

CONSUMERS PAY LOWER RATES WITH MORTGAGE BROKERS

Presented by Breakwater Mortgage Corp.

According to a recent report by Dr. Gregory Elliehausen of the Georgetown University Credit Research Center, mortgage brokers' customers have a lower APR, on average, than bank customers.

"We commend Dr. Elliehausen's detailed research on this very important topic," said National Association of Mortgage Brokers President Bob Armbruster. "We have always believed that the customer who works with mortgage brokers receives some of the most favorable terms possible for mortgages. The findings of this report simply prove what NAMB has known for years."

It's no surprise...mortgage brokers offer better rates and superior customer service especially when compared to banks and online lenders.

Why you should choose Breakwater Mortgage over a bank:

- **Availability** We work weekends and evenings. Bankers work "banker's hours".
- **Professionalism** We are familiar with many lenders and loan programs, and we are certified as experts in the mortgage field.
- **Performance** We are paid on commission and therefore motivated to close your loan.
- **Costs** We can offer numerous rates and fee combinations. Banks can only offer limited rates and fee combos.
- **Representation** We represent the borrower by packaging the loan to highlight strengths and minimize weaknesses. Banks represent the lender.
- **Customization** We offer a wide range of programs with the most competitive fixed and adjustable loans. Banks offer very few programs
- **Flexibility** With our programs a "problem loan" can be quickly moved from one lender to another. At a bank, if your loan is denied, the whole process must start over.

Mortgage brokers offer best deals, study finds

Though they originate well more than half of all new home loans, mortgage brokers have been targets for criticism by federal agencies and consumer advocates for years.

Agencies have accused them of failing to properly disclose their fees to home buyers. Consumer groups have charged them with steering minority and elderly borrowers into needlessly high-cost mortgages.

But now a new independent academic study has concluded the opposite. Researchers headed by Georgetown University's Gregory Elliehausen has found that home mortgage applicants with less-than-perfect credit pay lower financing costs when they obtain their mortgages through brokers, instead of through loan officers directly employed by lenders. The same pattern holds true for black, Hispanic and low-income borrowers.

Elliehausen presented his findings to a Federal Reserve Board conference Thursday.

The results of the statistical analysis: On average, total costs on broker-originated first mortgages were 1.13 percentage points lower than loans originated by employees of the lenders themselves and 1.98 percent lower on second mortgages.

Elliehausen, a senior scholar at Georgetown's Credit Research Center, acknowledged that the size of the gaps in costs might raise eyebrows, and he emphasized that the findings were limited to the subprime market.



The Nation's
Housing
KENNETH R.
HARNEY

That has higher-risk borrowers and higher-than-average rates. Brokers, who typically have loan origination agreements with dozens of lenders, "may be able to shop from a larger set of loans than a single (lender) and find a better match between borrower risk and annual percentage rate," Elliehausen said.

Mortgage bankers — who often purchase loans closed by brokers and originate them on a retail basis themselves through commissioned employees — reacted cautiously to the research. Steven Skolnik, executive vice president for First Franklin Financial Corp. — a big "nonprime" mortgage company based in San Jose, Calif. — said he hadn't seen the Elliehausen study and couldn't comment on it specifically.

Skolnik said, though, that the general data could reflect that "brokers, in general, operate in a much lower-cost structure," compared with banks and retail mortgage companies that carry heavy overhead and employee costs.

Kenneth R. Harney is a writer syndicated with The Washington Post Writers Group. E-mail him at kenharney@earthlink.net.

BREAKWATER

mortgage corporation

Toll Free: 1-877-45 BREAK
www.breakwatermortgage.com

8 Reasons A Mortgage Broker Is The Best Choice For You

1. Personal Advice: Breakwater Mortgage is headquartered in Virginia Beach, and maintains offices and loan officers in each community that we service. On-line lenders and banks could be located *anywhere*. With a local broker and loan officer, other factors come into play: local home purchase procedures, a realtor's advice, a local mortgage professional's availability, personal mortgage requirements not easily expressed on paper, and other pertinent documents related to the mortgage financial transaction.

2. Problem Resolution: The local broker has a great advantage over the on-line lender and mortgage banker if problems with your loan arise. We work nights and weekends, allowing us to work on any issues as soon as they come up. We are always available to answer any of your questions. For clients with more detailed transactions, challenging credit issues, or living in a tight home market, he or she will have more flexibility and personal attention by choosing a local broker like Breakwater Mortgage.

3. Consumer Protection: Most on-line mortgages are sold to new lenders. This can create challenges in first time payments, follow-on payments, and obtaining follow-on support to solve issues by the on-line lender's business approach. Local brokers, loan officers, and other mortgage specialists often develop relationships with their lenders to help in solving client's needs and issues. This approach generally eliminates the void of personal distance that an on-line lender may incur.

4. Formal Complaints Regarding Services: Each state has different laws and procedures in providing/obtaining derogatory information regarding your chosen lender. Breakwater Mortgage operates in Virginia. Our governing body is: The Bureau of Financial Institutions of the State Corporation Commission, Commonwealth of Virginia. This office provides oversight, code interpretation, training, and audit review of our organization. Consumers may telephone the Bureau to research complaints against any mortgage organization to ensure the organization is currently in good standing. On-line lenders may not fall under the Bureau's scrutiny and may not be as astute as a local broker.

5. No Hidden Cost Closings or Add-On Fees: On-Line/Television mortgage lenders and large financial institutions sometimes promise a no fee loan. The key word is fee, and they will often hide real costs elsewhere in the loan. The term "fee" often represents loan origination fees (often referred to as points, but this is not correct) but may not disclose other charges associated with the loan. Additional Costs to the borrower can be in the form of service charges, mailings/postage, closing locations, premiums, insurance, appraisals, title costs, etc. A local professional, such as Breakwater Mortgage, can offer alternatives and trim add-on costs.

6. Credit Issues: Borrowers with questionable credit may be eliminated by banks or charged a much higher interest rate than the rate advertised, which is usually provided to the best credit applicants. If your credit is less than perfect, there is a chance you will not be able to get a loan through a bank or you will end up paying extremely high rates to get financing. Breakwater Mortgage Corp.'s staff provides services that support consumers with a wide variety of credit scores and financial challenges. Breakwater Mortgage's mortgage specialists/loan officers/support staff/processors all work together to provide our client the ideal experience to purchase or refinance a property. The residential properties can be primary residences, investment properties, or a wonderful vacation home.

7. Service Breakwater Mortgage's team values our clients, realtors and support associates. Referrals, returning clients, and follow-on refinance business provides a long-term relationship which improves our success level. Corporate lending institutions usually do not have the same connection within the local community and typically do not share the same level of repeat business. At Breakwater Mortgage we strive for repeat and new business. To show the level of desire to help the local community and potential home buyers, we provide a free service that enables clients with questionable credit to potentially qualify for a home through a 'Get Mortgage Ready Program,' designed specifically for those with credit issues.

8. First Time Homebuyers: Breakwater Mortgage has special community assistance programs that have excellent competitive rates that cater to first time homebuyers. Banks cannot offer the variety of mortgage lending programs that mortgage brokers provide. Breakwater Mortgage has in excess of 60 lenders to support the client, and to provide the best product through each lender's specialized products. By shopping across a range of different programs and lenders, a mortgage broker may find you a better fit than a mortgage bank.



From the comfort of your own home, you can find out how much house you pre-qualify for, apply online and begin to gather the documents you'll need to get your loan approved. It's that easy!

Visit us online at:
www.breakwatermortgage.com