



# INSIDE MORTGAGE FINANCE®

April 13, 2007

## New Study Reveals What Lenders Need to Do To Boost Business with Minority Borrowers

Mortgage lenders looking to boost their business with minority borrowers to capitalize on so-called emerging markets should be prepared to offer some sort of foreign language service as well as alternative loan products.

That is one of the many significant findings contained in a major new study of real estate agents and their relationship with mortgage lenders in 2007. The report, "How Real Estate Agents View Relationships with Mortgage Providers in a Shifting Market," was released this week and is based on a February survey conducted by Campbell Communications.

While the study found that 55 percent of non-minority homebuyers rely on real estate agents for recommending a mortgage provider, that number dropped to 48 percent for minority borrowers. Generally, agents recommend two mortgage providers to both non-minority and minority homebuyers.

Respondents rated 16 reasons that real estate agents might refer minority homebuyers to a mortgage provider. The most important was "reliable in meeting scheduled closing dates." The least important was "loan officer same race/ethnicity as homebuyer."

"The survey also pointed to two important services when it comes to serving minority borrowers," said Tom Popik, principal of Geosegment Systems in New Hampshire who authored the new report on the home purchase market. "One is that lenders need to be prepared to offer foreign language support, particularly for Hispanic borrowers. The other is that lenders need to have loan products that provide for things like alternative sources of downpayments such as those coming from relatives."

Of the real estate agents surveyed who deal with Hispanic homebuyers, a very large 42 percent said that these borrowers could benefit from foreign language service. "Translation services at closing" was identified as the most important foreign language service, followed by "Loan officers speak language of homebuyer."

In terms of alternative loan programs for minority homebuyers,

*Continues...*

7910 Woodmont Avenue  
Suite 1000  
Bethesda, MD  
20814-1709  
Tel. (301) 951-1240  
Fax (301) 656-1709

**Publisher**  
Guy D. Cecala

**Managing Editor**  
John Bancroft

**Associate Editors**  
George Brooks  
Brandon Ivey  
Thomas Ressler  
Tim Warren

**Statistics**  
Tommy Mompont

**Customer Service**  
Diana Clopton

**Advertising**  
Mary Lou Probka

ISSN 8756-0003

Annual Subscription Rate: \$897.  
Published weekly, 48 times a year.  
Copyright©1984-2007 by Inside  
Mortgage Finance. While  
information and data are obtained  
from reliable sources, their accuracy  
cannot be guaranteed.

Regular copying or other  
redistribution of this publication-in  
whole or in part-violates U.S.  
copyright law, and is punishable by  
statutory damages of up to  
\$150,000 per infringement, plus  
attorneys' fees (17 USC 504 et  
seq.). Without advance permission,  
illegal copying includes regular  
photocopying, faxing, excerpting,  
forwarding electronically, and  
sharing of online access. Site  
licenses and discounted bulk  
subscriptions are available.

♻️ Printed on recycled paper

survey respondents identified “downpayment from relatives acceptable” as the most important factor.

In addition to covering emerging markets and minority lending, the new study focused on a number of issues related to how and why real estate agents select mortgage providers to do business with. The topics included:

- Mortgage recommendations of real estate agents
- Use of mortgage partners
- Foreign languages used by homebuyers
- Reasons real estate agents recommend mortgage providers
- Lender-specific ratings and rankings for specific direct lenders

Importantly, the new study found that more than half of the real estate agent respondents reported their firm had a formal relationship with a mortgage lender. But only a small percentage of that group said they recommended their firm’s mortgage lender partner. Nearly three quarters of respondents reported relying on a separate list of informal mortgage partners or a single informal lender partner.

For information on how to obtain the full survey results in the new report, “How Real Estate Agents View Relationships with Mortgage Providers in a Shifting Market,” contact John Campbell at Campbell Communications at [john@campbellsurveys.com](mailto:john@campbellsurveys.com) or (202) 363-2069. ♦

Copyright Reminder: This article is copyrighted by Inside Mortgage Finance Publications, Inc. and is protected by U.S. copyright law. It cannot be copied or distributed without express permission.