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To: NRMLA Members
From: Darryl Hicks, Associate Director
Subj: Lead Generation Companies

Several members of NRMLA have submitted complaints about the practices of a lead generation company based in California that is not a member of NRMLA. If you choose to conduct business with a lead generation company, you should take measures to protect yourself, which may include, but is not limited to, the following:

- Check out the company from which you are buying leads by obtaining a Tax ID number and requesting two or three references from well known, or known to exist, mortgage companies. You should assure yourself that the lead seller's references are bona fide companies that are active in the mortgage origination market.
- Consider obtaining a minimum of three referrals. Contact and interview those referrals in-depth prior to conducting business with a lead seller. If any concerns or questions are raised during these interviews, you should either obtain more information to assure yourself that the lead seller is providing a legitimate service.
- Do not pay by cash or money order. Buy a few leads first to see if they are worth what you are paying.
- Ask the lead seller whether its licensed as a mortgage originator, and if so, in which states. You should feel free to ask for copies of the seller's licenses.
- Ask the lead seller about its processes: where do they obtain leads? does the lead seller cull or develop the leads further prior to selling the leads? what is the lead seller's past experience with success ratios? (how many leads, generally, result in closed loans)
- Test the leads prior to entering into any long term binding contract whereby you are committed to buying a larger number.
- Review the seller's contract in detail prior to signing it, and review a description of the seller's products and services and whether the seller represents and warrants what it offers.
- Ask whether the seller is a NRMLA member. If the seller is not a NRMLA member, that is not a problem, *per se*, it may be, however, an indication of whether the company focuses on reverse mortgage and senior issues, or is a more general residential mortgage market participant.