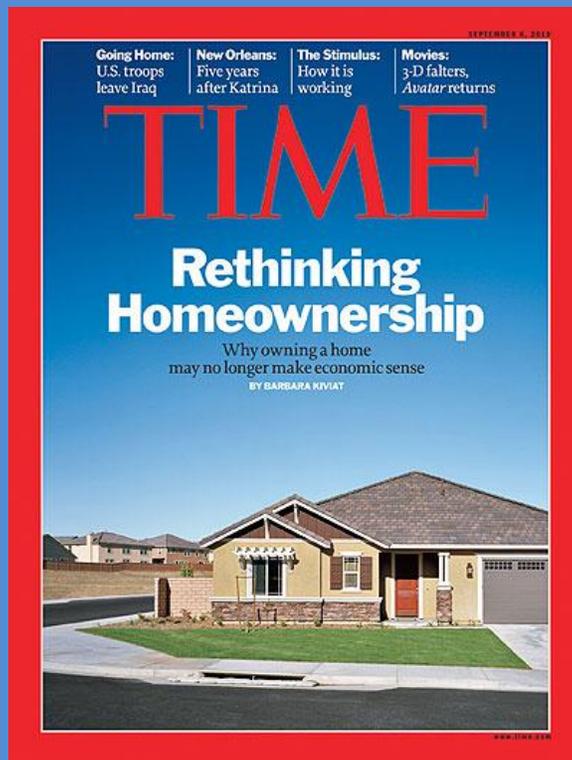


# Content Marketing: Using Facts & Reason to Counter Home Buyers' Fears, Fueled by Media Hysteria & Misinformation



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# Content Marketing:

## Using Facts & Reason to Counter Home Buyers' Fears, Fueled by Media Hysteria & Misinformation

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In a [recent article](#), I explained that successful marketers and salespeople all have the quality of Empathy, which includes (but is not limited to) the ability to put themselves in another's shoes and think the way their prospects think.

In fact there is some pretty fascinating brain research which shows that when a person with empathy sees someone going through an experience -- any kind of experience, ranging from joy to sorrow to rage or to fear -- when a person with empathy sees someone going through an emotional experience, the empathetic person can actually **feel** the same feelings as the person they are watching, and what is particularly fascinating is that the neurons in the same part of the brain will become active. In other words, if I have empathy and I see you experiencing sadness, and if we are both being monitored by a CAT scan of the brain, the parts of your brain that are connected with the experience of sadness will light up, and the exact same parts of my brain will also light up.



Someday, I will acquire the funding necessary to test my hypothesis that if you hook up most loan officers to a CAT scan, absolutely nothing will light up, anywhere in their brains. (Just kidding!)

I mention this thing about empathy because it ties into what I wanted to tell you about, and I will come back to that in a minute.



First, though, I want to say something about the purchase market today. If you have been around for a while and have been paying attention, or if you have studied the history of our real estate and mortgage markets over the last 40 or 50 years, when you look at the market we have today, there is **one inescapable conclusion: this is an unbelievably good market for buyers.** We have well over a year's worth of inventory nationwide. We probably have at least another year's worth of hidden inventory that has not yet hit the market. House prices have still not recovered from the burst of the housing bubble, and the median home price is roughly equivalent to what it was in 2000 -- more than 10 years ago. We still have very low interest rates -- just under 5% as I write this. I don't have to tell you what that means to the affordability of a mortgage payment. Yes, underwriting is tougher than it was in the "glory days" when a part-time cab driver could claim to be making \$200,000 a year and nobody bothered to check. But if home buyers can document their income, and they have some savings, and if

they have decent credit, and don't have unreasonable amounts of debt, it really is not that difficult to obtain mortgage financing – assuming they choose a competent loan officer.

To sum it up, we have plenty of inventory, significant downward pressure on prices, historically low interest rates, and mortgage financing that is readily available to all but the least credit worthy people out there. So you might wonder:

## Why Aren't More People Buying Homes?



That's a simple question with perhaps a not so simple answer, but the short answer is that many people who would otherwise be home buyers in this market are hesitating, in large part, because of what they've heard or read in the media. Most Americans do not have an in-depth understanding of economics or the workings of the banking and real estate industries -- so when they read some of the media coverage of the credit crisis and the bursting of the housing bubble, they are confused about what to make of this information. Discretion being the better part of valor, many people decide to wait until the picture becomes clearer. (And sadly, by then the market will have turned and they will be paying a lot more for their homes.)

To add to the problem, many of the journalists who are writing stories about the wisdom of buying a home in today's market are, unfortunately, themselves economic illiterates – and some of them seem committed to using their forum to express their personal political views.

Media corporations are not, by definition, noble humanitarian nonprofits selflessly dedicated to providing complete, accurate and impartial information to the public -- they are, in fact, corporations in business to make a profit. And there is absolutely nothing wrong with that. We should be aware, however, that their income is primarily based on advertising revenue. And those advertising dollars are driven by the number of people who watch read or listen to the products produced by these media organizations -- the more viewers a television program has, for example, the more it can charge for its advertising.

And one thing the media has learned is that the more dramatic they can make a headline or a story sound, the more people will pay attention to it. It is a business decision.

To give you an example of what I am talking about in the context of the real estate and mortgage industries, I refer you to the Sept. 6, 2010 cover story in *Time* magazine:

The title on the cover says, "[Rethinking Home Ownership -- Why Owning a Home May No Longer Make Economic Sense](#)". To get an idea of the impact of this issue of *Time* magazine on your prospects, consider the fact that for every person who bought the magazine and read the cover story, there were probably 10 people who saw the cover and didn't read the article, but *did* form an impression based on the title on the cover.



And what impression did they form? Put yourself in their shoes: for reasons that escape me personally, *Time* magazine is still considered a respectable news publication. If *Time* magazine is saying that owning a home no longer makes economic sense, people who saw this cover no doubt came to the conclusion that buying a home is a more risky economic decision than they had previously thought.

Under those circumstances, many people will conclude that it is easier and probably safer to postpone any decision to buy.

As for the actual cover story itself, I'm not going to bother to provide an in-depth analysis of the article. *Time's* understanding of real estate, finance, and economics is rather limited. To attempt to educate an entire "news" organization, would, in the words of former Sen. Fred Thompson, be a bit like "trying to teach a pig to dance – it's a waste of the teacher's time, and it would only irritate the pig". However, I do have a few observations for the benefit of real estate and mortgage industry professionals who may need to discuss the subject with their clients:

The cover story states,

***"Homeownership contributed to the hollowing out of cities and kept renters out of the best neighborhoods. It fed America's overuse of energy and oil. It made it more difficult for those who had lost a job to find another. Perhaps worst of all, it helped us become casually self-deceiving: by telling ourselves that homeownership was a pathway to wealth and stable communities and better test scores, we avoided dealing with these formidable issues head-on."***

If even half of what this paragraph says were true, homeownership would be a threat to the nation on a par with crack cocaine, and should have been outlawed years ago. Let's take a closer look at this remarkable paragraph, which outlines the thesis of the article:

**Homeownership contributed to the hollowing out of cities?** To the degree to which some cities in this country have been "hollowed out", that is an indictment of the declining quality of life in some cities, and homeownership (the reporter is referring to the so-called "flight to the suburbs") is nothing more than a remedy chosen by free people in a free country. If more people wanted to live in cities, they would.



**Homeownership kept renters out of the best neighborhoods?** The reporter is referring to the fact that citizens in a community will sometimes unite to influence zoning laws to prevent the building of large apartment complexes in the middle of their neighborhoods. Their intent is not to discriminate against renters, but rather to protect their property values, and they take this position because there is ample historical and economic experience to demonstrate that when you put an apartment complex in the middle of a development of single-family homes, property values are in fact negatively affected. *Time* magazine and its reporter may not like the fact that in a free country people have the right to protect the value of their property, but that doesn't make it any less true.

**Homeownership fed America's overuse of energy and oil?** This assertion is based on the theory that if you live in the suburbs (the article ignores the fact that millions of homeowners live in cities), you probably drive a car to work. And for many people, that would be true, although many suburban dwellers work from their homes, and many more use commuter trains and other public transportation. The claim that America “overuses” energy and oil is made as if this were a proven fact that everyone knows. The truth is that it is a claim, an *assertion* which has been made for years by people with a particular political agenda, and this claim has been vigorously opposed by knowledgeable people, including scientists, with hard data. I’m not going to debate energy policy here, but anyone who is even modestly informed on the subject understands that it is not a settled question. And who decides that we are using “too much energy”? *Time* magazine? More people would agree that we are too dependent on *foreign* sources of energy – without necessarily agreeing that our need for energy is itself excessive.



**Homeownership made it more difficult for those who have lost a job to find another?** Here, the reporter is attempting to make a case that when you buy a home, you end up getting stuck there and can't move. So if you lose your job, and can't find another job where you live, you don't have the option of moving somewhere else where there may be a job. As evidence for her assertion, the reporter found one couple in Maryland where the husband was out of work and was offered a job in San Diego. They tried to sell their home in the immediate aftermath of the burst of the housing bubble and were unable to sell it for more than they owed on their mortgage. Against the impressive rhetorical power of our intrepid reporter's single example, my response is a simple statistic: in 2009, which was by no one's lights a good year to sell your home, over 5 million people did just that. And unless *Time* magazine's reporter can show photographic evidence of these 5 million families handcuffed to the front doors of their former homes, one assumes that once they had successfully sold their homes, these people were able to pick up and move pretty much anywhere they wanted to. To be fair to *Time* magazine, it has certainly been more difficult in the last three years for people to quickly sell their homes for a profit. But one would think from reading the *Time* magazine article that the history of homeownership began in 2007 and ended in 2010. That is just silly. It shows an ignorance of economics that is simply mind boggling. The housing market is, after all, a **market** -- and that means that it is *cyclical* -- there will be good times, bad times, and "normal" times.

**Perhaps worst of all, Homeownership helped us become casually self-deceiving: by telling ourselves that homeownership was a pathway to wealth and stable communities and better test scores, we avoided dealing with these formidable issues head-on?** Until I read this *Time* magazine article, I had not realized that simply by owning homes, you and I are responsible for the decay of our cities, for making renters into second-class citizens for destroying the planet, for exacerbating the unemployment problem, and apparently now, we are all deceiving ourselves, and by owning a home we are naively participating in some kind of get-rich-quick scheme.



But that's not all! Here's more from that in depth and insightful *Time* magazine investigation into the perils of home ownership:

“Washington lavishes homeowners with special treatment. When they file their income taxes, they can deduct mortgage interest and property taxes. When they sell, they don't have to pay tax on the first few hundreds of thousands of dollars in profit. In 1986 the tax code was rewritten, disallowing the deduction of interest from consumer loans like credit card debt, but an exception was made for the interest paid on a mortgage — a caveat that cost the government some \$80 billion in lost revenue in 2009.”

For those homeowners who may not have been aware that they are being “lavished with special treatment”, I give you a moment to pause and give thanks to your All-Powerful and Incredibly Generous Government. I have several points to make about this assertion by *Time* magazine and its reporter:

- The benefits to homeowners being described here represent a long-standing government policy to encourage homeownership -- not because the government is being charitable, but because it wants to encourage the economic and social benefits that accrue to the nation as a whole as a result of homeownership. In fact, the *Time* magazine article itself describes those economic and social benefits at the beginning of the article (although the reporter disputes those benefits without providing evidence).
- The vast majority of the 50% of our population that *actually pays* income taxes happen to be homeowners as well. Because of the way the tax code has evolved over the years, most renters do *not* pay income tax, and the poorest of them actually *receive* benefits paid for by tax dollars. (The exception would be renters who *can afford* to own a home but have chosen for reasons of their own not to do so. That is, of course, their choice. If they believed the tax benefits of homeownership were so “lavish,” they would go out and buy a home.)
- Certainly an intelligent case could be made for eliminating the tax benefits of homeownership as a matter of public policy. Such a case, it seems to me, would also need to advocate the elimination of ALL deductions and benefits provided by the government. And if that were done, virtually all Americans would be paying income tax -- not just 50% of us.
- But the biggest problem I have with *Time* magazine's position on the tax benefits granted to homeowners is this: **it assumes that the "\$80 billion in lost revenue in 2009" was money that belongs to the government.** That money does not, and never did “belong” to the government. The government creates no wealth. The government has no money of its own. The only way the government can acquire money is by taxing its people and requiring them to pay money out of their own pockets to the government under threat of legal force. This attitude on the part of *Time* magazine that the government “gives” money to homeowners should frankly offend any American who has read the *Declaration of Independence*: “We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the Pursuit of Happiness--That to secure these Rights, Governments are instituted among Men, deriving their just Powers from the Consent of the Governed.”

The position being taken here by *Time* magazine is more consistent with this famous quotation: “From each according to his ability, to each according to his need.” – written by Karl Marx, the author of *The Communist Manifesto*.

## There's No Such Thing As Bad Publicity?



You've probably heard the old expression, "there's no such thing as bad publicity." That may be true in some situations, but if you are trying to sell a home, or if you are a real estate agent, a mortgage professional, or anyone else who works in the real estate industry, you have to wonder whether anyone could find a silver lining in the kind of media attention exemplified by this *Time* magazine cover story.

And of course, it isn't just the *Time* magazine piece. The media is fascinated by bad news; in their world, bad news sells -- bad news is good for their business. (When was the last time you saw a headline that said, "Most Folks Had a Good Day Today"?) For the last couple of years, we have all been inundated by press coverage of the problems in the housing market, the foreclosure crisis, the credit crisis, the bad economy, and so forth. Unfortunately, almost all of this coverage has failed to identify the true causes of the crisis: government policies that have restricted land use in some parts of the country (thus raising the cost of housing); as well as government policies intended to encourage "affordable home ownership" (which resulted in legislation and regulation that required lenders to make loans to people who could not afford them, and which also fueled the housing bubble and the resulting crash). The politicians and bureaucrats who created these problems have largely succeeded in deflecting the responsibility to Wall St. and the Banks -- an exercise in cynicism that almost rivals the work of [Joseph Goebbels](#).

As I said at the beginning of this article, we have plenty of inventory (homes for sale), significant downward pressure on prices, low interest rates, and mortgage financing that is still available to all but the least credit worthy. To give you an idea of how cockeyed our world has become, just imagine if I came to you in 2005 and told you that in five years, interest rates would be at or below 5%, we would have more than a year's worth of inventory, and that housing prices will have dropped by about 30% nationwide. Wouldn't you think that those conditions -- which are incredibly favorable to home buyers -- would constitute an enormously strong incentive for those who did not already own a home but wanted to -- to take advantage of this once-in-a-lifetime opportunity to buy one?

*Of course*, homeownership is not for everyone. We have all encountered people who are not yet in a financial position where it would be advisable for them to buy a home even if they could qualify for one. Moreover, home ownership is a personal choice and a lifestyle that does not appeal to everyone. If you prefer to rent you should continue to rent -- it is, after all, a free country. **But there are millions of Americans who are in a position to take advantage of this remarkable perfect storm of conditions that strongly favor the home buyer.** And they are holding back, waiting, afraid to move forward -- in part, because of a misinformed and economically illiterate media elite that appears bent on convincing all of us that the sky is falling and that even if we did ignore their warnings and get a great bargain on a home, we should be branded as selfish people who are bankrupting the country, ruining our cities, and destroying the planet.



Somebody needs to have their meds checked.

And somebody needs to start providing prospective home buyers with more accurate, financially sound, and economically literate information.

## What Can Loan Originators Do?

Let's define the problem that we're trying to address: **the problem is that as a result of media hysteria and misinformation, people who want to own their own home, and are financially qualified to do so, are hesitating or being scared away from taking any action that might lead to the purchase of a home.**

This is happening in spite of the fact that, as I have pointed out before, current market conditions are better for home buyers than they have been in many years -- arguably, conditions are better than they have *ever* been.

Ironically, the media's reaction to the bursting of the housing bubble a few years ago has actually *helped* to create the very favorable conditions for home buyers that we are seeing today -- because all of the publicity and its attendant ignorance of the realities of market economics *has served to keep buyers out of the market* -- and the fewer buyers who are active in the market relative to the available inventory, the lower housing prices get, and the stronger the negotiating position of the relatively few buyers who have not been scared away. For example, according to *Inside Mortgage Finance*, distressed properties -- REO and short sales -- accounted for 47.5 % of home purchase transactions tracked during September 2010. The Distressed Property Index was at 47.2% in December 2010.



In my seminars, I have spoken about the concept of "the Smart Money". This is a borrowed Wall Street expression that refers to the behavior of traders who consistently outperform the market. How do they do that? By doing the exact opposite of what everybody else is doing. In the real estate market today, the "herd" is staying away in droves -- in large part because they've been scared off by all the gloom and doom publicity. Right now, as we speak, the smart money -- whether you're talking about an experienced investor or a first time home buyer -- is buying real estate.

Your job as loan originator is to find and help inform and encourage the people who have the imagination and intelligence and potential to do what the smart money is doing.

As a mortgage lender, you don't have the media's platform nor can you command the attention of an audience the size of *Time* magazine's. But you don't need the media's megaphone. In fact, if you think about it, if everybody were doing what the smart money is doing today, everybody would be buying homes, and we wouldn't have a buyer's market anymore. As a loan officer, you are in a unique position to help people in your community achieve their dreams of homeownership -- and to do so in a way that is most likely to simultaneously help them build wealth.

One reason you are in a unique position to do this is that the general public tends to perceive mortgage lenders as being more neutral about whether or not a particular consumer decides to buy a home. People have that perception of you, in part, because they know they will have to meet certain qualifications before you would loan them the money to buy a house. Contrast your position with that of a real estate agent: nobody seriously believes that a real estate agent would ever say "No" to a potential home buyer -- so when Realtors tell them that this is a great time to buy a home, people see that as a self-serving statement from a professional salesperson. (You may remember, they were saying the same thing in 2005, just before the bubble burst and a lot of people were overpaying for houses that were about to lose 30% of their value.) Your perceived neutrality, on the other hand, gives you the potential for greater credibility.

Unfortunately, too many loan officers sacrifice their advantage and destroy their own credibility by sounding like some Realtors -- by only showing the happy-face, sunshine-and-lightness side of homeownership -- when what is really called for here is for you to assume the role of a sober and trusted financial advisor, willing to talk honestly about both the pros *and* the cons of buying a home in today's market.



You see, **you cannot overcome people's fears by ignoring them.** You have to help your clients articulate and face their fears with facts and eyes wide open. I happen to be convinced that today's market is an unprecedented opportunity for people who want to own a home. I am also convinced that there are pitfalls which must be avoided -- it is entirely possible for an uninformed buyer to make some very expensive mistakes in today's real estate market. So as your client's trusted financial advisor, you owe them a balanced analysis that allows them to fully understand both the risks and the rewards of buying a home in this market. And you should be referring them to real estate agents whose integrity, knowledge, and professionalism you respect.

## The Opportunity to Provide Service Is Also a Marketing Opportunity – for You

Two years ago, when I noticed this trend in our national home purchase market -- where qualified buyers were being scared away from the market by media hysteria -- I began working on ways to help my clients counteract this effect, and in essence, turn lemons into lemonade.

I wrote a series of seven Special Reports covering different aspects of the real estate market. Here is what the reports look like:



I also wrote a new e-mail campaign to be used in conjunction with the special reports. And I came up with 13 different ways of getting these reports and the drip campaign in front of prospective homebuyers. I designed these 13 different distribution tools so that almost all of them could be done by a loan officer at low cost or virtually no cost.

One client who used this system went from zero to over 300 opted-in subscribers in 60 days. These are all prospects that have identified themselves as wanting to buy a home, and because of his use of the special reports and the e-mail drip marketing campaign, they see him as an expert and a trusted advisor on buying a home in his local market. He has closed more than 20 purchase transactions already from this group of subscribers, and his pipeline includes another 30 or so that he has preapproved for mortgage financing, and who are actively looking for a home.

If you have the time, energy, and talent you could put together your own Content Marketing campaign designed to take advantage of the unique conditions of this real estate market and establish yourself as the preminent coach and advisor in your local market (and of course, their lender) for buyers who can see the opportunity presented by this very special set of market conditions.

You could probably do this on your own, but it would take you many hours -- as it did me. But there is an alternative.



As a personal coaching client, you have access to all of these materials, and more. For more information on personal coaching, email me at:

[CoachBob505@msn.com](mailto:CoachBob505@msn.com).

## About Coach Bob Williamson

Bob Williamson has been a business coach to the mortgage industry since 1988.

He has created or helped to pioneer such innovations as:

Content Marketing System – a system for generating home buyer leads and developing them into committed, loyal buyers, using facts & reason to counter fears that have been engendered by media hysteria & misinformation.

The Customer Care System – a detailed system, customized to the loan originator and the type of loan, for managing the many details of a loan transaction. The Customer Care System incorporates both sales/marketing activities and loan processing/production activities into one seamless structure, which can then be automated within a CRM or contact management software like ACT!

The Strategy Session – a revolutionary concept that positions the loan officer as the client's home buying coach, with an interest in helping clients negotiate the lowest possible price for the home they buy – in addition to finding them the best possible loan program for their situation. By assuming this role, the

loan originator provides far greater value to clients than his or her competition does, and escapes the “loan-as-commodity” price trap.

Realtor Partnerships – instead of assuming the traditional role, where the Realtor perceives (and treats) the lender as a vendor, this approach positions the loan originator as an equal partner in a cooperative sales and marketing effort. By proving that the loan officer can be effective as a sales partner – and not just a “loan jockey” – you earn the respect of real estate agents.

Time & Business Management – Bob has shown hundreds of loan originators how to structure their lending careers as autonomous businesses, applying best-practice management principles for people who often lack organization and effective business systems.