

Have more Americans been able to buy homes because of mortgage brokers?

Yes! Mortgage brokers have pioneered the home mortgage market, using innovative loan packages to allow low-to moderate-income borrowers, and borrowers with less than perfect credit histories, to start enjoying the benefits of home-ownership.

Are mortgage brokers lenders or bankers?

Neither. A broker is a real estate financing professional acting as an independent contractor. The range of products and services offered through brokers, and by brokers, is evolving rapidly. There are circumstances when brokers may act as bankers, funding their loans. However, the majority perform origination services up to the point of funding.

Does the mortgage broker really care about the quality of the loan itself?

Yes, absolutely. The safety and soundness of the mortgage lending community is directly linked to the success and integrity of its home loan originations. Furthermore, mortgage brokers represent the single largest residential origination source today, emphasizing that they play a significant role in the mortgage loan process. These numbers highlight the fact that consumers who exercise their choice, choose mortgage brokers; most likely because brokers are dedicated to their customers: consumers, wholesale lenders, and ultimately, American taxpayers.

What role does the broker pay versus the wholesale lender?

The wholesale lender underwrites and funds the home loan, may service the loan payments, and ensure the loans' compliance with underwriting guidelines. The broker, on the other hand, originates the loan. A detailed application process, financial and credit worthiness investigation, and extensive disclosure requirements must be completed in order for a wholesale lender to evaluate a consumer's home loan request. The broker simplifies this process for the borrower and the wholesale lender, by conducting this research, counseling consumers on their loan package choices, and enabling them to select the right loan for their home buying needs.

The mortgage loan process can be arduous, costly, and seemingly impossible to the consumer. The broker works as the liaison between the borrower and the lender to create a cost effective and efficient loan process.

Isn't the broker supposed to get the best deal for the consumer?

Since mortgage brokers offer the products of many wholesale lenders they often can offer consumers a wider selection of loan products, however the consumer retains the ability to determine the best deal for them. For instance, while many would consider "the best deal" to mean "the lowest rate," a loan program with a very low interest rate may not be the best choice for a consumer with limited cash, if that rate comes with high points and fees. A 15-year loan may save a borrower tens of thousands of dollars in interest payments compared to a 30-year loan, but the higher monthly payments may not be acceptable to the consumer. So, "the best deal" for any consumer depends on his financial circumstances, needs and goals, and these are best determined by consumers themselves.

Today over half of the nation's mortgages are originated by mortgage brokers. This clearly indicates that consumers are choosing the superior options and services offered by mortgage brokers. Brokers have forced retail lenders to compete with other loan sources driving down costs nationwide.