



# Mortgage Brokering Advice From Gold Prospectors

## The surprising similarities of gold prospecting and mortgage brokering

When my son was a nine year old, he and I went gold panning on the North Fork of the Dry Creek on the west side of Fiddletown, Calif. My son will not allow me to tell you exactly where on the river because the location we found is the best that we have discovered in our many gold prospecting expeditions.

While we were searching and panning for gold, we began to think how the '49ers provide several important lessons that are appropriate today for business. The goal of a gold prospector or an argonaut is the efficient and effective extraction of the greatest quantity of gold with the least expenditure of the argonaut's money and time.

Similarly, the goal of a mortgage professional is the efficient and effective conversion of the greatest possible number of mortgage prospects into mortgage clients with the least expenditure of a mortgage professional's money and time.

### Comparisons

Here are just a few of the comparisons between mortgage brokers and gold prospectors.

### Patience

A gold prospector may have to search numerous locations for a good source of gold. Even in a good location, patience is

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## Gold prospectors, like professional mortgage brokers, both are searching for their "pot of gold."

an important virtue. A mortgage professional needs to market different areas to find his successful niche. Also, a mortgage broker will need to develop patience in dealing with clients and their important financial decisions.

### Hard Work

There is no substitute for hard work. A gold prospector worked from sunrise to sunset. Today, a modern mortgage professional works all day and then returns calls at night to develop his successful mortgage business.

### Education

The first American gold prospector from the East wasted months on inefficient mining tools and techniques. Later waves of prospectors included Mexicans, Chileans, Germans and other Europeans. These foreigners had many centuries of experience in mining, extracting and processing gold and other ores. The Americans learned the techniques that made mining safer and more efficient. Had the early miners studied some geology and mineralogy, the miners would have benefited more and sooner.

John Marshall, who started the Gold Rush by finding gold at Sutter's Mill in Coloma, Calif., took the gold he found to Sutter's Fort in Sacramento. At the fort, he read all about gold in an encyclopedia and

then did numerous tests on his rocks to confirm that he had discovered gold.

As a mortgage professional, learn all you can about:

- The mortgage business
- Business
- Selling
- Human psychology
- Computers

Take advantage of the NAMB and state educational programs. Take advantage of your local chapter's educational programs. Attend programs and seminars on topics that will help you develop your business and personal skills. Take some classes that are offered by related industries and competitive industries, such as seminars offered primarily to:

- Realtors
- Bankers
- Title Insurers
- Appraisers
- CPAs
- Attorneys

Gold prospectors asked questions and listened to other prospectors and suppliers for hints and suggestions. Listen to your fellow mortgage professionals, your lenders, your vendors and your suppliers. They may have valuable advice that will save you time and money and make you more money. Always continue to study and learn.

### Protect Your Claim

Many gold miners found lucrative gold veins, struck it rich and still left gold country with no fortune. Protect your claim and territory the best you can. When necessary use non-compete agreements, non-circumvent agreements, employment agreements, etc.

The '49ers had to contend with the weather, floods, night, animals, loneliness, scammers, Native Americans, mud, landslides, etc. Today, we have to contend with the marketplace and the economy. Protect yourself and your family.

Protect yourself from lawsuits and class actions to best of your ability. Act honestly and professionally in business. Disclosure to your client as you would like to be disclosed to if you were a borrower. Buy insurance to protect against large losses. Don't forget an umbrella policy.

### Reworking Depleted Gold Fields

Areas that the first '49ers worked and moved on were often successfully reworked. Currently, private mining companies are mining gold in hills near Sutter Creek. They are successful because of new and improved mining techniques. You can periodically go back to target markets and re-farm these areas with new and different marketing techniques.

### Spend Your Profits Carefully

Almost every gold miner left the gold fields with little or no money. Usually, they left prospecting with great memories of the adventure in the gold fields and the excitement of the town or camp but with no money in their ragged pants.

From the moment that you break-even in your business, you should put money away for emergencies and for your retirement. Consult your financial planner for the appropriate amount that you should be saving and investing. A basic rule of thumb is that you should have three to six months income as an emergency fund for use in the event that you have no income for a while. Also, many financial advisors suggest that you invest at least 10 percent of your income. Don't wait. Start investing for your retirement and other major expenditures. Major expenditures include college tuition, weddings, Bar Mitzvahs, illness and vacation homes.



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**The study of the gold prospectors of yesterday provide many good insights into what business people of today strive to achieve.**

**Cooperation**

The rugged argonauts spent a few years extracting gold ores from the rivers in the foothills. Later, the prospectors got together and built giant dams and flumes so that they could work the river as a team. Also, prospectors got together to work the mines together.

If you are working as an individual mortgage professional, keep your options open to joining with other professionals; however, you should join another professional only when the total income from the "joint venture" is more than twice the total income from the individuals. That is, the sum must be substantially more than the parts.

**Watch Out For Time Wasters**

The gold miners had many time wasters. The time wasters included saloons, brothels and gambling houses. These stole valuable time and money from the miners. Today, time wasters include the same vices and much more. Guard against money and time wasters. Find productive habits. Make a true contribution to your family, yourself, your business and your community.

**Opportunities In Related Industries**

Remember, over the long term, the most profitable folks in the whole Gold Rush

experience were the suppliers and vendors. The suppliers and vendors became wealthy at a lot higher rate than the argonauts.

The suppliers and vendors included the saloonkeepers, the shopkeepers, the clothes makers and the bankers. Investigate the opportunities as a supplier or vendor for the mortgage professionals. The industry has enjoyed unprecedented growth for the last few years due to low interest rates, low inflation, low unemployment and the introduction of new products. When one of these favorable factors changes, life as you know it will change. Start preparing now. That preparation may include working in the industry as a supplier or vendor.

**Go With Your Gut**

Sometimes it's best to "go with your gut" feeling. Leland Stanford went with his gut feeling and acquired one of the largest gold mines in California. He went on to become one of the "Big Four" in California history and the founder of Stanford University.

The study of the gold prospectors of yesterday provides many good insights into what we, as businesspeople of today, should strive to achieve. This study also shows vices and other things that we should avoid. Be a good argonaut and search the profitable way for your gold.