

# Capture Attention by Doing What Others Can't

Real estate agents team with originators who can get their clients across the finish line

By Joseph Lydon

**W**ith a low inventory of homes for sale and higher interest rates, mortgage professionals are finding it harder to make a profit in today's real estate market. Despite the industry currently being in a lull, there are still ways that you can confidently grow your mortgage business. The key is to expand your network and partner with the right contacts.

Enter real estate agents. Not only do agents have access to hundreds of contacts in their databases and can provide you with endless amounts of referrals, but they are also privy to market trends that can give you insights into the types of solutions that today's homebuyers need.

More often than not, you're competing with other mortgage originators who offer the same conforming loan products. That's why it's crucial to think about offering innovative loan products that get the attention of real estate agents. Not sure where to begin? Here's how you can stand out from the competition and connect with more agents in the coming months.

## Flexible programs

Although homebuyers may want to make a traditional bank their first stop for financing, that isn't always the right choice. Sure, the rates may be lower in some cases, but this comes at a cost. Strict guidelines paired with even stricter loan products make it difficult for an agent's nonbankable clients to find a loan. That's where you come in.

Since all homebuyers have unique mortgage needs, it's important to offer programs that give today's buyers more flexibility than conforming lenders are willing to offer. How can you do that? By affiliating yourself with lenders that offer a full suite of alternative loan products. Real estate agents want to work with originators who are well connected and have access to a wide range of products that may better fit their clients' financing needs.

Take, for example, a self-employed borrower. They may be creditworthy and have a successful business venture, but because their tax returns may not reflect actual cash flow, banks and other traditional lenders are hesitant to give them the green light for funding.

When this occurs, a real estate agent will want to team up with an originator who can offer a unique solution that will give them the "yes" their clients want to hear. For example, working with a lender that offers 12- or 24-month bank-statement loans will enable you to offer the borrower a program specifically suited for their unique needs. Strengthening your lender partnerships will help you diversify your loan offerings while making you a go-to source for out-of-the-box solutions.

## Diverse products

It's no secret — the demand for nonqualified mortgages (non-QM) is skyrocketing and is expected to continue growing in the near future. While qualified mortgages may work in some situations, non-QM loans offer more flexibility in terms of buyer qualifications and loan terms.

It's key for you to partner with lenders that have robust non-QM offerings. By adding these to your portfolio, you'll have more options for real estate agents and their clients. Most importantly, they'll feel more confident that their deals will actually close when they partner with you. Three non-QM products in particular that can have an impact today are bridge loans, non-warrantable condominium loans and foreign-national loans.

If a seller has the choice between an offer that's contingent on the buyer selling their current residence and an offer that isn't so contingent, chances are they're going to pick the latter. Unfortunately, this makes it difficult for the majority of real estate agents who are working with buyers shopping for homes today.

In these cases, you can offer bridge financing to help agents secure their deals. The way it works is simple: Buyers can access equity from their current home to purchase a new home. These are short-term loans (typically one year) that are repaid when the property sells or at the end of the term, whichever comes first. Some bridge financing programs come with no monthly payments or prepayment penalties. This is a huge advantage over hard money loans. The best part is that it allows a real estate agent to help a buyer gain a competitive advantage by making a noncontingent offer.

Besides dealing with a cooling market for single-family homes, real estate agents are also facing challenges in the condo space. Since the 2021 collapse of a condo tower in Surfside, Florida, Fannie Mae and Freddie Mac have tightened their restrictions on condo lending. Buyers must now answer a lengthy questionnaire about the unit's structural integrity. If this form is filled out incorrectly, the deal is likely to be thrown out.

As a result, agents have experienced major fallout in condo loan demand. For these scenarios, you can offer a nonwarrantable condo solution, which allows a buyer to enjoy more flexibility and less stringent underwriting

requirements. This gives real estate agents an alternative way to secure these types of deals.

In markets like Miami and New York, agents are often working with individuals from foreign countries, not just U.S. citizens. The problem here is that these buyers have limited financing options through conforming lenders.

To help real estate agents and their clients overcome this financing obstacle, you can offer a foreign-national loan product. With this mortgage program, a foreign credit report is accepted, and buyers are not required to provide domestic tax returns or credit reports. Incorporating a product like this into your offerings will help you reach even more agents who need help in securing financing for foreign nationals.

## Readily available

Nowadays, it's not enough for originators to work the usual 9 to 5, especially when refinance scenarios are scarce and you need to rely more heavily on purchase money business. It's smart to go the extra mile, particularly with real estate agents, who are on the clock on weekends.

Think about it: Agents are often taking their clients to open houses on Saturdays. For this reason, consider making yourself available for an hour or two to answer any questions they may have about financing needs.

If you want to expand your network, another avenue is to offer to attend an agent's open house in their place. That way, you have an opportunity to talk to potential clients in person. It's a win-win for both you and the agent.

As the mortgage industry shifts, it's important to keep up with the newest loan solutions and trends that make sense for homebuyers in today's environment. Deeper partnerships with real estate agents will undoubtedly help you build your pipeline with new contacts, taking your business to the next level in the coming year. ●



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