



BANKER TO MORTGAGE BROKER

Over multiple years, We have engaged in numerous conversations with existing mortgage professionals, insurance/financial planners and individuals currently in other areas of the financial services sector, all entertaining a change of scenery. The opportunities that exist for new mortgage agents and brokers is tremendous in the current regulatory environment. **The most compelling value proposition is aimed at mobile mortgage specialists converting to mortgage agents for the following reasons...**

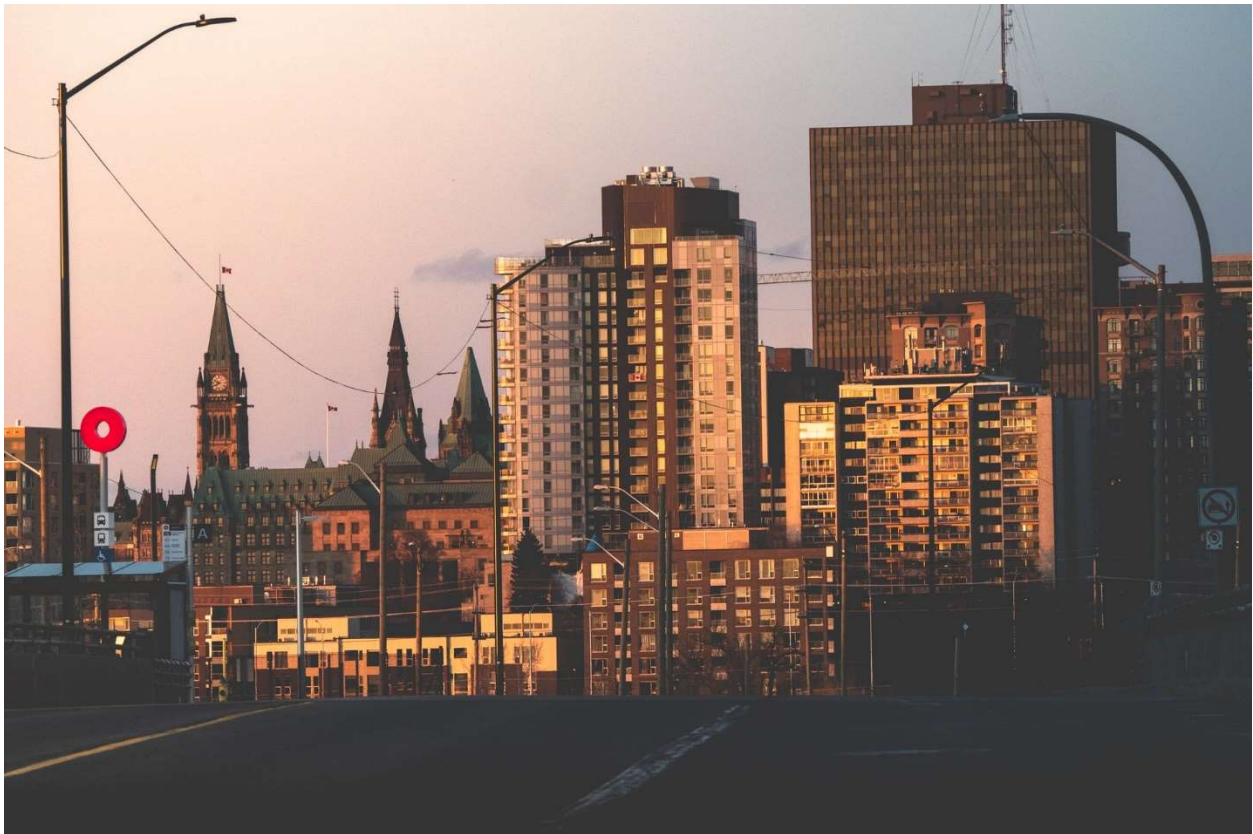
- Autonomy to operate business the way you want
- Greater access to lenders (alternative/sub-prime, private, commercial and construction)
- More robust compensation (including volume and efficiency bonuses)
- Ability to brand and market yourself in any capacity (training provided)
- Zero pressure to sell ancillary products (creditor insurance and cross-sell)

WHEN THE BANK NEEDS YOU MORE THAN YOU NEED THE BANK...IT'S TIME TO MAKE THE MOVE

I get it, change is scary and the unknown sometimes is better off left unknown. This may be true when reading a Stephen King book, however in the Broker space this is not the case.

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There comes a tipping point in your career as a mortgage specialist where you no longer rely on the brand and systems of the Bank to generate business. Clients and Referral sources come to you because of you, not the bank's logo that is on your business. When you reach this point in your career, the hardest part will be making the choice to change. The process for funding a loan is pretty much the same; you just have new and probably better tools (and several times the compensation for the same work).



To help you make the choice of jumping or staying on the ledge, this article outlines the steps and answers the questions you will have about expanding your career as a Mortgage Broker.

GETTING YOUR MORTGAGE AGENT LICENCE

Mortgage Agent and Broker Licences are regulated at a Provincial level. Therefore, the process, educators, are licensing requirements are slightly different in each province. The general process is all the same:

- Take an Agent Course
- Write and Pass an Agent Exam
- Anchor with (work for) a Mortgage Brokerage
- Start doing business

If you are so inclined and have ambitions of becoming a Mortgage Broker, the process would continue with the following steps:

- Work as a Mortgage Agent for at least 2 years
- Take a Broker Course
- Write and Pass a Broker Exam
- Register with your Provincial Regulator

To get started on your Agent licence please follow these links depending on the province you are in. Mortgage Professionals Canada, the Nation Industry organization, has a great article outlining and linking to the provincial programs to get your agent licence. Click Here

- <https://www.canadianmortgagetrends.com/how-to-become-a-mortgage-professional-in-canada/>



LEARNING LENDER PRODUCTS

One of the freezing points for most Mortgage Specialists is, what seems like, an overwhelming amount of information about lender and lender products options for your clients. Don't worry, we have you covered.

First thing you should know is the age old phrase "A Jack of all trades is the Master of none". Mortgage Brokers do not use all Lenders and all products to service their clients. They pick a handful of partners that have products that match their clients' lending scenarios. They become Masters of a few.

Brokers build partnerships, relationships and commit volume levels to their choice Lenders. Therefore, you don't have to learn all of it...you learn what you need. Yes, you may have the odd outlining loan that needs something you don't have in your bag of tricks, and that is when you can leverage your network to help place those loans.

Secondly, before you move to the Broker space, use a tool like Discovery (<https://newton.ca/discovery/>). Discovery is an online tool that stores all the lenders and their products in a searchable database. You can type in some basics of a mortgage application and Discovery will tell you which Lender,

which product and at what rate they will do the loan. I recommend that you sign up for this tool today. Use the tool side-by-side as you work your client files with your Bank today. Type in the loan details of your current loans or past loans. You will start to get a feel for which lenders will do your loans. Please note the information required for Discovery to work is not private client information, it is only deal specific information.



Third, you could join the online Facebook group “I love mortgage brokering”. If you are a millennial and reading this, I can see you rolling your eyes at the word “Facebook”, but bear with us for a minute. The “I love mortgage Brokering” is a very active online group which 99% of the chatter on the group is Brokers asking other Brokers advice on where to get loans financed. Things like “Do you know a Lender that will finance a \$35K Trailer, on leased land in Northern Quebec?”

Well that might be a little extreme, but you get my point.

Forth, every Lender has a team of local Business Development Managers (BDMs) whose entire job is to find, train and help you generate loans for their company.

As A Mortgage Agent You Will Need Tools, Lender Access And Mentorship

You will need to find a Brokerage and/or network that you can work with. Not all brokerages are created equally. There are many variables to consider, least

of which is the commission split. Completing a mortgage transaction in the broker channel has a few moving parts that the right Brokerage can help you navigate. Here are a few items that you should be considering when looking for a Brokerage to work with:

Lender Access and Status

Lenders don't do business with every mortgage agent or broker that is licensed in Canada – and they also do not pay all of them the same. Lenders reward Brokerages that provide volume, clean files and operate efficiently. Rewards include access to products, dedicated underwriters and the highest compensation possible per transaction. Additional incentives are available for efficiencies and larger volumes in the mortgage industry.



Also, most networks provide access to Central Underwriting Units (CUU). A CUU is a centralized broker that services the network of mortgage brokers. If you are stuck trying to find a Lender to do a loan, you can send your loan to your CUU and for an average fee of \$300, the CUU will package the loan and submit to a Lender that will fund the loan.

Mortgage Origination and CRM Software

Capital Mortgages has access to and can train you on the tool that will allow you to submit your client's mortgage application to Lenders, take applications, connect your website and social media account to an online mortgage application for your clients, document management software, electronic signature tools, database marketing tools, automated newsletter systems, CRM (Customer Relationship Management) platforms and so much more.

The tools and services to you are unlimited as a Mortgage Broker. The tools are built for you to grow your brand and your business not the banks.

Deal Support

Sometimes there are "tough" deals which require an experienced eye to help package or tell the story that makes sense to a lender, in order to get a loan approved. Having the support of an experienced Broker and team is vital to getting some loans approved.

Team Culture

When interviewing Brokerages that you are considering working with, team culture is probably the number one item you should be concerned with.

Working with people that share your beliefs, work ethic and sense of community is very important. Ask your Brokerage what do they do about the following:

- Company Events
- Charitable Activities
- Monthly Meetings
- Accessibility and Broker Mentoring
- Awards and Recognition
- A place to work and hold client meetings
- Annual Conferences
- Reward and Incentive Trips

MARKETING TO YOUR BOOK OF CLIENTS

Your clients have trusted you to manage their mortgage and financial needs as a mobile mortgage advisor and the trust you have built with your database has very little to do with the financial institution you work for. Your ability to market yourself as a mortgage agent and/or broker will only increase your visibility and enhance the opportunities you're able to present to future clients moving forward.

INDUSTRY ORGANIZATIONS

A great opportunity to learn a little more about what the Canadian Mortgage Industry has to offer in terms of business relationships, lenders to do business with, licensing requirements and much more, is to attend the events put on by our industry associations. We have both National and Provincial industry groups. Depending on your geography, check out the following groups:

National – Mortgage Professionals Canada – <https://mortgageproscan.ca/>

Canadian Mortgage Brokers Association, Ontario

– <http://www.cmbaontario.ca/>

Canadian Mortgage Brokers Association, British Columbia

– <https://www.cmbabc.ca/>

Alberta's Mortgage Brokers Association – <https://www.amba.ca/>

Canadian Mortgage Brokers Association, Atlantic Canada

– <https://cmbaatlantic.ca/>

COMPENSATION

Earlier in this article we talked about “know thyself”. If during that soul-searching section of this exercise you decided you would like to continue

referring your clients back to their bank, I would offer one little twist on that: refer them to a Mortgage Broker.

Likewise with Real-Estate referrals, there is an unwritten standard referral fee of 25% of the commission earned when referring clients. When referring to a Bank, you would be lucky to get a key chain.

However, if on the other hand you are “all in” on offering your clients mortgages, here is a general guide to the compensation available per mortgages.

The average mortgage in Canada is currently \$350,000. The average total compensation paid on a loan is ~1%. Therefore, in our example \$3,500. The gross revenue is split between the Brokerage and the Agent. The Brokerage earns a portion of the compensation for providing you use of its Brokerage licence, access to Lenders who will fund these transactions, office support, training, and all other services. The splits between Brokerages and Agents vary from brokerage to brokerage, based on services, the amount of support required, and a host of other factors and variables. To keep the math simple in our example, let's say the split on this loan is 25% to the Brokerage and 75% to you, the Agent. Your compensation on this loan would be \$2,625.

Recession proof your business by adding services where you can earn supplemental revenue while helping your clients. Mortgages and financial advice will always be your primary focus. You can earn additional compensation for selling creditor insurance (you are not forced or pressured to sell these products), however, it's a conversation with your client if the situation arises. Your ability to offer multiple lines of products from different financial institutions is where you truly become an all solutions provider for

your clients. From commercial mortgages, sub-prime and private mortgages you would have a wide array of options to meet your clients' needs.

COMMONLY ASKED QUESTIONS

Q – How do I learn all the mortgage products?

A – As discussed in the section called “Learning Lending Products”, focus on a few, use Discovery (<https://newton.ca/discovery/>) and connect with Lender Business Development Managers.

Q – Can I really earn more than 100BPS per loan without buying down the rate with my commissions?

A – Yes! Actually, the average bps earned per loan is 107. There is a long and short answer to why Banks and other Lenders can pay Brokers this level of compensation and why Banks cannot pay their sales force the same bps. The short answer .. it's cheaper for the banks to pay brokers 100bps per loan. Long answer is another story.

Q – Will Referral Sources send me business now that I am not with the bank?

A – Without a doubt! People refer business to people not companies. The brokering business is a people business and is the reason some brokers do better than others. Even within the Bank's sales forces, there are top producers and there are smaller producers. They both share the logo. However the logo has nothing to do with it, it's you. If your clients and referral sources call you versus calling the bank to connect to you...you are ready for this.

Q – I heard it is hard to get construction loans financed as a Mortgage Broker. Is that true? What lenders will do construction loans?

A – Mortgage Brokers do have access to Lenders that provide construction loans.

Q – I would like to learn and do commercial loans. How do I get started?

A – Commercial Lending is a world unto itself. This is a discussion for another time.

Q – If I have a problem, I am used to calling my Manager, or IT support, or HR .. What happens and how much support will I receive in the Broker world?

A – Capital Mortgages Inc. This is where when you are ready to make a move you need to connect with us to get an understanding of the support levels provided.

Q – Can I brand myself whatever I want as a Mortgage Agent?

A – As a Mortgage Agent, you must confirm with your Brokerage what your brand must contain to meet Provincial Regulations. When you become a Mortgage Broker, you can brand whatever your Trade Name of your business is that is registered with your Provincial Regulator

WHERE TO GET STARTED

If after reading this entire article you are interested in exploring a potentials banker to Broker switch we recommend....

1. Have a coffee with a few of Capital's agents and/or brokers. Brokerages are always interested in acquiring new and talented agents. Ask a ton of questions. If you need assistance in finding a few of our brokers to speak to, please reach out to us directly (info@capitalmortgages.com) and we would be happy to provide you a few names.

2. Attend an industry event. Sometimes you can learn a lot by being a fly on the wall at industry events or taking full advantage of the networking opportunities at these events. Check out the upcoming events put on by our National Industry group, Mortgage Professionals Canada - <https://mortgageproscan.ca/>
3. Get licensed using one of the following educational groups to get your licence:
 - Mortgage Professionals Canada
 - REMIC
 - Regional Mortgage Broker Association
4. Verify that we can help you grow your business the way you envision. Ask around about Capital Mortgages reputation. The Brokerage that gives you the 'biggest split" is not always the right one. You will need help getting mortgages funded before you need a bigger split.
5. Learn about the lenders in the mortgage broker space. There are hundreds of lenders and thousands of product options for your client's Don't get overwhelmed, take one lender at a time. Every Lender has a sales force whose job is to teach and cultivate business from new Mortgage Agents. Capital Mortgages and your participation at industry events will get you access to learning more about these lenders.
6. Break some eggs and talk to your clients. Use the suggestions in the previous section called "Marketing to your database of clients".
7. Lean on Capital Mortgages and our Network for support. Your broker owner is invested in your success; when you need help...ask us.