



## Helping Homebuyers Win

**VO [00:00:01]** Welcome to Empower Your Outreach, a Freddie Mac podcast series for real estate professionals. In this series, housing industry leaders share insights and actionable strategies that real estate professionals can implement to become trusted advisors in the communities they serve.

**Monica La Crue [00:00:20]** Welcome to our third episode of Empower Your Outreach. With this series, we'd like to explore ways on how you can strengthen your role as a trusted advisor for your clients and the communities you serve. Within Empower Your Outreach, we connect with leading industry experts and influencers to provide best practices to grow your business. I'm Monica La Crue, Single-Family Affordable Lending Manager. Your host for this podcast series. I'm very excited about our guests joining us for this episode today. Our guest is Sandee Lutz with CrossCountry Mortgage as a National Renovation Sales Manager. Sandee brings a level of knowledge and expertise regarding the home loan mortgage process. We're excited to have Sandee with us to share her insights and helping homebuyers win in today's challenging housing market. Sandee, thank you so much for chatting with us. We're glad to have you here to talk about your expertise and knowledge in this space. Welcome. Thank you. Thank you so much for joining us. I'm going to start with information about some of the loan products that we offer right now. Conventional loans are definitely popular in the market. Freddie Mac offers several mortgage solutions, such as Home Possible and HomeOne, requiring a down payment as little as 3%. Can you share a little bit more about why real estate professionals should be familiar with these programs?

**Sandee Lutz [00:01:30]** Sure. I mean, I think as a real estate professional, I think it's important to be familiar with different loan options available to homebuyers. Not that lenders expect you to be experts, but knowing that they are available is key to helping you sell another home. Freddie currently is offering a grant to low-to-moderate income homebuyers, and we can couple that grant with CMS Smart Start, which could offer a potential homeowner up to \$5,250 in free grant money to help them with their down payment and or their closing costs for that buyer that just cannot get the money together. This is a great option for them.

**Monica La Crue [00:02:09]** Absolutely. We know down payment is one of the largest barriers to homeownership, so it's great to hear that you guys are providing some solutions to that. Now when we developed Home Possible, we sought to include features that offer flexibility for homebuyers who might require additional financial assistance. Can you speak to those flexibilities? You know, some including non-occupied code borrowers as well as different sources of qualifying income.

**Sandee Lutz [00:02:32]** Absolutely. I mean, Home Possible and HomeOne options are ultra-competitive in this area. They offer all kinds of options for us as lenders to help qualify that buyer. One little known fact is that Home Possible can be used even if your buyer is not a first-time homebuyer, if they are under the area median income in that market or in a targeted market, they can utilize this program to purchase a new home. And it's not just for purchase. I mean Home Possible can be used for refinance as well. The idea of using a non-occupying cosigner is a win for these potential clients, seeking that extra bump for their qualifying income. At least one of the buyers must occupy the residence as their primary, and as an example, the parents might join the application to strengthen the overall income. Types of non-occupying income which can be considered include W-2 fixed income, such as a pension or Social Security income and income producing assets. Another little used feature would be border income. If you have a history of living with someone who has shared living expenses with you, and we can document that income can be used for up to 30% of the buyer's income. The roommate would obviously need to be moving into the new residence with you. A buyer could also look at multi-unit homes that they will reside in one of these units. The rents on the other units can be used as qualifying incomes to help qualify our borrower for the loan.



**Monica La Crue** [00:04:05] Those are some great options, right? We want to make sure that we're providing solutions for our real estate professionals who want to think outside the box when it comes to being able to qualify, their buyers and their borrowers. Right. We're here today, to educate our real estate professionals and provide solutions that are available in today's challenging market. We know inventory is an issue. We know we see a lot of aged housing stock across the country right now. Knowing these challenges, Freddie Mac introduced our CHOICERenovation. CHOICERenovation is all about flexibility for our borrowers. And, you know, if they're planning renovations, and a purchase, it's a great option for them. Can you share your thoughts on renovation lending?

**Sandee Lutz** [00:04:45] Okay. Thanks, Monica. I mean, renovation lending is another tool that in today's market, all real estate professionals need to have in their toolbox. I never expect any of my agents to be experts with those products. They only need to mention them to the buyer or the seller. I always tell my agents, it's up to you to sell the house. It's up to me to figure out how to finance it from a cross-country point of view. The greatest ad for the CHOICERenovation loan is the flexibility and latitude it provides to the potential client. The renovation loan allows the client to identify homes. In their desired neighborhood, perhaps in need of some TLC. And bring it up to par in terms of the surrounding homes in the area from a structural and or a cosmetic standpoint. For real terms, what we need you to help us with is the value. The renovation plan will be provided to the appraiser. He will give us an after improved value. That number does need to support our loan. If the property is a good renovation opportunity, it should be discounted and offer price. In today's tough market with little inventory, you will find your buyers are watching HGTV and renovation shows all the time. They are no longer afraid to purchase a home and renovated because they have seen beautiful results. If you have been working with that fussy buyer who just cannot seem to find anything they like, it's time to mention a renovation loan. Let them by the home they want and turn it into their dream home. You can also look at renovation when you are at a listing appointment, talking to a potential seller about how you will market their home as a renovation opportunity is going to set you apart from anybody. No other realtor is talking about it, and I'm not talking about seeing Cash Only or Handyman Special in your listing ticket. Use some more colorful phrases to market a less than perfect home. Another way you can use renovation lending is it's not just for owner occupants. You can use it to buy a second home and renovate it. Or you can use it as an investment property. So maybe, perhaps you'd like to get into the real estate market and buy some homes and use them to rent out to get some lower to moderate income, rental opportunities for people that are not ready for homeownership yet. You can definitely use renovation lending for that as well.

**Monica La Crue** [00:07:10] Absolutely. I know that, you know, millennials are very picky when they're starting their homeownership journey. And so being able to customize their homes to some of the upgrades and updates that they like is definitely more desirable for them. So, if you're listening out there, renovation lending is definitely going to be something that a lot of first-time homebuyers are going to be looking into. So, I highly encourage you guys to reach out and get more information. And Sandee is a great resource to do that. So, for homebuyers looking for cost efficiency and financing, how do these solutions help them get closer to closing and into their homes?

**Sandee Lutz** [00:07:44] Yeah. So, when you're looking at a renovation loan as an option to reduce your out-of-pocket costs, I mean, it's one big loan. We're going to put the cost of buying the house and the cost of renovation into their 130-year fixed mortgage. It's a way better option for a consumer than credit card debt or other short-term financing that might be at a higher interest rate or a higher payment. I mean, I always say give them the home and give them the extra money to make it safe for their family to live in that one big loan.

**Monica La Crue** [00:08:13] Absolutely, right. A lot of people buy for the first time, and then they're going out to Home Depot to start taking on that credit card debt. So absolutely. Yeah. If they're going to if they're or they.



**Sandee Lutz** [00:08:22] Have a major problem, the furnace blows and they need to go get a new furnace. Wouldn't we have been better off giving them the money at closing to put the new furnace in? Absolutely. Kinds of ways you can use renovation lending to help them be more successful in their homeownership.

**Monica La Crue** [00:08:37] Awesome. From your perspective, what have you found as valuable tools and resources for agents in the market right now?

**Sandee Lutz** [00:08:43] So there's tons of stuff up there for agents. We can help you with this. I mean, we have a realtor comparison matrix where you can look at the different renovation programs to see which one might be the best fit for your client. We have CrossCountry mortgage, has a national association with a HUD consultant who will review a property for minimum lending standards and whatever wish list items the client might have. They'll then put that into a plan, put that into some costs, and look at it for potential after improve value for us. This is a free service that we're going to offer to any potential renovation client that comes our way. We also have listings for open house marketing materials with renovation specific information fliers, open house fliers, renovation yard signs, fliers for the different renovation loans that can be co-branded and customized for a potential open house, or even sent to your entire mailing list. I mean, Freddie also has so many tools on their website to help with potential homeowner mortgage calculators, rent versus buy calculators, worksheets for budgeting, worksheets for mortgages, the credit smart program, and links to nonprofit agencies for potential down payment assistance or grants to help a buyer be a future successful homeowner.

**Monica La Crue** [00:10:02] Awesome. Yes, we're all about providing solutions here at Freddie Mac, so I encourage you guys to reach out to Sandee to get more information. Thank you, Sandee, for taking the time to chat with me today about this very important topic. And thank you to our listeners for tuning in once again to another episode of Empower Your Outreach. We hope that you found today's discussion to be insightful and informational as we explore opportunities of homeownership for your clients and the communities you serve. As a reminder, you can also subscribe to our Real Estate Professionals subscription list for more informative episodes within this series. We appreciate your valuable feedback, so feel free to leave a comment or a review for us. Thank you so much again for joining us and being engaged. This is Monica signing off and we look forward to connecting with you in future episodes.

**VO** [00:10:47] Empower Your Outreach is brought to you by Freddie Mac where we make home possible. Join us for upcoming episodes by subscribing to Home Starts Here podcast are available. If you enjoyed this episode, please rate, review and share with your network.