Disclaimer

The "Beyond the Rate" podcast series is provided as a service to those who wish to educate themselves on mortgages and the mortgage industry. This information represents my opinions and understanding of mortgage-related topics, and it mirrors the advice I give to clients everyday. Generalizations are made to simplify complex issues. All generalizations have exceptions. The intent is to provide insights, not absolute coverage. This information is provided free of charge. No liability is assumed.

Beyond the Rate - Introduction

Is anyone telling the TRUTH in the mortgage business??

Hello and welcome to Beyond the Rate, a series of podcasts that are designed to educate the listener on the world of finance and in particular, the mortgage business. This introduction gives you an idea of what you can expect from the Chapters that follow.

My name is Patrick and I'm a Mortgage Banker here in the San Francisco Bay Area. I'll be your host and I really encourage you to subscribe to this series for an informative and detailed account of how the mortgage industry operates and how to navigate through all the confusing programs and deceptive marketing techniques being used by some of today's Mortgage Brokers.

Those of you who own homes know all about these marketing gimmicks. You receive mortgage solicitations in the mail every single day. Your phone rings during dinner time. As soon as you own a home, your contact information is listed with the county. At that point, it's available to anyone who wants it, and it's free. Mortgage companies get these lists all the time and send mail campaigns over and over and over again. You've seen their claims.

"No cost loans. We pay all the fees." There is no such thing as a no-cost loan. Every loan has fees and costs. The credit report, appraisal, escrow, title insurance and notary fees all get paid when a loan is closed. If you don't pay these fees at closing, they're hidden in a higher interest rate. We'll look at this marketing gimmick and see which closing cost structure actually costs you more in the end.

"Interest rates starting at just 1%!" Mortgage interest rates have never been that low and they never will be. Loans starting at 1% allow borrowers to make payments that are not even enough to pay the interest. That means your mortgage balance actually gets higher each and every month. Yes, these loans can provide value but we'll take a look at what they also do, which is erode your equity and destroy potential profit.

"Interest Only. Never pay principle!" Interest only mortgages have become very common but many people believe their mortgages will never require any principle repayment. That is not true. Interest only options usually expire in 2, 3, 5, 7 or 10

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years. After that, you have to start paying down the principle. And at that point, you no longer have 30 years to pay it all off either. You only have 20 or 22 or 25. That means your payment will go up dramatically after the interest only option expires. It practically forces you to refinance. We'll look at how to select the right program at the beginning to avoid a huge unexpected payment shock.

Here's one of my favorites. "Option ARMs including 30-yr fixed!" Option ARMs are loan programs that offer 4 different payment choices each month including a "30-yr amortized" payment. But there's a big difference between a 30-yr "amortized" and a 30-yr "fixed". Interest rates on Option ARMs are NOT fixed. They are variable from the very first month and you'll see your 30-year amortized payment change every single month, probably higher.

There's a lot of hungry Mortgage Brokers out there and the marketing is aggressive and deceptive. The "Beyond the Rate" podcast series provides a level of detail you're probably not gonna find anywhere else. We'll go behind the scenes of the mortgage business and tell you exactly what's going on and how to avoid the pitfalls so many others fall into.

The information has been broken down into a series of specific topics. Each is posted as a separate Chapter so you don't have to get bogged down with a long and convoluted podcast. Most of the Chapters will deal with mortgage issues but some also deal with stock market strategies, shifting currency valuations, monetary policy and pesky little commodities like oil; commodities that indirectly impact almost every aspect of our lives.

This stuff is all connected. It's all related. It's all money that flows from one place to another. It's an amazing world out there and you're about to hear my thoughts on a commodity we all buy and sell: money. We buy money by giving our employers our time and our work. We sell money in exchange for goods and services. It's one of the most important commodities of our lives and we should all understand how the system works. And believe me, when you temporarily buy someone else's money through a mortgage, you pay for it one way or another.

The world of Finance is my passion. Stock market strategies. Bond market activity. Financial analysis of companies. Housing prices and the mortgage business. It all fascinates me and I hope this series sparks some curiosity and maybe even some excitement in you too.

There's no question that this is a marketing exercise for me as well. I get the majority of my business through referrals but I also give regular seminars, also called Beyond the Rate, and I'm posting these podcasts to introduce myself to people just like you. I'm a Mortgage Banker. That's what I do for a living. I specialize in Jumbo Financing and do most of my loans here in California but I've also done loans in a number of other states across the country and I'd be happy to work with you on any loan scenario you might be considering. My office phone number is 925-465-1223. Again, that's 925-465-1223. You can also reach me by email at patrick@beyondtherate.com.

See you next time for Chapter 1: Where does the money come from? We'll be looking at the source of mortgage funds and why interest rates hit a low in 2003, and why we can probably expect a moderate rise in interest rates over the next 20 years. That's right. We'll be looking at a model that predicts interest rates for the next 20 years and beyond. It's fascinating stuff. Tune in.

Bye for now.

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