. That is, except maybe the gossiping around the coffee machine and potential sexual harassment litigation as you make advances toward a fellow employee.

Granted, working from home is not for everyone. I have met terrific loan officers who just insist they need an office. This may be because they just cannot miss that next episode of "Oprah," they crave human companionship during the day or they have a spouse with three crying babies at home. Either way, to my mind, I cannot see paying a huge part of my split for this luxury. But that is why Baskin-Robbins comes in 31 flavors. Everyone is different. Personally, I think it is just cheaper to buy TIVO, a dog and a vase-tomy. I'm just saying ...

For those very few people who learn their way to be a glorious 10, the next step is to open your own shop. Once you

know everything there is about originating and closing mortgages, you are ready to start TO LEARN about opening your own shop. Here is another knowledge explosion you will need. There is licensing, IT, accounting, compliance and all the other things a loan officer never really has to consider or absorb. After that, it will take about a year perfecting procedures before you are even ready to consider hiring your first employee. There are no shortcuts. If you hire someone to do this part, you will not make enough money yourself to stay in business. You have to learn to do it yourself. How can you possibly supervise someone if you have no idea what they are doing? Not a good idea.

In 1991, I got into the mortgage industry working for some guy. When I first started out, I didn't even know there was a "I" in the word "MORTGAGE." My boss was not a very good teacher. When I asked him how to do something, he threw a 500-page loose leaf binder at me with all the products and procedures from a wholesaler with which we worked. Yes, there were no computers back then ... it all came in a book. Now, I didn't know much about mortgages, but I knew how to read. So I read it from cover to cover and read it again. I turned out to be the expert in the office because no one else bothered to read it. They were all taught "apprentice" style—watching someone else do

mortgages. That is still how most people learn to do loans. Not me. I read that manual, memorized it and did everything it said.

Four years later in 1995, I started my own mortgage company from my den. By 2003, we were the largest mortgage broker in the country. This is exactly how I did it. Now, you are reading my article in a highly respected mortgage industry magazine. Come on, you are way smarter than me ... you can do it as well.

The only obstacle in your way is knowledge. "The more you know, the more you make." It's up to you how much you want to make, because it is up to you how much you want to learn. Hit the books! Mo' smarts means mo' money ... go for it!

Eric Weinstein worked in banking, on the commercial real estate side until 1991, when he fell in love with residential lending. In 1995, he started a small mortgage company in his basement called Carteret Mortgage Corporation, which in 2003, grew to one of the largest mortgage broker companies in the United States. These days, Eric is semi-retired, doing mortgages by referral only. As he likes to put it, "He is either saving people money per month or helping them buy a new home. What a great job!" He may be reached by phone at (703) 505-8692 or e-mail eweinstein4u@gmail.com.