

A Correspondent Lender Can Help You In Your Purchase of a Foreclosure

By M. Scott North— St. Armand’s Mortgage



If you are in the market to snatch up a foreclosure, you will find that most of the bank owned properties require a pre-approval from that bank if you are obtaining financing for the transaction. The banks can not require you to use their financing, but they use this technique for two reasons. The most obvious is to try and get your mortgage business to help offset the loss, the other reason is to make sure they have a “real deal” from a reliable source.

Unfortunately, the buyer’s credit report can be pulled by several different lenders if making multiple offers on different properties. Several inquiries on your credit can have a negative affect on your credit score, which in turn, could end up costing you more in the form of higher rates or fees because of the lowered credit score. How do you solve this problem?

This is where a “correspondent lender” helps the most. A correspondent lender has an arrangement with most of the largest lenders nationwide that offer their products wholesale through brokers. A correspondent is different than a broker because they have delegated underwriting, processing, closing and most important they fund with their known funds. This allows a correspondent to shop the loan around among the national lenders without having to pull multiple credit reports. This relationship also allows us to choose the lender with the best interest rates on any given day.

If the bank you are buying property from insists on a pre-approval from their own bank, ask them if a correspondent relationship using their underwriting platform will be sufficient. In most cases it should be acceptable. At St. Armand’s Mortgage we have a correspondent relationship with all of the top 20 lenders in the country that include Countrywide, Chase, GMAC, US Bank and Wells Fargo and more.

Countrywide, for example, allows our company to use their proprietary underwriting software called CLOUT, which allows us to provide a commitment that specifically meets their underwriting standards they require in your offer to purchase a Countrywide banked-owned property. Because of our correspondent status, we can use your original credit report we pull through all of the various underwriting systems. We have the benefit of being able to “interest rate shop” for you and have control over the transaction because we are funding the transaction at closing with our own money. The loan is already earmarked to go with the lender you decide to lock in with.

At St. Armand’s Mortgage, our business is mainly the result of “word-of-mouth” advertising. We use this cost savings, combined with our low overhead to pass on the wholesale pricing to you the consumer. We are quite confident that our business model will deliver the best pricing and service possible.

Starting The Pre-Approval Process Before You Find The Perfect Property Will Save You Time and Money

Mortgage Rates as of December 2, 5:10 PM			
Product	Rate	Points	A.P.R.
Conforming— less than-equal to \$442,500-SAR/MAN (varies by county)			
30-Year Fixed	5.375%	0.000%	5.426%
40-Year Fixed	6.500%	0.000%	6.550%
15-Year Fixed	5.250%	0.000%	5.336%
5-Year Fixed ARM (1-Yr LIBOR)	5.625%	0.000%	5.078%
7-Yr. Fixed ARM (1-Yr LIBOR)	5.750%	0.000%	5.082%
NonConforming (Jumbo)— loans greater than \$442,501-SAR/MAN			
30-Year Fixed	7.625%	1.000%	7.780%
15-Year Fixed	7.125%	1.000%	7.364%
5-Year Fixed ARM (1-Yr LIBOR)	7.125%	0.000%	5.067%
7-Yr. Fixed ARM (1-Yr LIBOR)	7.250%	1.000%	5.198%
FHA/VA- loan limit up to \$442,500-SAR/MAN (varies by county)			
30-Year Fixed	5.500%	0.000%	6.117%
Key Indexes	Rate	Last Wk	Last Year
1-Yr LIBOR Index	2.770%	2.740%	4.460%
U.S. Prime Rate	4.000%	4.000%	7.500%