

NAMB PRESS RELEASE

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NEW STUDY: CONSUMERS PAY LOWER ANNUAL PERCENTAGE RATES WITH MORTGAGE BROKERS, NOT MORTGAGE LENDERS

- *Dr. Gregory Elliehausen of the Georgetown University Credit Research Center presented his findings to a Federal Reserve Board Conference on Thursday, April 7th*
- *Co-authors included Amany El Anshasy of George Washington University and Yoshiaki Shimazaki of Oklahoma State University*

McLean, VA – The National Association of Mortgage Brokers (NAMB) today announced its support of the findings of Dr. Gregory Elliehausen of the Georgetown University Credit Research Center. The report stated that brokers' customers have a lower APR, on average, than bank customers. Dr. Elliehausen presented his findings today to a Federal Reserve Board Conference.

"We commend Dr. Elliehausen's detailed research on this very important topic," said NAMB President Bob Armbruster. "We have always believed that the customer who works with mortgage brokers, especially NAMB-affiliated mortgage brokers, receives some of the most favorable terms possible for mortgages. The findings of this report simply prove what NAMB has known for years."

The conclusions of the report are:

- Estimates indicate that borrowers obtaining subprime mortgages through brokers paid lower annual percentage rates than borrowers obtaining subprime mortgages from creditors.
- The results support the hypothesis that through competition, brokers tend to pass their origination cost advantages to the consumer.
- The results challenge the view that loans from brokers are more expensive because of broker steering.
- Although the report's findings will not apply to every individual case, there is an overall price benefit to using brokers.
- The benefits of brokers also appear to hold for vulnerable market segments.

"For consumers, working with a mortgage broker who is affiliated with NAMB is a key tool to help protect oneself against fraud or abusive financial practices," adds Armbruster. "The more consumers know what resources to use, the better informed they will be in getting the best mortgage possible."

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The National Association of Mortgage Brokers is the voice of the mortgage broker industry with more than 25,000 members in all 50 states and the District of Columbia. NAMB provides education, certification and government affairs representation for the mortgage broker industry, which originates the majority of residential loans in the United States.