

Mortgage Broker Spills Some Dirt On Mortgage Industry

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Industry = [Real Estate](#)

Press Release Summary = Foreclosures at rise and more people falling behind on their mortgage payments is the headline today.

Press Release Body = Boston, MA --April 30, 2007-- Foreclosures at rise and more people falling behind on their mortgage payments is the headline today. The reason for this is that many borrowers have adjustable mortgages and don't get out of a bad deal before it's too late. Other borrowers buy a property they can't afford with negative amortization loans that give borrowers options to pay 1%-2% annual rate instead of the real rate which is 7% or 8%. The difference of 5%-6% they are not paying is added to their mortgage balance and decreases their equity in the home. Then it becomes hard to refinance that loan because there's no equity left. Many people who have subprime mortgages are inexperienced borrowers and non-US citizens who don't understand that they can refinance their adjustable rates and even negotiate with the lender if they are facing foreclosure. Thirty percent of borrowers with subprime mortgages have built their credit history and can refinance and qualify for a prime rate.

In subprime market borrowers need to watch out for loan sharks. Most brokers in subprime market will hike the rates so they can make a lot of money. Borrowers should look out for YSP (yield spread premium) on their Good Faith Estimate. YSP is the fee the lender will pay to the broker for selling a certain rate. If it shows more than 2%+ you're getting a really bad deal! Also, look out for origination fees and

discount fees. If you're being charged more than 1.5% you should get out of that deal and find another broker or lender. The best thing to do is shop around so you can get many loan offers. In mortgage industry the grass is always greener somewhere else. So shop, shop, shop!

When you find a good offer and you like the rates you should request a "rate lock" and ask the loan officer to send you a copy of the rate lock immediately. A lot of loan officers will quote you a rate and tell you they locked it, but they didn't. Other things borrowers need to look out for is prepayment penalties. Always ask if there are any prepayment penalties. When you have prepayment penalty in your loan agreement you can not pay off or refinance the loan within couple years, if you do you will pay fees.

At closing look at the Settlement sheet which has all the fees associated with closing the deal and see if terms and fees have changed from the Good Faith Estimate you signed. Look for the paper that states "Note". This shows exactly what your interest and term is going to be.

There is a great website (<http://www.rmdirect.net>) that provides free inside information so borrowers don't get burned. They also provide FREE advice and support to borrowers who have problems and facing foreclosure or need a FREE 3rd party opinion.

Web Site = <http://www.rmdirect.net>

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