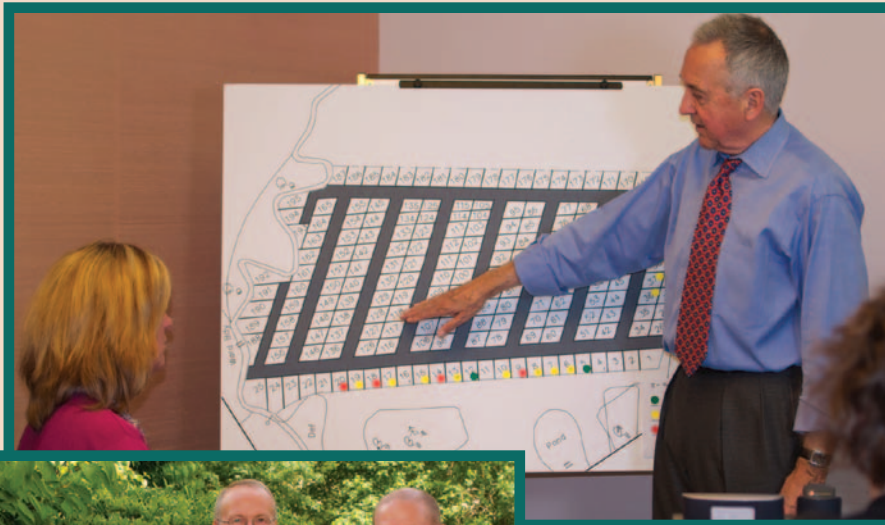


# GROUNDBREAKERS™

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Real Estate Magazine

partners' profile

*Groundbreakers partner Ron Fouts conducts a seminar for prospective program investors showing how the business model creates a win-win scenario for all of the participants.*



*The Tonia Mann & Associates team (from L to R): Cassidy Dierdorf, Katherine Coreas, Carla Teagarden, Tonia, Don Cavin, and Groundbreakers Project Manager Casey Powell.*



*The First Option Mortgage management team (From L to R): Managing Partner Tim Burford, Managing Partner Kurt Nikolai, Regional Vice President Josh Fitzwater, and Regional Vice President Kim Winslow.*

## Meeting the Financing Challenge

# Groundbreakers™

***This “dream team” of specialists has put together an innovative program that combines top real estate experts to offer unique investor financing to help buyers attain home ownership.***

*By Misty Milioto Reagin*

Even though it's currently a buyer's market in real estate, with some great homes for sale at unbelievable prices, a large number of potential buyers are still having a difficult time finding mortgage financing. Banks aren't lending as much as in years past and, to make matters worse, many buyers have experienced unexpected life changes such as divorce, loss of job or even a home foreclosure. Necessity, however, is often the mother of invention, and top real estate agent Tonia Mann, together with an expert support team, has developed a unique investor-financing program called GroundBreakers™ to help buyers get through this rough patch.

According to Mann, who leads Tonia Mann and Associates at Keller Williams Realty Atlanta Partners, the unique GroundBreakers program has several stages. First, Mann works with GroundBreakers partners Ron Fouts and Amir Peleg in identifying a house that fits

the business model. According to Peleg, the best homes are: relatively new and in excellent condition; in a good, family-oriented neighborhood; and close to schools and shopping. “Since our investors’ security is the equity in the houses, we use bulk buying and the negotiating power of cash to make sure our investors have significant security in the homes we purchase for them.”

The next step involves marketing the property for “challenged” borrowers – although they will happily sell a home to anyone! These borrowers may even be well-qualified, high-income individuals who have compromised credit scores due to a variety of reasons. “There are a large number of people wanting to get into a home. Sometimes they are first-time homebuyers, but a lot of people have also lost their homes in foreclosure in past years,” Fouts explains. However, even with compromised credit, GroundBreakers is able



*First Option Mortgage VP of Business Development Brad Lynn (right) works with first time home buyers to help get them prequalified for a mortgage. “We have a distinct advantage over other lenders, not only because of our 8-day closings and in-house underwriting and processing, but just as and importantly, our free credit recovery department can help potential buyers obtain the American Dream!”*

to get buyers into a home where they pay the mortgage while working to repair their credit score. During that time, the buyer aims to qualify for regular financing and is then able to refinance the seller-financed mortgage into a conventional bank mortgage.

Once Mann has a “challenged” borrower interested in a home, she then refers them to Vice President of Business Development Brad Lynn at First Option Mortgage, to complete a detailed underwriting analysis. Once the home is sold, they begin to work with the buyer through a credit repair process. “We get the buyer in the house, they start the homeownership process and, usually within three months to one year, they refinance out of our mortgage into an FHA or conforming loan program,” Mann says. “We’re providing short-term owner financing that’s a true closing. It’s not like a lease-purchase or rent-to-own. They own the property!”

According to Lynn, his main concern is getting potential homebuyers pre-qualified and underwriter-ready. “We aren’t going to put people in a place that they can’t afford,” he says. “We try to eliminate the risk of foreclosures. We educate our buyers and make sure they qualify. If they are paying \$800 per month on an



*Groundbreakers Partner Amir Peleg is the financial guru behind the program, shown here in his Tel Aviv office. “This program is so strong, we’ve been able to attract investors from all over the world,” points out Mann. “Amir has made that happen!”*

This creative approach to mortgage financing has several advantages, both for borrowers, as well as investors. “From the homebuyer perspective, there is an overcorrection in the market for people to get financing,” Mann says. “Buyers used to be able to get a mortgage loan with a 580 to a 600 credit score. Now you have to have a score of 660 to 680 to get the same loan. We are filling a niche.” According to O’Kelley, there are some

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***“We’re providing short-term owner financing that’s a true closing. It’s not like a lease-purchase or rent-to-own. They own the property!”***

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apartment, we try to stay in that same realm. With price reductions being where they are, it’s a phenomenal time to get into a home, and that’s why I think the program will stand out.”

In addition to working with Fouts, Peleg and Lynn, Mann also has a strategic partnership with Joe O’Kelley and Diedra Sorohan, principals at O’Kelley and Sorohan, a law firm that handles all of the closings. “They are involved every step of the way, from the acquisition closing, the owner-financed closing and the refinance closing,” she says.

The main role that O’Kelley and Sorohan play in the process is structuring documents that are used in each phase of the business model. “The basic operating documents for the entities are part of that process, but the real fun comes when we handle situations such as the closing of the purchases, sales, refinances and other settlement-type activities,” O’Kelley says.

good credit risks out there who, with owner-financing and credit recovery, can increase their FICO score and get into a prime loan. “I think this program will assist in that process,” he says.

The approach is simple – Mann and her team require a down payment from the buyer, proof of steady income, and the buyer must adhere to the credit program. “They get to own a home, they get to be where they want to be, they get to have a tax deduction and all the benefits of home ownership immediately, and they get their credit repaired,” Mann says. “I almost don’t see a disadvantage from their side.”

Buyers who qualify for the GroundBreakers program can expect to find interest rates that are reflective of the current market, with a slight premium dependent on their credit scores.



Photo by David Martinez

Joe O'Kelley and Diedre Sorohan, of O'Kelley & Sorohan law firm, work closely with the Groundbreakers team members in every step of the program to make sure all of the legal documents are perfect and each closing runs smoothly. (Photo by David Martinez)

The advantage from the investor viewpoint is that there are people who want to buy and own a home, and the GroundBreakers program allows them to do just that. "Atlanta is showing a solid rebound because it's the hub of the Southeast, and that's not going to change," Fouts says. "The population is only growing. There is inventory that can be purchased at a good price, and people can more easily afford today's home prices."

However, buyers and investors aren't the only ones who benefit from this program. Realtors® also can reap the rewards of referring challenged buyers to Tonia Mann and Associates. "A lot of agents have people who come to them and want to buy a home and don't qualify," Fouts says. "They can bring their challenged buyers to us, and still earn a generous referral fee."

According to Lynn, this is one of the best times in recent history to buy a home. "People who previously wanted to buy in East Cobb couldn't afford it because the homes were selling for \$300,000 to \$400,000," he says. "Now that same property is selling from between \$150,000 and \$250,000, and with the rates being so low, now they can afford to be in that school district they always dreamed to be in."

Thus far, the real estate community has been very enthusiastic about this program, and what it can do for the industry as a whole. "It's really powerful," Mann says. "It's great to be able to provide a solution. I anticipate a strong need for this, and I think the challenge for us

will be in determining the people that will be valuable to work with, and being really careful in our own due diligence."

With the current real estate market, it's best to change strategies and stand out from the crowd. That's exactly what Mann and her team has done. "I would call it the perfect storm," Mann says. "There is high inventory, a demand for owner-financing and the integration of First Option Mortgage's credit recovery program. We are breaking new ground in the way that investors invest in property and breaking new ground in the way that buyers buy property." Groundbreaking indeed!

*Misty Milioto Reagin graduated from the University of Georgia in 2000 with a B.A. in English and is a licensed real estate agent in Georgia. She has worked as an editor for real estate magazines including Shopping Center World, Heartland Real Estate Business and COMMUNITIES Magazine. She can be reached at [mjmilioto@gmail.com](mailto:mjmilioto@gmail.com).*



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