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government money, as long as it doesn't impact the banks' management compensation and bonuses, but they will only lend if the government will purchase those loans and take the risk on those loans. Hmm. ...Something smells fishy to me.

We can see how the banking industry continues to manipulate the politics in this country on a micro level when comparing the disclosure requirements and the certification requirements — mortgage banker versus mortgage broker. The mortgage broker, me, has to disclose exactly how much compensation there is in the transaction and, once disclosed, that compensation amount cannot increase. This sounds proper and fair to me and is exactly how I have always conducted business. The mortgage bankers, however, don't have to disclose how much compensation they are earning and even try to make it seem that they are not earning compensation since it isn't disclosed! Their compensation can increase, naturally, since they never have to disclose it.

I interviewed with a mortgage banking operation recently and, when I asked the sales manager what I should say to the borrower who asks me what I was making on the transaction, he told me point blank to lie and say the economy being what it is, we are not earning compensation!! Needless to say, I decided to not work through a mortgage banker and rather will stay with a mortgage broker so everything is disclosed and above board.

From a certification perspective, I am required to have a real estate license and a mortgage license while the banker's loan agent needs only a mortgage license, even though we are both transacting in real estate mortgages. The thing that really separates me from the banker is that my only concern is for the borrower. This is not just an ethical way of doing business; it is for my self-preservation as well. My entire business is based on word of mouth and this means the only way for me to get new clients is to take care of my existing clients to the best of my ability. I am not working a mass marketing model to fill the front end of my business with as many random prospective clients

as possible, and count on a percentage of those prospects to close with me. Yet this is exactly how the banks do business. Their business model is purely based on a numbers game and they spend billions of dollars on their mass marketing machine putting happy, smiling people on the TV to make the consumer feel all warm and fuzzy when they think about their institutional banker. This false sense of security works for the banks as we see them raking in billions, while still taking bail-out money from the government and keeping all that money behind closed doors that the consumer is trying to break down, but can't get to.

There are four banks that I usually choose not to work with unless absolutely necessary. These are essentially the last four major institutional lenders left after all of the consolidation and attrition in the banking industry. They are Wells Fargo, Chase, Bank of America, and Citi. The first two are the most egregious when it comes to not caring a wit about the consumer or their business partners. The last two wish they could be as evil as the first two, but they actually are just too stupid to be that evil and it is a miracle that they have survived this long through the recent monopolization of the banking industry.

With the Occupy Movement, maybe they won't survive much longer and I will be out of a job once there are no more big banks for me to protect my clients from. No, what am I saying? The government is always there to bail them out. ...I will be just fine.

Wishing you all a happy holiday season and look for my next update in the New Year. If you have any questions or need me to educate you more on how mortgage banking is working, or not working, these days, please don't hesitate to call me.

*As always, your loan guy,
Viral (Vic) Joshi*

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, viral@vicjoshi.com, so that I can put you on the mailing list.

Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

*Branch Manager/
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*Hello Friends,
Being that I live and work in Oakland, CA I think I should address some of the Occupy Movement concerns first. I*

work as a go between giving my clients an advocate when shopping for a mortgage loan with the various lending institutions that are available. I see first-hand everyday how the banks treat the consumer and my primary job is to buffer the transaction between borrower and banker to ensure the borrower is getting the best deal and proper service to complete the borrower's mortgage goals. The primary reason I have a job is because the banks don't care in the slightest bit about the consumer, who puts money into the bankers' coffers. The banks' only concern is for their profits and if they had their way, they would stop lending entirely right now and wait out the poor economy until it magically improves to the point that the banks feel comfortable lending once again.

Many of you have seen this lack of concern for the consumer through working a transaction with me where the banks obviously have zero common sense with their requirements to fund a mortgage loan. In 90% of the cases, the banks are only funding mortgages as long as they know that the taxpayer will buy that mortgage so that the bank is absorbing zero risk to fund that loan. If it wasn't for the government mortgage lending entities, Fannie Mae, Freddie Mac, The Federal Housing Administration, and The Veteran's Administration, there would be no mortgage lending in this country and the entire real estate market would collapse even further.

So the banks are willing to take
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