

Dear Agents,

I am very excited to announce our new preferred lending relationship with The Laura Lee Team @ Stearns Lending!

Also, I will be discussing several lending-related points that I think are very important to be aware of in 2015, and will help you in your business overall.

Please take a few minutes to read this email. If you are unable to read this email in its entirety at this time, a copy is also posted in the following location for you to read at your convenience (you can also meet and learn more about The Laura Lee Team here, and watch their introduction video to our agents):

- *Agent Portal > Agent Tools > Preferred Vendors, then find the box for “Preferred Lender” and click on “Broker’s Introduction Email” within the “Quick Links” box. Here is a direct link (when you click this link, you will be prompted to log into the Agent Portal if you are not already logged in): <http://www.fullcommission.org/agent-portal/Preferred-Vendors/content.php>*

Why a Preferred Lender?

In 2014, we found that the #1 reason URG agents’ transactions fell out of escrow was due to buyer financing issues. Obviously, as the listing agent, it is very frustrating when a Buyer cannot close a transaction due to problems with financing. It keeps the property off the market while under contract with that Buyer, prolongs the amount of time needed to sell your client’s property, creates extra work in finding a new Buyer, and makes for an unhappy Seller. This dynamic is equally frustrating when you are representing the Buyer.

While there are many reasons that a Buyer’s financing may not ultimately go through, we can condense them into 2 groups: “property related issues” and “borrower related issues”.

Let’s focus on the “borrower related issues” as these can be preventable in most cases.

If the borrower was already pre-approved for a loan, why are there financing issues coming up now during escrow?

- 1) **NOT ALL LENDERS ARE CREATED EQUAL:** Unfortunately, many lenders do not have enough knowledge about the loan products they originate. This dynamic is especially true of mortgage brokers who originate loans through various different mortgage banks, but often times are not fully informed of the criteria and specific underwriting guidelines of EACH bank they deal with. Also, in many cases the loan officer/originator does not have an open line of communication with underwriting, which can very easily create bad situations in the 11th hour (i.e. receiving some bad news from the loan officer, once the file has finally been processed by underwriting, much later in the transaction).
- 2) **A “Pre-Qual” is NOT the same as a Pre-Approval”, and a “Pre-Approval” is not the same as a “Fully Underwritten Pre-Approval”:** A “Pre-Qual” is typically not worth the paper it’s written on. It basically means that the lender has issued a “Pre-Qualification Letter” based on information the Borrower has provided, however, none of that information has been verified. A “Pre-approval Letter” is better, as it means that the Borrower has actually provided the lender with supporting documentation. A “Fully Underwritten Pre-Approval” is the best, meaning that the Borrower’s loan application and supporting documents have already been reviewed and approved by underwriting. By having a fully underwritten pre-approval before getting to the accepted offer stage, you are ensuring that you will avoid “borrower related issues” to the greatest extent possible during escrow.

All of that said, we felt that it would be extremely beneficial for our agents at URG to have a knowledgeable and dependable lender they can rely on to ensure that our Buyer-clients have a fully underwritten loan approval before making an offer, and our Seller-clients are receiving offers from Buyers with solid loan approval.

Why the Laura Lee team @ stearns lending? What sets them apart from other lenders?

- Laura Lee Brown is a 25-year mortgage industry veteran, and is truly an encyclopedia when it comes to lending. She manages a team (Anthony Ivy, Bret Barrett, Amber McDonough, and their Operations Manager, Michal Ivy) who is equally knowledgeable and dedicated to great customer service.
- Laura Lee and her team work directly with their underwriter out of the same office. This enables them to communicate potential issues that may arise well in advance.
- Most importantly, in addition to Stearns being a mortgage bank and a mortgage brokerage, The Laura Lee Team is also the in-house lending platform for numerous credit unions throughout California (this literally means that if a Borrower attempts to contact one of these credit unions' mortgage divisions, the calls are directly routed to The Laura Lee Team). This gives Laura and her team the ability to fund certain loans (that would not qualify under normal underwriting guidelines) that other lenders are not able to, through one of their various credit union relationships.
- Based on my own cumulative experiences, I have seen first-hand that IF there is a way to fund a loan that countless lenders have turned down, only The Laura Lee Team will find it!

Exclusive URG Benefits with The Laura Lee Team

- **A Customized Approval Letter**, for our Buyer clients to help them get their offers accepted: I have personally worked with Laura and her team to create an approval letter that contains strong verbiage to demonstrate that the Borrower's loan approval has been fully underwritten, leaving only "property related issues" to handle during escrow.
*-To view a **sample approval letter**, please see the "Quick Links" area of The Laura Lee Team's preferred vendor box in our "Preferred Vendor Center" (Agent Portal > Agent Tools > Preferred Vendors).*
- **A Close-On-Time Guarantee**: The Laura Lee Team can close MOST loans in 21 days, and they have given United Realty Group and our agents a written guarantee that they will do so, or pay any related per diem costs on behalf of the Borrower (either to the Seller directly, or via a credit to the Buyer) up to \$1000. (See written Close-on-Time Guarantee for details).
*-To view a copy of the **written "Close-On-Time Guarantee" and its details**, please see the "Quick Links" area of The Laura Lee Team's preferred vendor box in our "Preferred Vendor Center" (Agent Portal > Agent Tools > Preferred Vendors).*
- **Professional Cross Qualification**: The Laura Lee Team will professionally vet the solidity of the loan approval of each potential Buyer who makes an offer on your listings. They will then get back to you with a thumbs up or thumbs down on that particular Buyer. This will be extremely helpful in discovering potential financing problems that certain Buyers may run into before accepting their offer, and will dramatically reduce the frequency of cancelled transactions due to financing-related issues.
- **Personalized Education**: Beginning in 2015, The Laura Lee Team will host educational webinars for our agents which cover timely topics and information within the lending space. There are a lot of regulatory lending changes that will take effect this year, and we are excited to have The Laura Lee Team as an educational partner to help keep you in the loop. Stay tuned for more info on this in the coming weeks and months.

My Recommendations

1) **Check out The Laura Lee Team's preferred vendor box in our "Preferred Vendor Center"**

-(Agent Portal > Agent Tools > Preferred Vendors).

Then, reach out to The Laura Lee Team and build your own relationship with them, keep in close contact, and do not hesitate to ask them any lending-related questions. They are a wealth of information, and are eager to help.

- 2) **If you are representing a Buyer:** Have your Buyer obtain a fully underwritten loan approval PRIOR to showing them properties or making an offer (this is not required, but is definitely a best practice). It will save you from potentially wasting time with an unqualified Buyer, and will make for a much smoother transaction once your Buyer's offer is accepted. You can even go the extra mile, to get your Buyer's offer accepted, by letting the listing agent know that your Buyer is approved for a loan through Stearns Lending, and sending the listing agent a copy of the written "Close-On-Time Guarantee".
- 3) **If you are representing a Seller:** Have The Laura Lee Team vet all of the offers you receive on your listing, to ensure that the Buyers' financing is solid, before accepting an offer (you can enter the following into the "Confidential Remarks" area of your MLS listing: *"All Buyers must cross-qualify with The Laura Lee Team @ Stearns Lending. Please call (866) 469-2717 or email TheLauraLeeTeam@Stearns.com to cross-qualify"* (please let your Seller know the benefits, and make sure they are on board with this approach before requiring Buyers to cross-qualify with The Laura Lee Team. Once educated about the benefits, Sellers are typically not only on board, but will also be grateful that you are suggesting this extra step to help ensure they select the right offer). Take a copy of The Laura Lee Team's written "Close-On-Time Guarantee" with you to your listing presentations, and let your Seller know that you have a great lender who will be double checking the solidity of the Buyer's loan approval for each offer you receive, and will guarantee an on-time closing if the Buyer chooses to work with them. Also, tell your Seller-client that you recommend including the following language in the counter offer to the Buyer whose offer your Seller is considering accepting (**Note:** add the following text in red font, the text in black font is instructional only. Also, if the liquidated damages provision is NOT agreed to by the parties in the purchase agreement, then delete the portion of the paragraph below that falls in between the green double asterisks *): *"If Buyer fails to close escrow by XX/XX/XXXX, and Seller agrees in writing to an extension of the closing date, Buyer shall pay Seller a per diem fee of \$100 for said extension, beginning on XX/XX/XXXX (day after escrow was originally supposed to close) and ending on the date escrow actually closes. **Should Buyer fail to close escrow altogether, after Buyer has removed any and all applicable contingencies, any per diem fees due from Buyer to Seller (from XX/XX/XXXX (day after escrow was originally supposed to close) through date of cancellation of contract), shall be added to Buyer's initial deposit and become a part of the liquidated damages provision of the Agreement, up to the maximum total liquidated damages amount legally allowed (in this event, Buyer agrees to sign any additional separate liquidated damages provision and/or escrow instruction as necessary, incorporating the applicable per diem fees as liquidated damages). ** If Buyer elects to obtain financing through The Laura Lee Team @ Stearns Lending, this paragraph shall be deleted from this counteroffer/addendum (whichever is applicable)."* Finally, let your Seller know that by taking the above described approach, they are protecting themselves, to a certain degree, from a Buyer who does not close on time. By negotiating per diem charges, the Seller will be compensated, one way or the other, in the event the Buyer removes contingencies but does not close on time (If the Buyer DOES NOT choose to work with The Laura Lee Team, the Buyer would be responsible for any applicable per diem charges. If the Buyer DOES choose to work with The Laura Lee Team, and Laura's team is unable to get the loan closed on time, then The Laura Lee Team would cover up to \$1,000 towards any applicable per diem costs to your Seller). Either way, your Seller is compensated!

I truly hope that the rolling out of this preferred lending relationship serves to add value for you and your clients, provides a smoother and more pleasant lending experience, and helps to reduce the number of cancelled transactions you experience in 2015 and beyond.

As always, we love all feedback whether positive or negative. Please let myself and/or our staff know about your experiences with The Laura Lee Team, and if there is anything else that can be done or improved going forward, to continue building on and enhancing this relationship.

Thanks for your time,

Onward and upward!

Eric Kabbara, Broker

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