

Spring E-Newsletter: Working with a Broker vs. Directly with a Lender - The Difference is Imperative

As mentioned in our Winter 2010 E-Newsletter, while all Mexico loan programs have tightened, they have largely improved overall . . . a pleasant surprise for all of us considering all the “bad news” that the U.S. and Mexico has faced over the last couple of years. As the Mexico real estate industry continues to find stable ground and financing is taking a much bigger role, now more than ever it is important to re-deliver a message that has been communicated over the last couple years by ConfiCasa.

Even with the overall improvements, many of you know that there are only a few lending institutions left in the Mexico real estate market. With only a few lenders available, it is critical to ensure that the triggers within each lending institution and further, how they underwrite, are fully understood by the loan originator. This is due to the fact that each lending institution underwrites differently, something that is not well understood by most clients. More specifically, most clients assume there are many lender options for their Mexico property, and as a result, they can work with option A until that fails, moving to option B and so forth. However, what they don’t realize is if the packaging of their file is not done properly (given the diversity of our cliental and their financials making this difficult to do) once they are turned down by a lender option, there is very little chance to save the deal with that same lender. Therefore, file submissions must be properly analyzed, packaged and submitted to the right lending option by the loan originator.

Recently, we closed a transaction that had a great deal of obstacles to overcome and highlights this exact point. We’ll let the story tell itself based on the words of our client, Gail Stanger.

“Last May, 2009 I realized that I needed \$500,000 to close on a home I had built in San Jose del Cabo, Mexico. Historically, when I needed a mortgage for my U.S. properties, I simply went to my bank, told them what I needed and signed on the dotted line. But this property was in Mexico and they wanted nothing to do with it. The Real Estate Broker from the development recommended I call Tina Rebello at ConfiCasa Mortgage International. We spoke on telephone and she sent me the documents to fill out.

I filled out the documents as best I could and then an acquaintance told me that ConfiCasa would likely present it directly to one of ConfiCasa’s lenders. Since I already had a Mexico checking account at this particular financial institution, I told Tina I would handle this myself to save money and time.

You can't imagine my shock when the institution turned me down flat! Although I realize I have a rather difficult application with not your usual avenues of income, I had been accustomed to my credit history and assets compensating my worthiness for credit being granted. I then called Tina back and told her what happened and pleaded with her to help me which she graciously agreed to. Keep in mind that I was now in default with \$1.5 million of my own cash already paid. She had to completely re-work my file and found a hole in the previous underwriting outcome. She contacted my U.S. accountants, my attorney's, and most important, the executor of my late husband's estate. She had to get an enormous amount of documentation that finally substantiated my income.

Tina took the file and went back to the same lender that first turned me down. She convinced them to take another look at how she packaged the file, and this time the bank said YES!!! Not only did they say yes, but since we had first applied the interest rate had fallen two points.

It was only after that that Tina and I met face to face. I couldn't believe what a beautiful, smart, young woman I had been dealing with. Anyone thinking of engaging Tina Rebello and ConfiCasa to handle your mortgage needs will not be disappointed.

I could not be more thrilled with the service I received.” – Gail Stanger

Below is a slide which describes in more detail key differences between working with a Broker vs. Directly with a Lender. As you can see, this difference is imperative to successfully obtaining financing for your Mexico dream home.

Understanding ConfiCasa (Broker Lender) vs. Retail (Bank Lender)

- There are significant benefits in working with ConfiCasa (a broker lender) vs. Retail (a bank lender) as a result of ConfiCasa's lending platform, including:
 - Ability to match the right loan program with each borrower's specific need
 - ConfiCasa's experience level makes our client comfortable in understanding the differences between MX & U.S./Canadian financing. We have the unique ability to overcome client's initial concern for higher rates and/or costs vs. U.S./Canadian financing, because we thoroughly understand the U.S./Canada and can properly explain the many misconceptions
 - Rates are only one part of a loan decision – at ConfiCasa, we are qualified to pre-underwrite the file making sure that each file is correctly placed with the right lender and loan program
 - 90% close rate from pre-approval to closing! (Direct Lender = 70% close rate¹)



¹ As estimated by industry sources and ConfiCasa