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Trigger Leads: Don't Be Exploited by the Credit Bureaus

While it's an illegal breach of privacy for real estate agents or mortgage originators to sell your credit information, it is perfectly legal for credit companies to do so. For a price ranging anywhere from $25 to $100, your name and certain specifics about your credit report including your address, phone number, mortgage history, and even your FICO score range are sold by the credit bureaus to mortgage companies. The result is an onslaught of unsolicited phone calls and junk mail as soon as you apply for a home loan.

Unfortunately, no legislation exists to prevent credit bureaus from profiting at your expense. As a "trigger lead", you are simply at the mercy of any number of marketing campaigns designed specifically to discredit the mortgage professional you've come to know and trust.

That's why, prior to applying for any loan program, I suggest that you visit www.optoutprescreen.com to opt-out of future credit bureau solicitations and avoid this problem altogether. Not only will you avoid the hassle of telemarketers, but by opting out you could potentially add 10 to 15 points to your credit score!

In addition, if you do happen to receive phone calls from solicitors, ask them to place your name and number on their Do Not Call list. All telemarketing companies have their own internal Do Not Call list that they must abide by. Be sure to take down the name of both the company and the individual who made the call, and to let the solicitor know that you're doing so. This way, you will have grounds to seek action against them, should they call again.

As you embark on what is likely the largest financial transaction of your life, you should place yourself in the hands of a professional not some transactional loan officer who purchased your information from the credit bureaus. Remember, only a limited number of sources exist for lenders to obtain mortgage money, so it's extremely unlikely that a borrower will find an unbelievably low rate without an unbelievably high cost.

If, however, you are curious about the programs these mortgage companies have to offer, then listen to what they have to say. Once they've offered you a rate that seems too good to be true, ask them a question or two from the following list.

1. **Where did you get my information? Who gave you permission to call me, and how much did you pay for my information?**

   By asking this series of straightforward questions, you demonstrate that you're not an uninformed or unsuspecting mortgage applicant who can be easily victimized.

2. **Why should I be willing to speak with you when you weren t referred to me by someone I trust?**

   This question demonstrates that you're interested in a long-term relationship with a trusted advisor.

3. **How are mortgage interest rates determined, and what impacts the rates that you are offering me today?**

   Many unprofessional and uninformed individuals believe that home loan rates are based on the 10-Year Treasury Note. This, however, is not true. Mortgage interest rates are actually based on mortgage-backed securities or mortgage bonds. In fact, many times these securities trade in opposite directions, and anyone who's looking at Treasury Notes to determine the lock on your loan will provide you with inaccurate information.

   Asking this question will demonstrate that you're aware of the fact that mortgage rates can change frequently, even hourly, depending on economic news and market volatility. If they can't share this information with you, what else might they be leaving out?

4. **What impact does the Federal Reserve have on the rate I will be paying for my first mortgage with you?**

   The answer here is that it does not. The interest rate that you pay is impacted by the bonds and securities markets. When the Fed changes short term rates, the "Fed Funds Rate" or the "Discount Rate", only rates for items such as Home Equity Lines of Credit (HELOCs), credit cards, and other similar loans are directly impacted.

5. **What are the specific closing costs associated with the rate and program you're offering me today?**

   Many times, interest rates will be quoted with origination fees or discount points included in order to deliver the attractive interest rate being offered. While in some cases your situation may warrant paying these fees to get a better rate, you should always be made aware of these fees and options up front. Also, be aware of any fees disguised as a "Funding Fee." In some cases, these fees have been hidden in order to deliver what seems like an exceptionally low rate with "no points or fees."

If you have any questions about this, or any other part of the mortgage process, please call me.
I'll be happy to assist you in any way I can.

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