

Matching buyers with down-payment assistance Service identifies which programs a particular property qualifies for

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Lack of a down payment is the No. 1 obstacle to home ownership. What most buyers don't realize is that there are still hundreds of programs available to help them obtain a mortgage with less than 10 percent down.

I recently interviewed Rob Chrane of [Down Payment Resource](#) about an exciting new tool his company has created to assist buyers in obtaining down-payment assistance.

According to Chrane, many people are aware that there are FHA programs available to buyers who have low down payments. Most buyers, however, have come to the mistaken conclusion that it now takes at least 10 percent down to purchase if you use a conventional loan instead of an FHA loan.

Payment assistance comes in many forms. Down Payment Resource connects potential borrowers with available funding for down-payment assistance, fixed-rate mortgages, rehab loans, and more.

What makes this new program exciting is that the Down Payment Resource site works hand in hand with a multiple listing service (MLS) to do two things. First, while there are numerous federal programs available, few people realize how many state and local programs are available as well. These programs often have very different guidelines as well as loan limits.

Down Payment Resource aggregates all the programs for which a particular property would qualify based upon the location and nature of the program. The system then displays an

icon on the MLS listing indicating that this particular property is available for down-payment assistance. Borrowers can click on the icon to see which programs are available.

Aggregating all of these programs and tying them to specific properties is a gargantuan task. The system works by linking to the agencies that administer the programs. These agencies maintain the current list of requirements as well as the lenders who offer the programs.

To illustrate, a house we chose at random from the program displayed eight different resources for potential homebuyers who might be seeking down-payment assistance.

Second, the program qualifies buyers as well. A prospective homebuyer completes a simple online form containing eight questions. The user can stay anonymous because the system doesn't track any identifying information. Once the form is completed, the system informs the user about whether he will qualify as well as providing an offer for a Realtor and/or lender to contact him.

While this system is relatively new, the feedback from the [MLS systems using it thus far](#) has been very positive. The system is a huge lead-generation tool for agents and brokerages, as well as lending institutions.

The MLS systems that are currently using the system typically purchase it as part of the core services to link to their IDX feed. There is no charge to the agents. The links to the assistance programs are available on the MLS IDX feed and can be posted on the brokerage's or the agent's site as well.

There are numerous ways for agents to use the system. First, they can use it as a quick way for new buyers to identify the houses they will qualify for to purchase. This is different from anything in the past, as the system clearly identifies the specific properties that qualify and helps the buyer determine how much he can qualify to borrow. The benefit to the agent is that she doesn't need to waste time showing properties that don't qualify.

Agents using the system also have reported that it can be an extremely valuable tool for helping sellers be realistic about their pricing. The way to do this is by using the closing script that's based upon the notion that "your house has to qualify."

"Mr. and Mrs. Seller, you already know that in order to sell your house, you need a qualified buyer. Did you know that your house also has to qualify?"

This statement usually surprises most sellers. The normal course of action at this moment is to explain that because more than 90 percent of today's buyers need a loan, their house has to

qualify with a lender.

You introduce your comparative market analysis (CMA) by saying, "So let's take a look at what properties are qualifying for in this area."

If a number of properties in this area were eligible for down-payment assistance, it would be wise for the seller to price her property where she can reach the greatest number of potential buyers.

For example, assume that a seller would like to list her property at \$300,000. At that price there may be only FHA financing available. On the other hand, if the seller lists her house at \$295,000, there are two additional down-payment assistance programs available. Clearly, the best choice for the seller would be to list for a little less and broaden the number of potential buyers for the listing.

Chrane said that he expected a fair amount of pushback from real estate companies that have their own in-house lenders. Once these brokerages started working with the system, however, they realized not only could they generate buyer leads, but they could also generate mortgage leads.

This program exemplifies one of the best ways the MLS systems, brokerages, agents, lenders, and third-party vendors can work with federal, state and local programs to help more buyers achieve their dream of homeownership.

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