



Navigating Volatility: Broker Tactics for Turbulent Times

 AD Mortgage

SPEAKERS



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ABOUT A&D MORTGAGE

This family of companies under common ownership makes it easier to find the right solution for any mortgage transaction.

A&D Mortgage is expanding nationwide rapidly, with our Wholesale operations growing exponentially with the introduction of our Niche programs.

This rapid success helped us establish key industry relationships leading to us acquiring a variety of loans through **Imperial Fund**.



A&D Mortgage

Mortgage Investor and Servicer of Conventional, Government, and Non-QM loans.

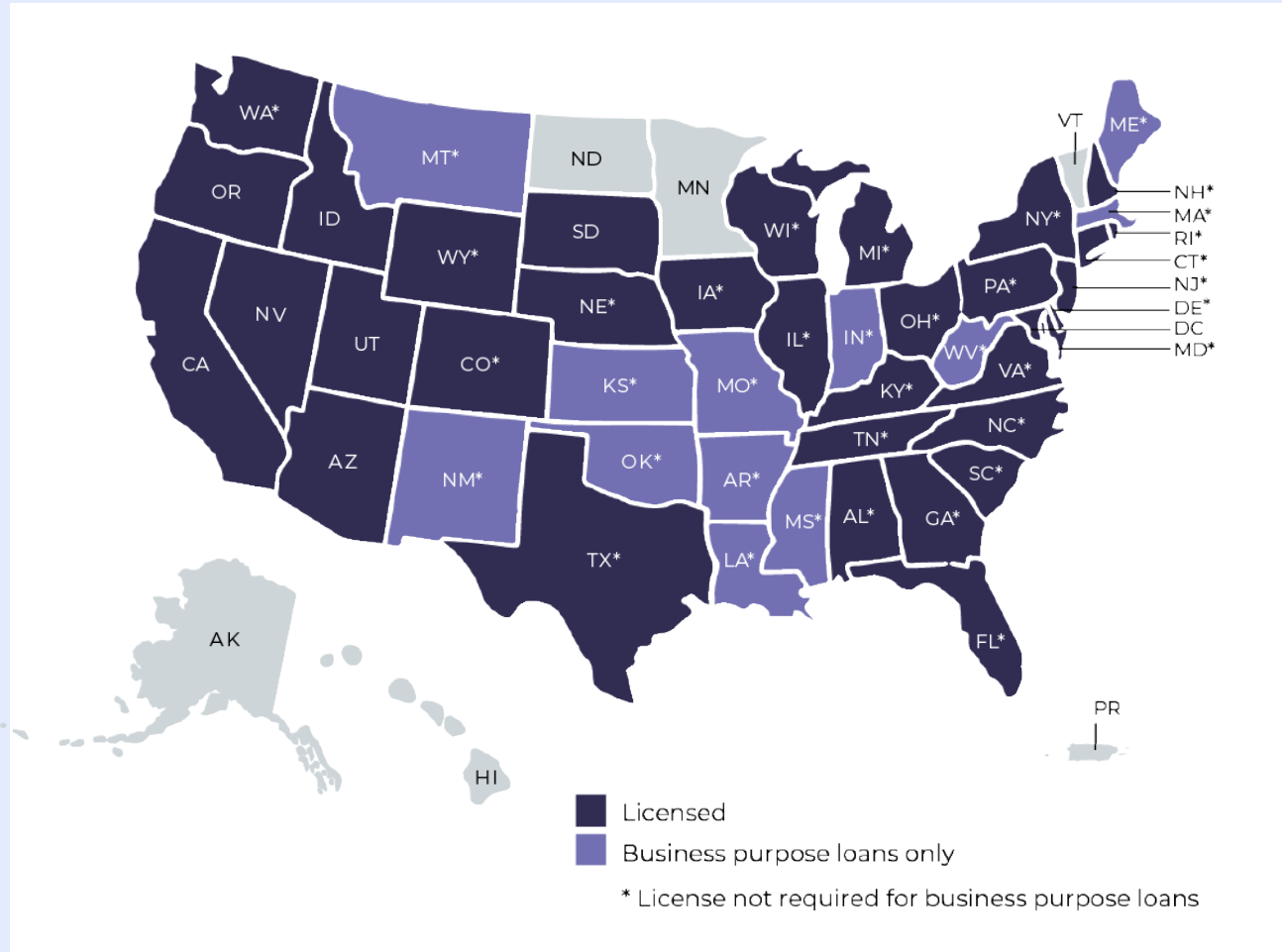


Imperial Fund

Founded in 2014 to invest in Non-QM and Hard Money loans. Backed by Wall Street credit lines.

OUR FOOTPRINT

- Wholesale Correspondent — Nationwide Servicing



We are a Full-Service Mortgage Direct Lender and Servicer of Conventional and Non-QM Loans since 2005

Licenses:

AL, AZ, CA, CO, CT, DC, DE, FL, GA, IA, ID, IL, KY, MD, MI, NC, NE, NH, NJ, NV, NY, OH, OR, PA, RI, SC, SD, TN, TX, UT, VA, WA, WI, WY.

Nationwide for Correspondent business

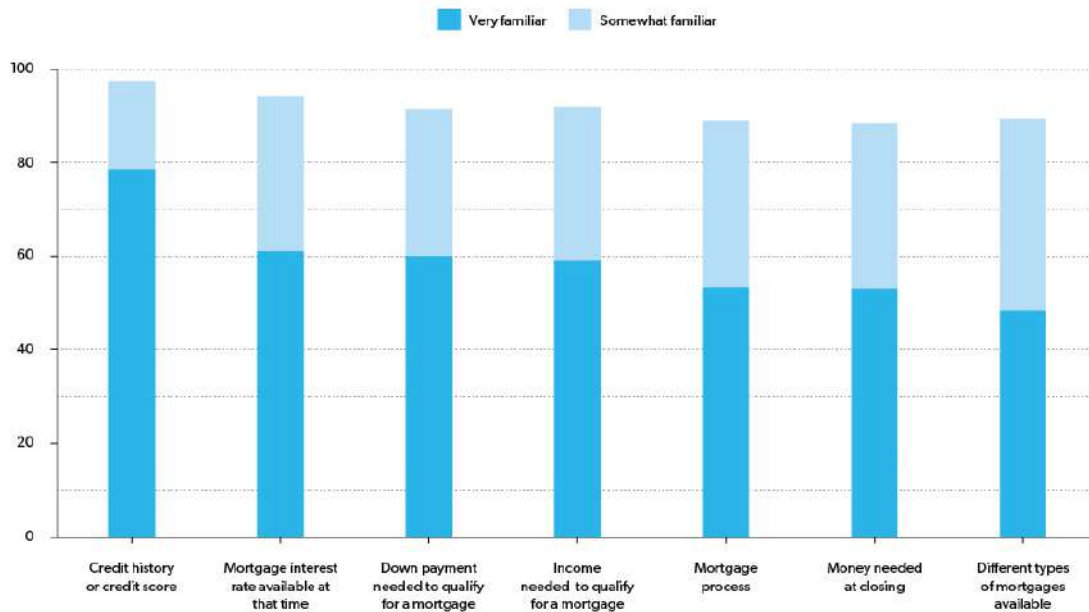
*License is not required in 40 states for Business Purpose Loans.

MARKET OVERVIEW

EXHIBIT 2

Familiarity with various aspects of mortgages

When you began the process of getting your mortgage, how familiar were you (and any co-signers) with each of the following?



Source: Freddie Mac calculations using NSMO.

Current market

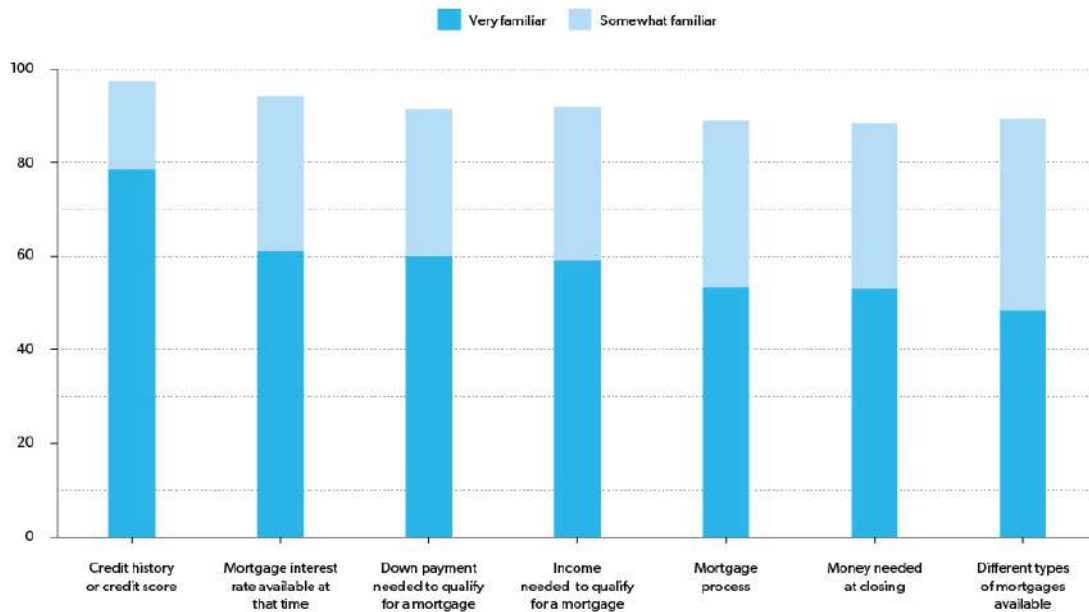
- Economic growth remained strong in Q3, primarily due to solid consumer spending. We expect the economy to slow down as the full impact of higher interest rates is felt.
- Housing continues to reel under the impact of higher mortgage rates, with the resale market stalling to the lowest levels in thirteen years.
- Tighter financial conditions caused by higher mortgage interest rates and reflected in the data from the Federal Reserve have contributed to contractions in mortgage activity.
- Young adult first-time homebuyers are getting help from co-borrowers aged 55+ to attain homeownership.

MARKET OVERVIEW

EXHIBIT 2

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When you began the process of getting your mortgage, how familiar were you (and any co-signers) with each of the following?



Source: Freddie Mac calculations using NSMO.

Forecast

- The U.S. economy is projected to slow down in late 2023 and throughout 2024, leading to reduced employment growth and a slight rise in unemployment, without entering a recession. Inflation will decrease but stay above 2%, and monetary policy will remain tight. Treasury yields are expected to stabilize at high levels, keeping mortgage rates above 6%. The housing market will face challenges due to high mortgage rates and economic slowdown, with home sales steady and limited inventory increase, but house prices will continue to rise (5.4% in 2023, 2.6% in 2024). Mortgage origination volumes will stay low until a slight uptick in 2025.

MARKET OVERVIEW

- **Did you know that in a recent [Real Estate Witch consumer survey](#) a staggering 73% of Americans believe that homes are unaffordable at present?**
- **12% of respondents knew that the current interest rate for a 30-year mortgage is around 7%, while 26% erroneously believe it exceeds 10%**
- **A significant 62% of non-homeowners wrongly believe a 20% down payment is required, and 21% think putting down over 20% is necessary**
- **Furthermore, 32% believe a credit score of 700 is required to buy a home, potentially discouraging potential buyers with good credit scores below that threshold**
- 60% underestimate the actual median home sale price, leading to misconceptions about affordability
- Only 14% accurately recognize the current median home price range of \$400,000 to \$499,000, with nearly half believing it's between \$200,000 and \$399,999
- Shockingly, 85% of Americans are unaware of what private mortgage insurance (PMI) is, indicating a need for clear explanations about this important aspect



#1 RECOMMENDATION

**FIND THE RIGHT
LENDING PARTNER**

#1 RECOMMENDATION

FIND THE RIGHT LENDING PARTNER

BECOME AN EXPERT IN ONE LENDER'S PROCESS AND PRODUCTS



- **Find a single lender and stick with them**
- Get to know the lender's product guidelines and personnel since every lender has a different process and master how to work with them
- Become a pro with a single lender and use them for all your needs
- Avoid the headaches, struggles, and miscommunications of learning other lender's processes and systems

FIND THE RIGHT LENDING PARTNER

RESEARCH TIPS



Here are three steps that mortgage brokers can follow to find the right lender for their clients:

1. Search for Lenders

- Social Media forums:
Non-QM Exchange — Facebook/LinkedIn
- Scotsman Guide

2. Research Lenders

- Google Reviews

FIND THE RIGHT LENDING PARTNER

RESEARCH TIPS



Here are three steps that mortgage brokers can follow to find the right lender for their clients:

3. Knowledge Growth

- Non-QM Training
- Webinars
- In Person Seminars
- Broker Association Calls / Events

#1 RECOMMENDATION

FIND THE RIGHT LENDING PARTNER

QUALITIES OF THE RIGHT LENDER



Streamlined Loan Process

- Industry-leading turn times
- Efficient processes
- Stay ahead in a competitive market

"Can Do" Attitude and Expertise

- Proactive and positive approach
- Deep industry knowledge
- Craft the best solutions for borrowers

Adaptable Loan Solutions

- Dynamic product suite
- Evolving to fit client needs
- Offer a perfect match for every unique scenario

Flexible Underwriting

- Tailored borrower solutions
- Expertise in complex cases
- Say 'yes' when others say 'no'





#1 RECOMMENDATION

FIND THE RIGHT LENDING PARTNER

AN OPTIMIZED, STREAMLINED LENDING PROCESS



1. Structure The Loan With Your AE

- Discuss scenario
- Address all questions to your AE
- Pay attention to state restrictions



2. Submit the file

- Upload ID, credit report, purchase contract
- Prepare income documents
- Address all hard stops to your AE



3. Initial disclosures (24h)

- Please ensure that all disclosures are signed to initiate appraisal ordering
- Order appraisal
- Upload income documents & benefit

4. Initial approval (24h)

- Check your conditions in Lender Portal
- Submit at least 80% of the conditions for faster review



5. CTC — Closing (24h)

- Inform your AE on a desired closing date
- Check the available dates and schedule your closing

6. Funding

- Make sure your lock is up until funding day

#1 RECOMMENDATION

FIND THE RIGHT LENDING PARTNER

A&D MORTGAGE: YOUR PARTNER FOR GROWTH



- **Streamlined Loan Process:** our streamlined loan process provides brokers with industry-leading turn times, ensuring you're always ahead of the competition.
- **"Can Do" Attitude and Expertise:** our Account Executives bring a "can do" attitude and expertise to every situation, ensuring you're able to get the best solution for your borrower.
- **Loan Solutions that Grow:** our suite of loan solutions grows to meet the changing needs of borrowers, ensuring you always have a product that fits their unique needs.
- **Flexible Underwriting:** our flexible underwriting provides solutions to out-of-the-ordinary borrowers, helping them get the financing they need when others have said no.



#1 RECOMMENDATION

FIND THE RIGHT LENDING PARTNER

NEW TECH IN 2024



- **New Broker Portal** — streamline loan origination process by making submission fast and easy by using modern technology platform, integrated POS, new design and value add features
- **Broker CRM** — help Brokers to centralize and organize borrower data, including contact information, purchase history, loan data, preferences, and interactions
- **Loyalty program** — reward and incentivize Brokers by offering rewards, discounts, or exclusive offers to create a more interactive and personalized relationship between Brokers and A&D Mortgage

#2 RECOMMENDATION

IDENTIFYING NEW OPPORTUNITIES

IDENTIFYING NEW OPPORTUNITIES

Who are your likely potential new clients?

- Investors (qualifying with projected rental income)
- Specialty products such as condotels
- Borrowers looking to unlock home equity with the second mortgages, HELOCs, cash-out refis or reverse mortgages
- Small-business owner (LLC, sole proprietor, etc.), contractors, gig workers (Uber drivers, Airbnb hosts) who don't qualify for traditional lending
- Foreign nationals
- Borrowers seeking loans more than GSE loan limits

With alternative income financing, you can confidently cater to a wide range of borrowers, accommodating diverse income types, property classifications, and loan amounts. This flexibility opens countless opportunities to provide the ideal lending solutions for each unique borrower.





#2 RECOMMENDATION

IDENTIFYING NEW OPPORTUNITIES

Be more resourceful to find lending opportunities in untapped markets

- Create new connections with real estate agents and CPAs that do tax returns for self-employed borrowers
- Get more referrals and keep warming your previously closed customers
- Add your information to platforms where customers may be surfing

Provide expertise and solutions with new lending options

- Agency loan originations are down significantly this year due to higher interest rates.
- [Fannie Mae](#) recently lowered its projected single-family mortgage origination volume for 2023 from \$3 trillion to \$2.8 trillion.
- As agency volume declines, astute and successful brokers have turned to the Non-QM market to supplement their income.

Today's borrowers will be tomorrow's refinances



#2 RECOMMENDATION

IDENTIFYING NEW OPPORTUNITIES

Self Employed Borrowers

- Difficulties qualifying with full doc.
Tax returns, justifying business structures, getting business returns, multiple K-1s, etc.
- Not just bank statement loans.
Can qualify with just a P&L
(1099 only options)
- **Hint:** We find that self-employed borrowers that work with Non-QM financing can qualify for a large mortgage.

Second Mortgages

- Average homeowner increased equity by \$90k since 2020
- 62% of mortgages have under 4% interest rate

Foreign National Borrowers

- NAR 4/21-3/22 \$59b in US residential properties
- Economic Stability vs. other parts of the world are leading to a growth in foreign investment
- Large growth in rental, particularly short-term rental investing.



#2 RECOMMENDATION

HOME EQUITY IN 2024

In the first quarter of 2023, U.S. homeowners with a mortgage lost a small amount of equity year over year for the first time since early 2012, while national combined equity followed suit.

Despite these declines, home equity remains solid, with the number of underwater properties unchanged since the fourth quarter of 2022.

“Home equity trends closely follow home price changes. As a result, while the average amount of equity declined from a year ago, it increased from the fourth quarter of 2022, as monthly home prices growth accelerated in early 2023.

The average U.S. homeowner now has more than \$274,000 in equity — up significantly from \$182,000 before the pandemic. Also, while homeowners in some areas of the country who bought a property last spring have no equity as a result of price losses, forecasted home price appreciation over the next year should help many borrowers regain some of that lost equity.”

— **Selma Hepp, Chief Economist for CoreLogic**

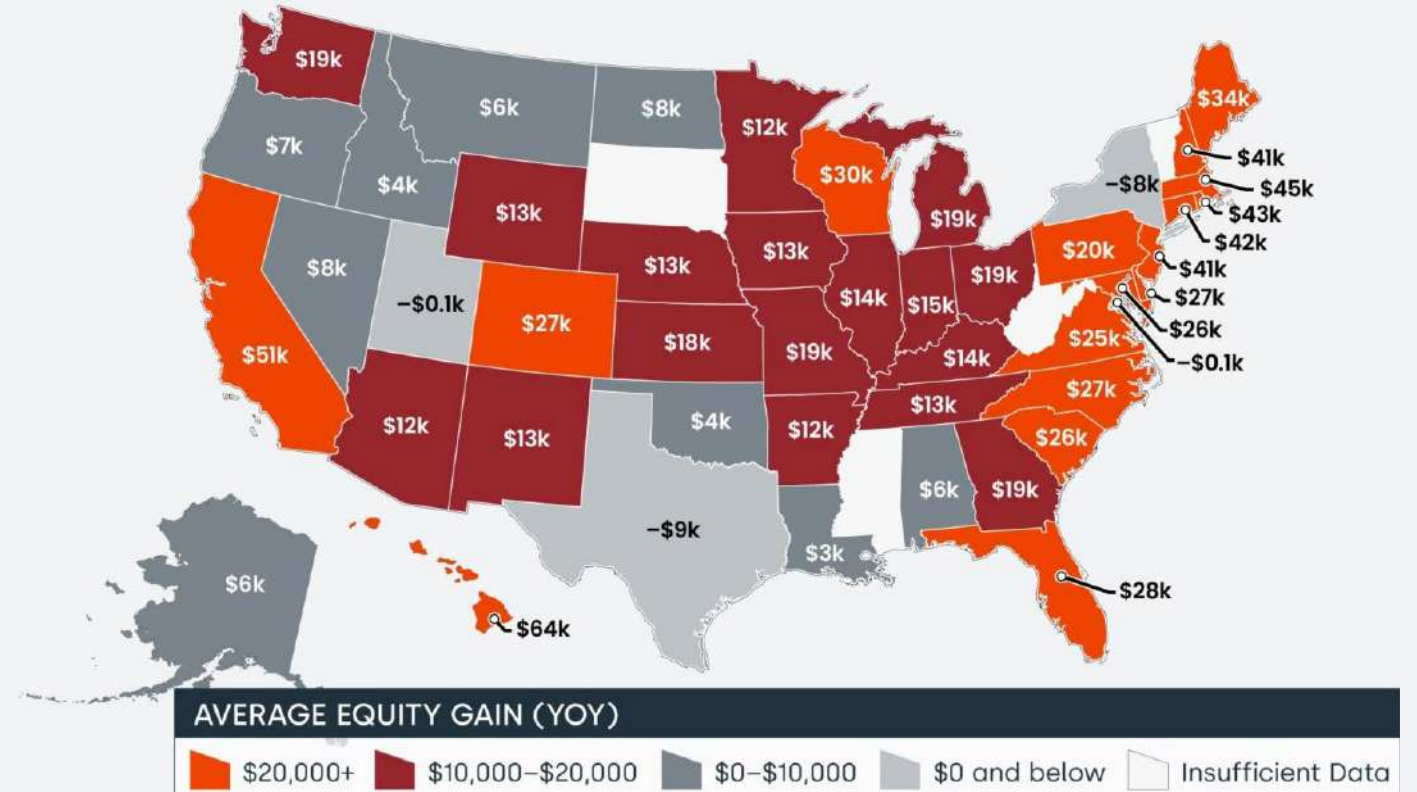
Source: [Homeowner Equity Insights – Q1 2023](#) | CoreLogic®

#2 RECOMMENDATION

HOME EQUITY IN 2024: USE IT OR LOSE IT

In the third quarter of 2023, the average U.S. homeowner gained approximately \$20,000 in equity during the past year.

Hawaii, California, and Massachusetts experienced the largest average national equity gains, all at \$45,000 or more. Three states and one district posted annual equity losses: New York, Texas, Utah and Washington, D.C.



#2 RECOMMENDATION

OPTION TO ACCESS HOME EQUITY



We will explore four popular methods homeowners can use to access the equity in their homes:

- Second mortgages
- Home Equity Lines of Credit (HELOC)
- Cash-out Refinancing
- Reverse Mortgages

#2 RECOMMENDATION

CONDO MARKET IN 2024

- A 2022 study by the National Association of Realtors (NAR) estimated that there were over 100,000 condotels in the United States. The study also found that the majority of condotels are located in Florida and California.
- Condotels can be an affordable housing alternative in today's housing market for your clients, but it depends on their individual circumstances.
- Condotels are typically less expensive than hotels, and they can often get a better deal if they buy a unit and rent it out when they're not using it.



#2 RECOMMENDATION

CONDOMINIUMS AND CONDOTELS

What is a Condotel?

- A hybrid between a hotel and a condominium.
- Units are individually owned like condos but operated as a hotel, offering services and amenities.
 - **Ownership:** Units are owned by individuals, just like condominiums. Investor-only condotel.
 - **Rental Program:** Unit owners can opt to put their units in a rental program managed by the hotel operator.
 - **Services:** Hotel-like services such as housekeeping, concierge, and maintenance are provided.

Why Borrowers Choose Condotels?

- **Rental Income Potential:** Owners can generate income by renting out their units when not in use.
- **Amenities:** Access to hotel amenities like pools, spas, and room service.
- **Professional Management:** The hotel operator takes care of daily operations and guest services.



#2 RECOMMENDATION

PROGRAM HIGHLIGHTS

- Purchase or Refinance
- DSCR, P&L, Bank Statements and Non-QM Full Doc
- Flexible qualifying criteria
- Primary residence, second homes, and investment properties all eligible
- New construction, condotels, properties with litigation, and budget reserves below 10%





#2 RECOMMENDATION

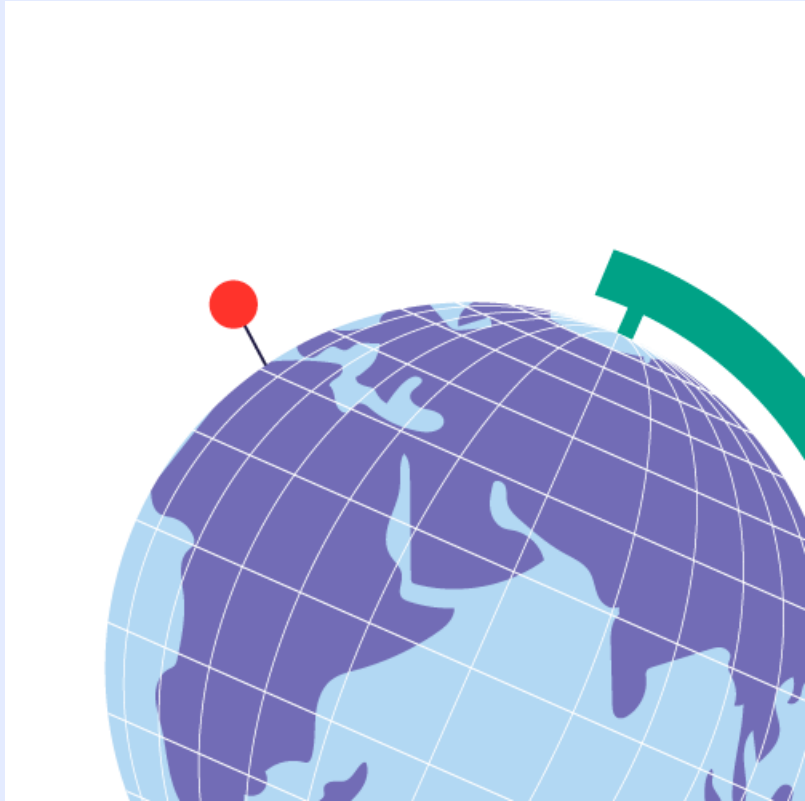
PRIME JUMBO BENEFITS



- + No Conventional Loan Limits (Designed for loan amounts that exceed conventional loan limits)
- + AUS Underwriting (All advantages of AUS-only underwriting, DU approve / ineligible., *Manual underwriting for loans >\$2M)
- + Competitive Terms (Loan amounts to \$3M, LTVs to 89.99%, No mortgage insurance required)

#2 RECOMMENDATION

FOREIGN NATIONAL BUYERS



- + International buyers purchased \$59 billion worth of U.S. residential properties from April 2021–March 2022, up 8.5% from the previous year and breaking a three-year streak of declines. The 98,600 existing homes sold — the lowest since NAR tracking began in 2009 — were down 7.9% from the previous year. In terms of overall dollar volume, rising foreign buyer purchase prices offset the annual decline in homes sold.
- + The average (\$598,200) and median (\$366,100) purchase prices for international buyers were the highest ever recorded by NAR.
- + China, Canada, India, Mexico and Brazil were the top five countries of origin by U.S. residential sales dollar volume. The top U.S. destinations for foreign buyers were Florida, California, Texas, Arizona, New York and North Carolina.

#2 RECOMMENDATION

IDENTIFYING NICHE OPPORTUNITIES



- Attend networking events with real estate agents and CPAs who do tax returns for self-employed borrowers
(Real estate agents sell a property → buyer only has down payment → real estate agent reaches out to mortgage broker)

- Keeping warm your previously closed customers to have returned customers

- Adding your information to platforms where customers may be surfing

Tools that you need to do this:

- Discover exciting conferences in your state and be well-prepared with captivating product flyers and everything you need to make a lasting impression

- Leverage CRM to actively nurture your clients, ensuring they stay informed with all the latest updates and enhancements

- Searching for any services top Google in your state for brokers info

#3 RECOMMENDATION

**USING CRM, SOCIAL MEDIA & AI
EFFECTIVELY**

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USING CRM, SOCIAL MEDIA & AI EFFECTIVELY



Unlock the full potential of your mortgage brokerage by integrating Customer Relationship Management (CRM) tools with strategic social media engagement. This powerful combination helps you to nurture leads, personalize client interactions, and build a robust referral network, all while enhancing your brand presence in the digital marketplace.

1. **Lead Segmentation and Targeted Marketing**
2. **Automated Drip Campaigns**
3. **Referral Tracking and Incentives**
4. **Task and Appointment Reminders**
5. **Analytics and Reporting**

#3 RECOMMENDATION

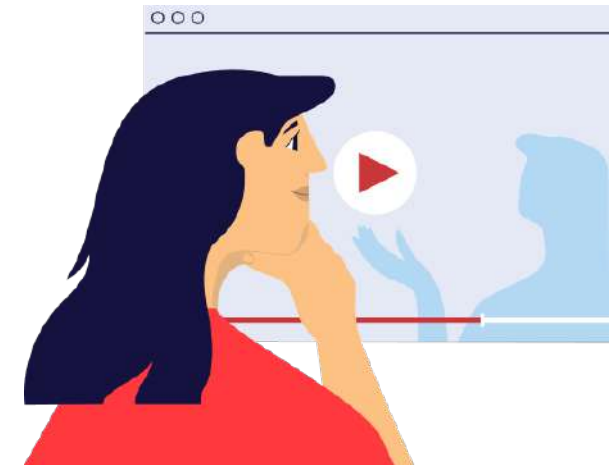
USING CRM, SOCIAL MEDIA & AI EFFECTIVELY

SOCIAL MEDIA AND AI IN MORTGAGE LEAD GENERATION

In the ever-changing mortgage lending landscape, it's important to stay on top of the trends.

- **Social media** is an effective branding tool for mortgage brokers, as well as a powerful way to connect with prospects and gain referrals.
- Another transformative trend is **AI**, which is being widely used to effectively target potential prospects.

Properly combining these two trends can help brokers gain a competitive advantage



USING CRM, SOCIAL MEDIA & AI EFFECTIVELY

WHY EMBRACE SM AND AI FOR MORTGAGE LEAD GENERATION?

Changing landscape

- The mortgage industry is evolving, with a growing emphasis on digital presence and customer engagement

The Power of Social Media

- Social media platforms provide a vast and cost-effective way to connect with potential leads
- Brokers can tap into a vast online audience and create brand awareness

Benefits of AI

- AI streamlines lead generation by automating time-consuming tasks, such as data analysis and customer profiling
- Predictive analytics can help identify the most promising leads

#3 RECOMMENDATION

USING CRM, SOCIAL MEDIA & AI EFFECTIVELY

BENEFITS OF SM IN MORTGAGE LEAD GENERATION

Expanded reach

With SM, you can reach a broader and more diverse audience than with traditional marketing methods

Targeted advertising

SM platforms offer advanced targeting options to focus on your ideal clientele

Enhanced engagement

With SM, you can create interactive content to engage prospects, answer their questions, and build trust

Building authority

Regularly sharing valuable content positions you as an expert in the mortgage industry

#3 RECOMMENDATION

USING CRM, SOCIAL MEDIA & AI EFFECTIVELY

AI-POWERED MORTGAGE LEAD GENERATION

Data analysis

AI algorithms can analyze vast amounts of data to identify potential leads based on various criteria

Customer profiling

AI can create detailed customer profiles, helping brokers understand their needs and preferences

Predictive analytics

AI can predict which leads are most likely to convert, saving time and resources

Chatbots and automation

Implemented chatbots can be used for instant customer support and lead qualification



#3 RECOMMENDATION

USING CRM, SOCIAL MEDIA & AI EFFECTIVELY

THE SYNERGY OF SM AND AI

SM amplifies AI

- Social media platforms provide a rich source of data for AI algorithms

AI optimizes SM

- AI can suggest content, posting times, and target demographics for more effective social media campaigns

Real-time feedback

- Monitoring social media metrics and adjusting AI strategies in real-time yield optimal results



**STAY ENGAGED WITH
A&D MORTGAGE ON
ALL SOCIAL MEDIA
PLATFORMS**





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