Real Estate Perspective

By Loretta Arrington Hall

A mortgage broker can help find you the lowest interest rate for a mortgage loan. Mortgage brokers originate one-third to one-half of all new mortgages today. In some cities this figure is higher. Mortgage brokers do business with a wide assortment of lenders, so they know the current rates, fees and lending requirements. The standard procedure when using a mortgage broker is you fill out an application, disclose your debts income and assets. The mortgage broker verifies all information which was provided to him on your application and the next step is to get an appraisal report on the property you are interested in financing.

All the data is submitted to the lender whose mortgage suits you best. If you are turned down, the mortgage broker will press your case for you and perhaps by finding extra verification for income the bank did not want to rely on. If you are still turned down, the broker will take your application to another lender. You do not have to fill out another set of forms. Mortgage brokers are especially helpful to people with potential problems. This includes buyers who want "jumbo" loans (typically those larger than $202,250.); the self-employed, whose income may be considered unreliable; first-time buyers without a long work history; borrowers who had credit problems in the past; marginal borrowers, whom a bank has turned down for being a little short of cash; and people who are just too busy to shop around for low mortgage rates.

Not all brokers handle FHA or VA loans. For these low or no down payment mortgages, you may have to approach mortgage lenders yourself. The ways of paying a mortgage broker are as various as the firms themselves. You will find application fee, processing fee, fee for the broker, fee for the lender and other closing cost which typically reach 2 percent to 2.5 percent of the amount borrowed on a first mortgage. However, in general, it should not cost any more to work through a mortgage broker than it would cost you to go to the lender yourself. But prices do vary. Sometimes mortgage brokers charge more than lenders and sometimes less. On expensive homes, you may be able to negotiate a lower fee. On second mortgages and FHA loans, costs typically exceed 2 percent and sometime by a lot. Your only test of the broker's price is to call the lender and see what you would pay if you were to cut out the middle man (the mortgage broker). Also keep in mind, how much you pay up front depends on your present situation and financial state.

Usually, application fees run anywhere between three hundred to five hundred dollars, plus the cost of the appraisal and credit check. But that is all you should pay up front. The rest of the fees are normally paid when the loan is closed. It is my understanding that if the mortgage doesn't come through, your application fee should be refunded.

However, remember, like any other industry, the mortgage broker industry isn't problem free. States around the country hear complaints about mortgage brokers who promise to refund application fees, drag their heels on applications, etc. However, the majority of mortgage brokers are ethical and professional. If you do decide to use a mortgage brokers make sure he or she has at least two or three years of experience in originating mortgages, in his or her own firm or working for someone else. To find a reputable mortgage broker, ask a real estate agent you trust or any of your friends who recently used the services of a mortgage broker. In addition to this, you can also call the National Association of Mortgage Brokers to obtain names of mortgage brokers in your area with proven track records. Their telephone number is (602) 992-6181. Be smart and do your homework!

As always, please contact a professional for all your Real Estate needs or write to me c/o **REAL ESTATE PERSPECTIVE,** Las Vegas Sentinel-Voice Newspaper, 900 East Charleston Boulevard, Las Vegas, Nevada 89104.

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BUSINESS

MONEY MANAGEMENT

Protecting your earning power — your most valuable asset

What is your most valuable asset? Your home? Your retirement plan? Your stock portfolio? The truth is that for most individuals, it's their ability to earn a living. If you're 35 years old, earn $50,000 a year, and plan to work until you're 65, your future earning power is $1.5 million—and that's without factoring in raises and bonuses.

According to the Nevada Society of CPAs, it's critical that you take steps to protect your earning power, just as you would any other asset. The best way to do so is by obtaining disability insurance which replaces a portion of your income if you are unable to work because of sickness or injury.

The first step is to determine how much disability insurance you need. Start by figuring out the amount you would need to pay your bills and expenses if you couldn't work. Keep in mind that while you won't have work-related expenses such as clothing and commuting, you may have increased medical bills and higher household expenses for chores you can't do yourself.

Next, determine how much you may be eligible to receive from other sources. Review your employer's sick leave policy and determine whether the company has a wage continuation program. If you're injured on the job, you may be eligible for workers' compensation. Also, determine if you qualify for Social Security disability payments. Then compare the anticipated income with your anticipated expenses. You'll want to purchase enough disability payments. Then compare the anticipated income with your anticipated expenses. You'll want to purchase enough disability insurance to close any gap.

Disability policies offer various benefit options and since the premium cost of the policy depends on the options selected, you'll want to shop carefully. Here's what to consider:

Monthly stipend and benefit period—So that you are motivated return to work, most insurers limit the benefit amount to 60 to 70 percent of your income. The benefit period represents the amount of time over which the insurance company is obligated to make monthly disability payments. Common benefit periods are five years, to age 65, and lifetime. The longer the benefit period you choose, the higher the premium cost.

The elimination or waiting period—This is the amount of time that must elapse from the start of the disability to the date benefits begin. While 90 days has become standard, you can cut costs by stretching out the period to six months or a year.

Premium guarantees—Look for a policy with a guaranteed annual premium that cannot be increased. Since disability premiums are based on your age when you apply, purchasing disability insurance at a younger age will provide you with a lower premium. You'll also want to be sure your policy is noncancelable.

Defining disability—Disability policies typically define "total disability" in two ways: (1) The inability to perform the major duties of your regular occupation; and (2) the inability to perform any occupation for which you are "reasonably qualified by training, education, and experience."

The first option, which is considerably more expensive, provides that if you are unable to return to your specific previous occupation, you will be entitled to100 percent of benefits, even if earning income in another occupation. Professionals and specialists like doctors, surgeons, and musicians are often encouraged to buy these "own occupation" policies. Policies using the second, more liberal definition are sufficient for those in more generalized

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THREE HONORED EXECUTIVES presented with the Herbert H. Wright Award during the National Urban League Conference were, from left, Mark V. Monteverdi, Manager, Public Programs, Philip Morris Companies Inc.; Eugene McCullers, recently retired Corporate Manager, Community Affairs, Coca-Cola Company; and Ron Harrison, Vice President, Community Affairs, Pepsico. At right is Benjamin Ruffin, Chair, BPRC.

Corporate executives receive community awards

NEW ORLEANS — Three corporate executives received Herbert H. Wright Community Service Awards during the recent 1996 National Urban League Service Breakfast. Each was cited for "reaching back" to help less- experienced workers in learning the corporate environment.

Named for the late Director of Urban Affairs at Philip Morris in New York, the prestigious Herbert Wright medallions are given to corporate executives whose efforts have captured the spirit of Wright, a charismatic pioneer among African-Americans in major business corporations. Winners are chosen by the Business Policy Review Council, a Washington-based organization of African-American corporate executives.

George R. Lewis, Vice President and Treasurer, Philip Morris Companies Inc., and a Trustee of the National Urban League Inc., hosted the Philip Morris-sponsored breakfast and served as master of ceremonies.

This year's winners chosen by the council were: Ronald E. Harrison, Vice President, Community Affairs, Pepsico Inc.; Eugene McCullers, recently retired Corporate Manager, Community Affairs, Coca-Cola Company; and Mark V. Monteverdi, Manager, Public Programs, Philip Morris Companies Inc.

Xernona Clayton, Corporate Vice President; Urban Affairs, Turner Broadcasting Inc., and a board member of the Atlanta Urban League, was the senior corporate executive chosen to tell the guests about Wright. Accepting this traditional role, she dealt with Wright's attitudes toward employers, with community leaders and with the flow of African-Americans into corporate America.

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